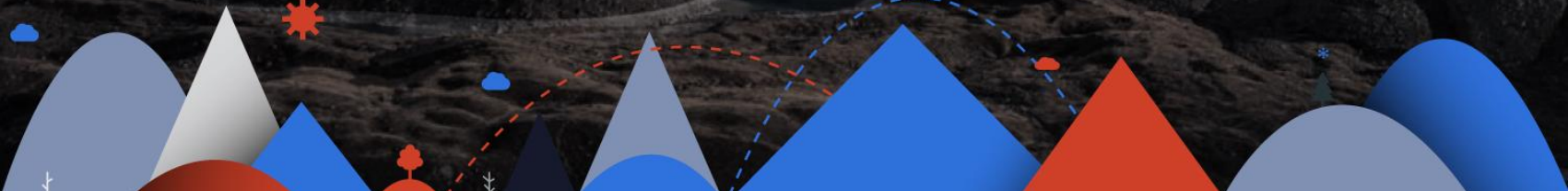




Andean Investor Guide 2026



Investor Conference 2025
September 24/25. Santiago, Chile



Dear Investor,

We present to you the thirteenth version of our Andean Investor Guide (AIG), which includes our recommendations for 52 equity issuers and 34 fixed-income issuers. As in prior years, the release of this report is meant to coincide with our XXII Annual Investor Conference, which will be held on September 24th and 25th in Santiago. This will be the first time that our event will take place outside Lima, which reflects our commitment to strengthening our regional presence and being closer to all of our clients in the context of Andean markets and economies that are becoming increasingly integrated. We are expecting the attendance of around 60 Latin American corporate issuers and more than 300 investors from around the world.

Both our AIG and Investor Conference come at an interesting time for the Andean Economies. In 2026, the three countries will change governments in the same year for the first time since 2006, which has increased investors' interest as growing opportunities are identified. This is amid an economic backdrop in which the Andean countries have continued to recover, led by domestic demand, including improving prospects for investment in some sectors. In addition, global trade and geopolitical tensions and the expectation of Fed rate cuts within the next year are likely to continue encouraging inflows to emerging markets, including our region.

Andean Equities have been a positive surprise for year 2025, with the local indexes in Chile, Colombia, and Peru outperforming the MSCI Latam. Chile remains our preferred market due to higher liquidity levels and a pension reform that should continue to attract additional inflows. We are neutral on Peru, as we see an attractive macro momentum; although we recognize stretched valuations in the mining sector, we continue to see opportunities in other segments. Finally, we are more cautious on Colombia after a ~50% return in USD YTD, as well as some fiscal risks that translate into higher costs of capital. That said, we continue to see opportunities in geographically diversified names.

LatAm corporate credit has shown strong resilience in 2025, with spreads holding firm despite starting the year at already tight levels. While valuations remain compressed versus historical levels, we believe the high-yield environment is still attractive in a context of solid regional fundamentals, healthy corporate balance sheets, and low default rates. However, we keep a defensive approach due to current tight spread levels, volatile base rates, and lingering trade uncertainty. Thus, we are focusing on carry, targeting names with improving cash flow visibility or idiosyncratic upside, chiefly where political or strategic shifts could unlock value.

We remain committed to excellence and continue to strive to give you the most insightful coverage of the Andes, a region we confidently call our own.

Thank you for your support, and we look forward to investing with you in 2026!

Best regards,



Eduardo Montero
CEO
Credicorp Capital



Daniel Velandia
Managing Director of Research
Credicorp Capital

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1/ Andean Economies



Andean **Investor**
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Andean Economies

New governments will take office in the three countries in 2026, amid a necessary positive shock in investment confidence

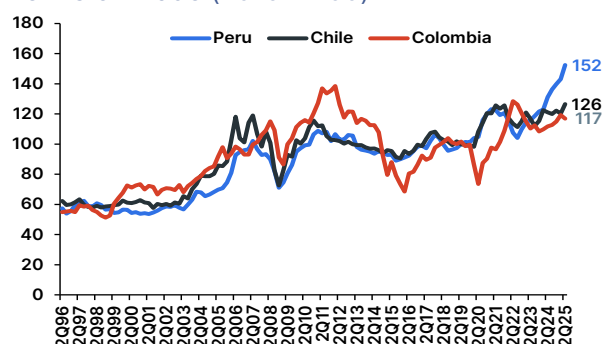
The Andean economies have continued to recover amid a solid pace of domestic demand, led by consumption.

The Andean economies have continued to show a recovery trend amid a solid pace of domestic demand, led by consumption. As expected, private consumption has continued to recover in the last few quarters, primarily due to lower inflation (meaning higher real wages) and interest rates. In any case, some specific factors have also played a significant role in each case, including the second-largest inflow of Argentinian tourists on record in Chile during 1H25, record workers' remittances and low unemployment rates in Colombia, and a significant increase in real wage bill in Peru amid a solid pace of formal job creation. Public spending has also contributed to economic activity, resulting in fiscal deterioration in recent years, though. Importantly, Chile and Peru have received an external tailwind from elevated metal prices, leading to record-high terms of trade and thus healthy external accounts. It has also allowed for a recovery in mining investment. While non-mining investment remains sluggish in Chile, investment has seen a more broad-based recovery in Peru amid business confidence at multi-year highs. For its part, investment remains way below pre-pandemic levels in Colombia, primarily explained by buildings and infrastructure amid heightened regulatory risks and still high interest rates. However, the machinery and equipment component has shown some recovery in line with higher internal consumption. All in all, 1H25 GDP growth stood at 2.8% y/y in Chile, 2.4% in Colombia, and 3.4% in Peru, while domestic demand posted a solid pace of 3.7%, 4.4% and 6.2% respectively.

We expect economic growth in the three countries to continue to hover around potential levels in the next quarters.

We expect economic growth in the Andean countries to continue to hover around potential levels in the next quarters. This is supported by our view that private consumption's fundamentals will remain healthy amid: i) inflation converging to the target in Chile and Colombia, while staying close to it in Peru; ii) easier domestic financial conditions as the policy interest rate is set to remain around neutral levels in both Chile and Peru, while it is expected to continue to descend in Colombia gradually; and iii) the possibility of a more sustained recovery in private investment in 2026 with a positive effect on the labor market. Undoubtedly, investment fate will critically rest on the political scenarios following the elections (Chile: Nov-25, Peru: Apr-26, Colombia: congressional in Mar-26 and presidential in May-26). In fact, it will be the first time since 2006 that the three countries will see new governments

Terms of Trade (2019 = 100)



Source: BCCh, BanRep, BCRP, Credicorp Capital.

Electoral calendar

Chile	Colombia	Peru
<ul style="list-style-type: none"> 29-Jun-25: Ruling coalition's primary election (Jeannette Jara was elected). 16-Nov-25: Presidential and congressional elections (100% of deputies and ~50% of senators) 14-Dec-25: 2nd round of the presidential election 	<ul style="list-style-type: none"> 26-Oct-25: parties' internal elections 08-Mar-26: Congressional and inter-party elections 31-May-26: 1st round of the presidential election 21-Jun-26: 2nd round of the presidential election 	<ul style="list-style-type: none"> 02-Aug-25: deadline for inscription of political alliances 30-Nov-25: primary elections 23-Dec-25: inscription of presidential candidates 12-Apr-26: 1st round of General elections May/Jun-26: 2nd round of presidential elections

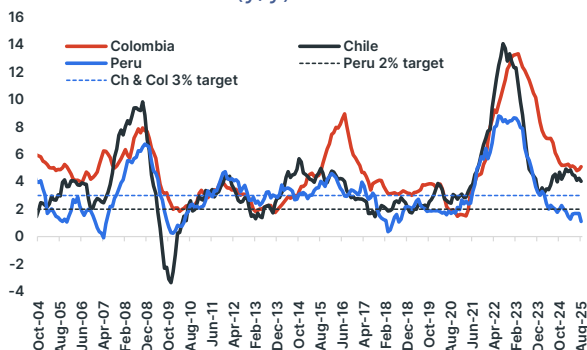
We project GDP growth in 2025 and 2026 to be 2.4% and 2.0% in Chile, 2.3% and 2.6% in Colombia, and 3.2% and 3.0% in Peru, respectively.

taking office the same year. Although it is too early to say about the potential outcome, our base-case scenario assumes a better political backdrop in all countries in the years to come, in line with what is currently suggested by polls, especially in Chile and Colombia. Although visibility in Peru seems much lower (as usual), the scenario will likely be more favorable amid the return to a bicameral Congress, as it should strengthen checks and balances. Thus, we do not rule out a positive confidence shock on investment next year. On the other hand, we expect metal prices to stay at relatively favorable levels, thus remaining a tailwind for Chile and Peru. Conversely, downside risks to oil prices could have an adverse effect on Colombia, although the significance of the commodity within the economy has fallen in a non-negligible manner in recent years. Importantly, the Andean economies are in a relatively good position amid global trade tensions, as the tariff on the three countries stands at 10% and excludes the main commodities. All in, we predict that GDP growth in 2025 and 2026 will be 2.4% and 2.0% in Chile, 2.3% and 2.6% in Colombia, and 3.2% and 3.0% in Peru, respectively. The main risks come from: i) the election outcome, as a boost in investment confidence is necessary to increase medium-term economic growth through lower regulatory uncertainty and the discussion of pro-growth reforms, and ii) the still elevated external uncertainty amid trade and geopolitical tensions and President Trump's unpredictability.

Reduced room for further rate cuts from Andean central banks as the policy rate is already near neutral levels in Chile and Peru, and fiscal risks have materialized in Colombia.

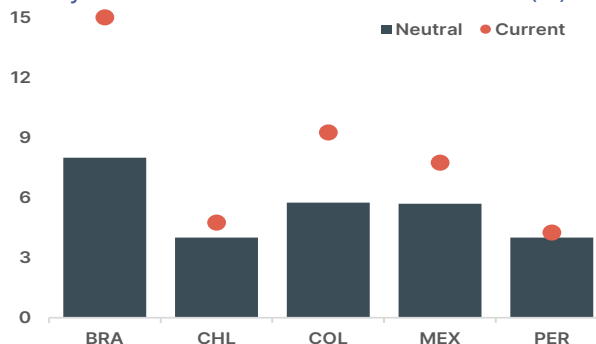
Reduced room for further rate cuts from Andean central banks as the policy rate is already near neutral levels in Chile and Peru, and fiscal risks have materialized in Colombia. As expected by us a year ago, the BCCh and the BCRP have significantly moderated their rate-cutting pace this year, with the former reducing its policy rate just once by 25bp to 4.75% while the latter has carried out three 25-bp cuts to 4.25%. In both cases, the rate spread against the Fed has played a significant role, with the central banks trying to avoid significant volatility in the FX. This has been particularly true in Chile following the strong pressure on the CLP since 2023, when the easing cycle started, led by carry-trade strategies. In addition, some upside risks to inflation have arisen along the way, with the significant increase in electricity fares and salaries in Chile, and the strong recovery in domestic demand in Peru, becoming key factors. All this amid policy rates close to neutral levels and the GDP recovery, making it less necessary to undertake additional rate cuts to support economic activity. The case of Colombia has been materially different. Overall, the market consensus (including us) initially expected a steep path of rate cuts, which has not been realized primarily due to the materialization of fiscal risks that have led the BanRep to be very cautious. Overall, most of the BanRep's board is afraid that the fiscal expansion may lead to undesired FX moves in the future amid an elevated risk premium and renewed pressures on a still high inflation, all in the context of a non-negligible pace of domestic demand. Hence, doubts have arisen about the actual level of the neutral rate. All in, the BanRep has cut the repo rate just by 25bp this year to 9.25%. Under this scenario, we expect Andean central

Headline inflation (y/y)



Source: BCCh, BanRep, BCRP, Credicorp Capital.

Policy rates and estimated neutral levels (%)



We expect terminal policy rates at 4.0% in Chile, 4.25% in Peru and 7.50% in Colombia.

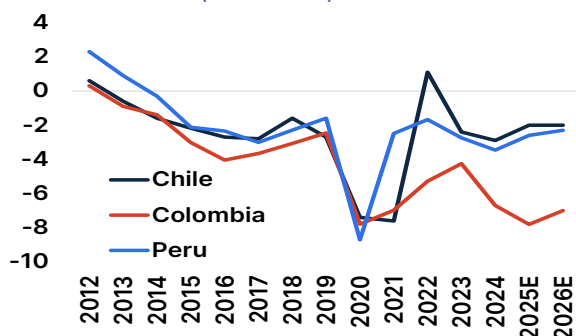
banks to continue to act on the cautious side, taking advantage of the opportunity windows created, for instance, by the Fed moves and observed inflation. All in, by Dec-26, we see the reference rates at 4.0% in Chile (2025E: 4.50%), 4.25% in Peru (2025E: 4.25%), and 7.50% in Colombia (2025E: 9.0%). This is consistent with our 2026 inflation projections at 3.0% in Chile (2025E: 3.8%), 4.1% in Colombia (2025E: 5.0%), and 2.0% in Peru (2025E: 1.8%), given current neutral rates estimates.

Fiscal deterioration is a common factor in the three economies, meaning higher challenges ahead.

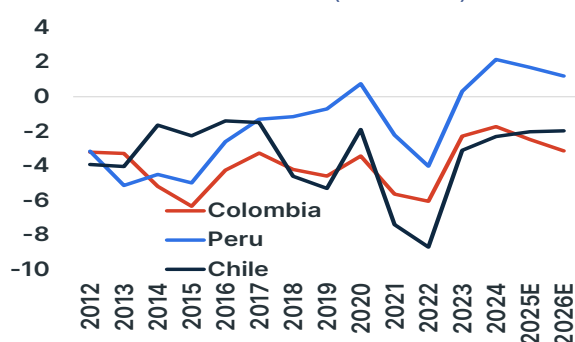
Currently, the debate around the fiscal accounts is intense in Andean economies amid increased social spending, higher tax expenditures through lower taxes or larger exemptions, and tax revenues that are systematically overestimated. Colombia remains the most critical case amid a significant increase in spending and a lack of the government’s willingness to reduce it, to the extent that the fiscal rule has been suspended for three years. Overall, spending has risen due to a larger interest burden, higher expenditures set by law (e.g., health, pensions, and transfers to regional governments), more subsidies, a larger payroll, and the goal of the current administration to increase the size of the State in the economy. Under this scenario, both Moody’s and S&P recently downgraded Colombia’s sovereign rating once again (we expect Fitch to follow suit in the upcoming months), and the risk premium remains elevated. The discussions in Chile over the fiscal deterioration have been tough as well. While the country maintains relatively low indebtedness, recent trends suggest it could exceed the prudent level (45% of GDP) as early as 2027 if no structural measures are adopted. Overall, the significant increase in spending pressures (e.g., pensions) and the systematic overestimation of revenues have led to the current state. The latter factor has played a key role, to the extent that the MoF asked for technical advice from the IMF, which concluded that the revenue models were outdated given the new conditions of the Chilean economy. Currently, there is an intense debate about the need for structural spending cuts. All in, the fiscal deficit target is unlikely to be met again in 2025 after the deviation between the observed deficit and the target in 2024, which was the largest for a year with no negative shocks. In Peru, while fiscal revenues have recently benefited from elevated commodity prices and the non-negligible recovery in domestic demand, stronger public investment and, particularly, legislative decisions increasing public expenditures or reducing tax collection, have led to fiscal pressures. In fact, we expect that the deficit fiscal rule will be breached in 2025 for the third year in a row. Notably, since 2023, more than 19 laws have been enacted in Peru that provide tax benefits to specific sectors, while special zones with reduced taxes (or no taxes at all) have been created to foster investment. On the spending side, it is estimated that the approved pension reform, improving salary conditions in sectors like education, and higher transfers

Fiscal deterioration is a common factor in the three economies, meaning higher challenges ahead.

Fiscal balance (% of GDP)



Current account balance (% of GDP)



Source: BCCh, BanRep, BCRP, Ministries of Finance, Credicorp Capital.

to regional governments, will represent additional fiscal pressure above 1% of GDP in the medium term. All this amid President Boluarte's low governability and lower fiscal buffers. All in all, the next governments in the three countries will have to promote significant adjustments on both the revenue and expenditure sides to make public finances sustainable over time.

The weakness of the global USD has led to an appreciation of Andean FX so far this year, with idiosyncratic factors explaining their relative performance.

The weakness of the global USD has led to an appreciation of Andean currencies so far this year, with idiosyncratic factors explaining their relative performance.

Undoubtedly, the external backdrop has played the primary role in the behavior of Andean FX amid the worst performance of the global USD in nearly half a century in 1H25. That said, some idiosyncratic factors have contributed to the observed trend and volatility in each case. The CLP has continued to be negatively impacted from time to time by carry-trade strategies worldwide amid the reduced BCCh-Fed rate spread, and given that Chile is a small, open economy with limited capital depth. Recall that, since 2023, when the BCCh started its current easing cycle, the CLP has faced several episodes of significant volatility amid strong swings in offshore investors' flows depending on the international scenario. Importantly, the BCCh recently started an international reserves accumulation program for USD 18.5bn to be executed in the next three years. In any case, we are constructive ahead amid the expectation of Fed rate cuts and improving fundamentals, including record high terms of trade, a moderate current account deficit, and better prospects for investment. Likewise, the possibility of a pro-market shift in the elections is set to be a critical factor that may pose appreciation pressure on the CLP in the future. The COP has benefited from the said carry-trade strategies amid still high interest rates, as the BanRep has undertaken far fewer rate cuts than initially expected. In addition, the CAD has shown a significant improvement in recent years, falling from 6% of GDP in 2022 to ~2% currently, thus significantly reducing external vulnerability. Furthermore, the lower fears (and probability) of radical changes to the economic and political models have also provided support to the COP. More recently, the possibility of monetizations by the MoF after the announcement of a public debt management operation consisting of a bond repurchase program funded by an external credit has put downward pressure on the FX. For its part, the PEN has outperformed the region since the end of 2023 amid a gradual appreciation trend and reduced volatility with the BCRP's active intervention in the FX market through swaps playing a significant role for the latter. The PEN relative strength is mainly the result of an impressive performance of external accounts, with the balance of payments accruing three consecutive years of current account surpluses. Peru's terms of trade are currently at a 75-year high, leading to a record trade balance. As we expect external accounts to remain solid in the future and the BCRP to continue to intervene in the market, the PEN is expected to keep a relatively favorable performance. Certainly, the election outcome in the three economies is set to play a critical role in the future performance of Andean currencies. Likewise, we acknowledge non-negligible external risks amid heightened trade and geopolitical tensions. All in, we estimate that the USDCLP will stand at 940 by year-end (2026E: 900), the USDCOP at 4,250 (2026E: 4,300), and the USDPEN at 3.65 (2026E: 3.45). The expected depreciation of the COP and PEN in the remainder of the year responds to our view of higher volatility as elections approach.

In 2026, the three countries will change governments in the same year for the first time since 2006.

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The first round of presidential elections will be held on 16-Nov-25 in Chile, 12-Apr-26 in Peru, and 31-May-26 in Colombia. As mentioned before, our base case assumes a better political backdrop in all countries, meaning the possibility of a shift towards pro-market policies (we dive deeper into the details in each country's section below).

Chile

Maintaining our 2024 GDP growth estimate at 2.4%

On the domestic front, we remain slightly optimistic due to favorable investment prospects in mining and energy, resilient household consumption, and record-high terms of trade.

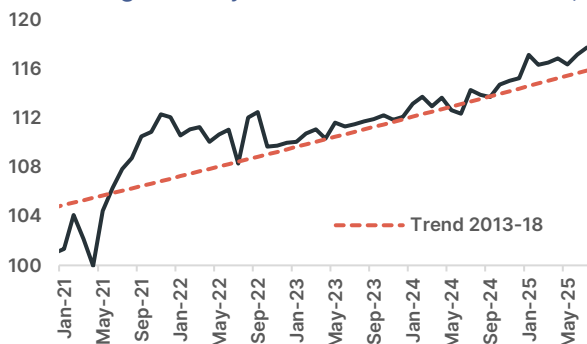
The first half of the year was slightly more dynamic than anticipated. GDP grew by 3.1% y/y in 2Q25, slightly above preliminary data but in line with BCCh estimates. On the supply side, the result was mainly driven by services, commerce, mining, and industry. On the demand side, investment boosted domestic demand, which was partially offset by net exports. This came after an upward revision in 1Q25 GDP growth from 2.3% to 2.5% y/y.

We maintain our full-year GDP growth estimate at 2.4%. Looking ahead, we expect a 3Q25 GDP growth slightly above 2.5% y/y and a 4Q25 weaker due to a challenging comparison base. On the domestic front, we remain slightly optimistic due to favorable investment prospects in mining and energy, a highly dynamic tourism sector, resilient household consumption supported by a stable wage bill despite a weak labor market, improvements in exports, and record-high terms of trade. On the external front, we remain cautious, as global trade tensions have not yet materially impacted the local economy but pose a risk in 2H25. For next year, we anticipate a 2% GDP growth.

The resolution of the mining royalty helped unlock investment projects that had been postponed due to uncertainty.

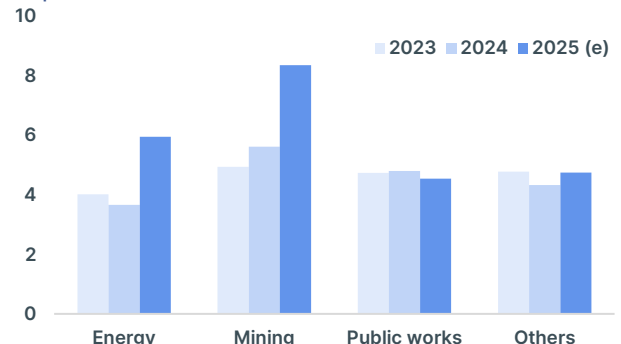
Investment pipeline for 2025 continues to be revised higher. According to the Capital Goods Corporation (CBC), the investment pipeline for 2025 stands at ~USD 24bn, representing a +21% increase compared to the previous year, adjusted for inflation and FX. Notably, in the last three quarters, investment prospects for the year were revised upward by ~USD 5bn, one of the highest revisions in several years and with most of the changes driven by the energy and mining sectors. In fact, a sectoral breakdown shows that ~60% of this year's pipeline corresponds to mining- and energy-related investment projects. As we have mentioned in previous reports, there is no doubt that the resolution of the mining royalty issue in 2023 helped unlock projects that had been postponed due to uncertainty surrounding the proposal in earlier years. Despite this positive momentum, the investment pipeline for other sectors of the economy remains weak and has been stagnant for several years. The possibility of a political shift in the upcoming presidential election and the likelihood of a more pro-market, investment-friendly administration is likely to play a key role. The approval of the bill aimed at reducing permits bureaucracy is also set to be a decisive factor.

Non-mining monthly GDP (index Jan-20 = 100, s.a.)



Source: BCCh, CBC, Credicorp Capital.

Expected investment for 2025 (USD bn)



The fiscal target will elude this government once more... and likely the next as well

Significant corrective measures—both administrative and legislative—will be required to meet the fiscal targets.

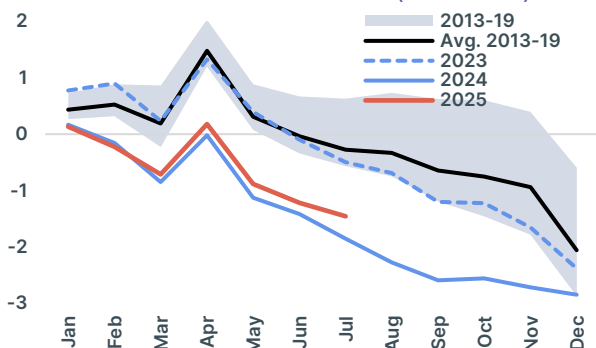
Despite some efforts, the expected fiscal deviation from the target has widened. In 1Q25, the MoF forecasted that the fiscal target would be missed again this year and announced several corrective measures—both administrative and legislative. Three months later, the authority updated its estimates and now expects an effective fiscal deficit (including corrective measures) of 1.5% of GDP, up 0.1pp from the previous report. Moreover, the structural deficit is now projected at 1.8% of GDP, an increase of 0.2pp compared to the prior estimate. Still, to achieve this revised estimate, the MoF emphasizes the crucial role of Congress in supporting the proposed legislative corrective actions totaling approximately 0.2% of GDP. These include parametric adjustments to the labor subsidy, modifications to school grants and credits, and a reduction in the electricity subsidy, among others.

Short-term data suggest a very challenging scenario. As of Jul-25, the YTD cumulative fiscal deficit stood at 1.4% of GDP—substantially weaker than the historical average—while the 12-month cumulative deficit reached 2.5% of GDP. Given the seasonal nature of fiscal spending, especially during the second half of the year and in December in particular, achieving the fiscal target appears highly challenging. In fact, the Autonomous Fiscal Council recently flagged the need for additional measures to reduce public spending this year in order to meet the structural balance target, as fiscal risks have materialized with the potential for further deviation from the target. The Council emphasizes that failure to meet the target—following last year’s deviation—could further undermine the credibility of the fiscal rule.

The fiscal adjustment will be highly dependent on political negotiations.

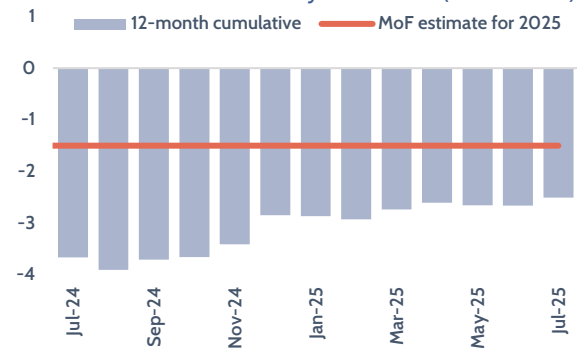
Our take: We identify several risks. First, we project a wider deficit this year—around 2% of GDP— due to potentially overestimated assumptions, particularly fiscal revenues. Second, roughly 40% of this year’s corrective measures—and nearly 80% of those from 2026 onward—require legislative approval, making fiscal adjustment highly dependent on political negotiations. This could be especially challenging during an election year and under a new administration. Third, the new tax models introduced by the MoF may still require refinements, increasing the risk of revenue overestimation. All in all, we estimate a fiscal deficit of 2% of GDP and a debt-to-GDP ratio of 43% for 2025 and 2% and 44% of GDP for next year, respectively.

YTD cumulative fiscal balance (% of GDP)



Source: Dipres, MoF, Credicorp Capital.

Estimated fiscal deficit by the MoF (% of GDP)



Upward core inflation surprises suggest a cautious stance by the BCCh in the coming months

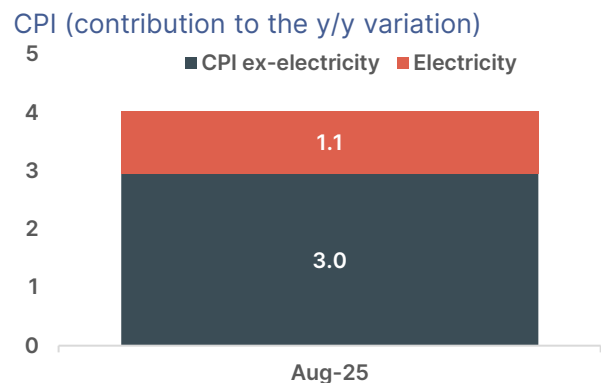
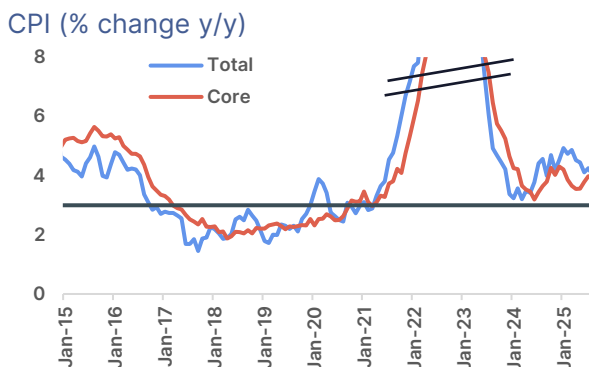
The BCCh has highlighted that the risk of more persistent inflation will require gathering more information before continuing the monetary easing.

Core inflation dynamics will be key to assessing further monetary easing ahead.

Assessing inflation persistence before further easing. With ups and downs, total inflation has continued to decline in recent months; however, the core measure has exceeded expectations. In fact, in the 3Q25 Monetary Policy Report (IPoM), the BCCh forecasted that core inflation will reach higher levels than previously projected between 4Q25 and 1H26 while headline inflation is expected to converge to 3% during 3Q26 (vs. 2Q26 previously). The authority envisions a more persistent core metric due to higher-than-anticipated inflation in recent months, increased private spending, continued elevated wage pressures, and a more depreciated real FX. Consistently, the Board highlights that the risk of more persistent inflation will require gathering more information before continuing the monetary easing toward the neutral range.

We expect year-end inflation to stand at 3.8%. We see a balanced risk scenario for total inflation. On the one hand, services inflation could continue to face upward pressure due to high labor costs, despite a fragile labor market. On the other hand, lower fuel prices, a virtually closed output gap, and electricity rate adjustments that are starting to fall out of line suggest easing inflationary pressures.

Barring any surprises, the BCCh could postpone the next rate cut until the Dec- 25 meeting. The most recent IPoM aligns with our view of an economy modestly outperforming, an output gap that has turned slightly positive in 1H25, and core inflation that stood slightly above the authority's expectations. The updated policy corridor now suggests interest rate cuts in 1Q26, later than our base scenario, which anticipates a 25-bp cut at the Dec-25 meeting. For now, we maintain this call, as we believe the BCCh will have room to resume cuts amid 2 to 3 rate cuts by the Fed by that date, an expected appreciation of the CLP, three core CPI readings that could show some improvement, and a post-presidential election political scenario that may reduce uncertainty. In any case, we recognize that the risk is on the upside if core inflation does not evolve favorably.



Source: BCCh, INE, Credicorp Capital.

Cautious optimism for the CLP ahead

The USDCLP has shown heightened sensitivity under the "Trump 2.0" scenario.

Heightened volatility demands strategic caution. Recently, global economic and trade policy uncertainty has declined from the historic peaks seen in previous months, although the landscape remains fluid. Accordingly, a cautious stance—particularly for non-speculative FX investors—remains warranted. As noted in previous reports, the USDCLP has shown heightened sensitivity under the "Trump 2.0" scenario. This is largely due to Chile's status as a small, trade-dependent economy with limited capital depth and a narrow interest rate differential with the U.S., which limits the appeal of carry trade strategies. Throughout the year, the USDCLP has fluctuated within a wide \$900–\$1000 range, reinforcing the need for strategic prudence.

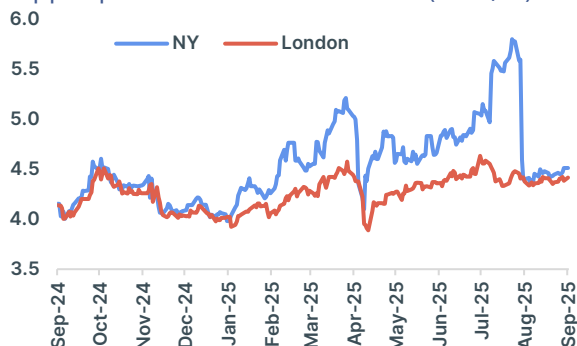
Improved conditions support a more resilient CLP outlook. Locally, macro fundamentals have improved: activity is growing slightly above potential, the current account deficit is contained, terms of trade are historically high, and the BCCh is nearing the end of its easing cycle. Politically, polls suggest a shift toward pro-market candidates in both the presidential and congressional elections. Externally, copper was exempted from tariffs, while the 10% tariff on goods is low relative to those imposed on other countries with which Chile competes. The interest rate differential with the U.S. also seems to have bottomed out, as the Fed seems to be ready to resume rate cuts while the BCCh is already close to neutral levels.

Copper was exempted from tariffs, while the 10% tariff on goods is low relative to those imposed on other countries with which Chile competes.

Risks remain despite positive signals. The CLP continues to underperform other LatAm currencies, while since early Jul-25, foreign investors have reopened short positions on the CLP—currently amounting to ~USD 5bn—with the potential to double if the landscape deteriorates. Additionally, in early Aug-25, the BCCh announced an USD 18.5bn international reserves accumulation program to strengthen its liquidity framework. Although daily purchases represent no more than 2% of total daily FX turnover, in certain cases they have constituted a significant flow, according to traders.

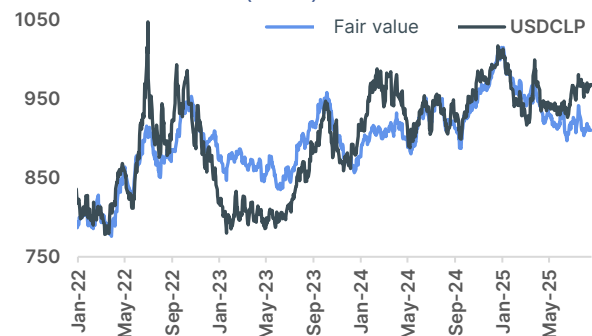
We expect a USDCLP 940 level by year-end. According to our models, the fair value of USDCLP currently stands between \$900 and \$920. However, we expect the FX to remain above these levels by year-end, as our base case assumes that global uncertainty will persist in the coming months.

Copper price in different markets (USD/lb)



Source: BCCh, Credicorp Capital.

USDCLP fair value (level)



Presidential race in Chile spurs hopes of pro-market shift

The presidential race is tight, with far-right José Antonio Kast and far-left Jeannette Jara each polling around 30%, while center-right Evelyn Matthei trails with 15%.

Many polls suggest the left-wing candidate will lose in the second round, signaling a potential right-leaning shift in the electorate.

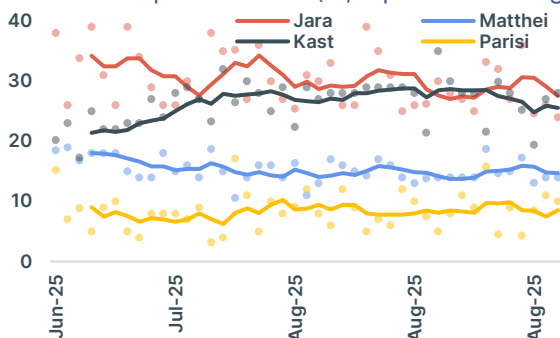
Kast and Jara continue leading the presidential race. Chile heads to the polls on November 16 for a crucial presidential election, to renew its Lower Chamber and nearly half of the Senate. The presidential race is tight, with far-right José Antonio Kast and far-left Jeannette Jara each polling around 30%, while center-right Evelyn Matthei trails with 15%. A runoff is set for December 14 if no candidate secures a majority. Many polls suggest the left-wing candidate will lose in the second round, signaling a potential right-leaning shift in the electorate.

Despite their ideological differences, the leading candidates share common ground in several areas of policy. All stress the urgency of economic reactivation, job creation, and attracting investment. Public-private partnerships, improved public spending efficiency, and enhanced security are central to all proposals, seen as essential to economic stability. However, they diverge in key areas such as the role and size of the state and pension reform. Importantly, all three candidates note that their policy outlines are flexible and could evolve as the campaign progresses.

Compared to the previous presidential election, the programs have shifted toward moderation—at least on paper. In contrast to 2021’s polarized debates over social justice and constitutional reform, the 2025 race shows a pivot toward economic pragmatism. While social issues remain part of the conversation, today’s platforms lean more heavily into employment, investment, and cutting bureaucratic red tape. This tonal shift suggests candidates are responding to a more centrist electorate, as well as lessons learned from recent political turbulence and reform fatigue.

From a market perspective, this shift in tone—at least on paper— alongside with a potential pro-market government and a Congress tilted to the right could support a rerating of local assets. Investors are eyeing the elections with cautious optimism. A moderate, pro-market government backed by a right-leaning Congress could drive up the IPSA stock index and strengthen the Chilean peso. Lower regulatory risks and greater policy predictability may support a rerating of local assets. Still, market confidence hinges on the new administration’s ability to build consensus in a likely fragmented Congress.

Presidential preferences (% ,4-polls mov. avg.)



Source: Political polls, Credicorp Capital.

Presidential candidates' attributes (% of respondents)



Colombia

Consumption continues to lead economic activity while sluggish investment poses risks to potential GDP

The economy grew 2.4% y/y in 1H25, with both private and public consumption playing the main role.

After expanding 2.1% y/y in 2Q25, the economy accumulated a growth of 2.4% in 1H25, similar to our long-held, below-consensus estimate of 2.3% for 2025. As expected, total consumption has continued to lead activity. On the one hand, households' spending (1H25: 3.8% y/y) has benefited from lower inflation (i.e., higher real wages), lower interest rates, a low unemployment rate, and high levels of workers' remittances (~3% of GDP). Notably, consumer confidence currently stands near its highest level since Jul-18, in tandem with the best cost-of-living perception since 2014. On the other hand, public spending has remained solid (1H25: 3.8% y/y), in line with the large fiscal deficits and the low government's willingness to undertake a fiscal consolidation process.

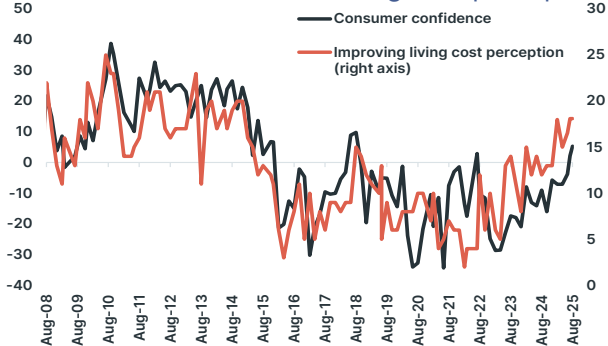
Investment remains the primary source of concern. Total investment rose 7.3% y/y in 1H25, but inventory accumulation has played the main role as fixed investment advanced only 1.6%. While the machinery and equipment component grew at a healthy pace in 1H25 (11.6% y/y), possibly due to the strong dynamism of domestic consumption, the negative behavior of residential (1H25: -8.6%) and other buildings and civil works (-3.8%) investment is concerning, standing way below pre-Covid levels. This poses risks to potential GDP ahead.

On the supply side, GDP behavior reflects a significant divergence among sectors. So far this year, among the sectors with the best performance are entertainment and recreation (1H25: 11.4% y/y) and commerce (4.8%), in line with the good behavior of private consumption. Agriculture has also continued to post a healthy pace (5.3%) amid favorable prices and weather. Conversely, the oil-mining (-7.6%) and the construction (-3.3%) sectors maintain a concerning behavior amid still high interest rates, but mainly due to heightened regulatory risks, in our view.

We hold our long-held, below consensus GDP growth estimates at 2.3% for 2025 and 2.6% for 2026.

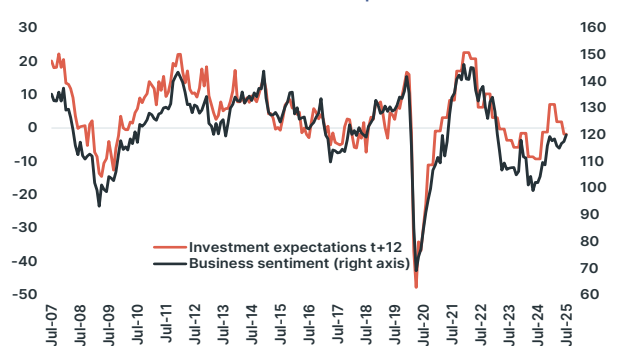
All in, we hold our GDP growth estimates at 2.3% for 2025 and 2.6% for 2026. Since 2022, we have consistently kept our GDP growth projections below consensus as we expected higher regulatory risks in the most strategic sectors of the economy to take a toll on investment. Also, we had assumed a cyclical recovery of private consumption starting in 2024. The observed scenario has been much in line with our view. Looking forward, we acknowledge some upside risks from total consumption. However, they could be offset by the expectation of a significantly slower pace of rate cuts by the BanRep than envisioned before, the elevated political and regulatory noise, and the still high external uncertainty.

Consumer sentiment and living cost perception (%)



Source: BanRep, Fedesarrollo, Invamer, Credicorp Capital.

Business and investment expectations (%)



No signals of improvement in fiscal accounts in 2026

We expect high fiscal deficits of 7.8% of GDP in 2025 and 7.0% in 2026, posing further pressures on debt.

The 2026 budget proposal points towards still large fiscal deficits next year. Recall that the Medium-Term Fiscal Framework (MTFF) released in Jun-25 assumed a fiscal deficit of 7.1% of GDP in 2025 and 6.2% in 2026 with primary balances of -2.4% and -1.4%, respectively. However, just one month later, the MoF presented the 2026 budget proposal, which maintains the fiscal deficit target at 6.2% of GDP, but significantly increases the primary deficit by 0.6pp to 2% of GDP while rising primary spending by 1pp of GDP.

To partly fund the 2026 budget, the government has presented a new tax reform for (COP 26.3tn) ~1.4% of GDP (see details). This amount is 0.4pp of GDP higher than the figure included in the MTFF. The so-called 'financing law' focuses on VAT exemptions and higher tariffs for high-income earners, while seeking to strengthen the taxation schemes for the carbon, consumption, and health taxes. We think that the likelihood of approval is low (otherwise, it will be significantly diluted) amid the electoral period, excessive spending, low execution capacity and corruption scandals. All this is likely to maintain high tensions between Congress and the government; thus, the 2026 budget could be enacted by decree again, like in 2024.

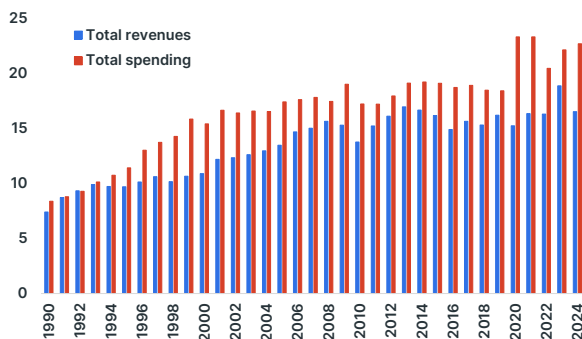
The attention is on the Public Credit debt management operation. Recall that the MoF has announced an operation consisting of swaps and a bond repurchase program funded by a credit for ~CHF 10bn (~USD 12bn). The MoF assumes a reduction of ~0.6% of GDP in interest payments in 2026 from the operation while targeting lower debt levels than those in the MTFF (2025: 61.3; 2026: 63% of GDP). While the outcome is far from certain, the bad news is that this effort will not be directed to reducing fiscal deficits, but increasing primary spending.

The next government will have to make significant adjustments to lead public finances towards a sustainable path

Overall, fiscal risks are set to remain high with no visible signals of improvement in 2026. The continuity of the trend of assuming higher revenues from uncertain factors (e.g. financing law) and the low government's willingness to undertake spending cuts lead us to expect high deficits (2025: 7.8%; 2026: 7.0% of GDP).

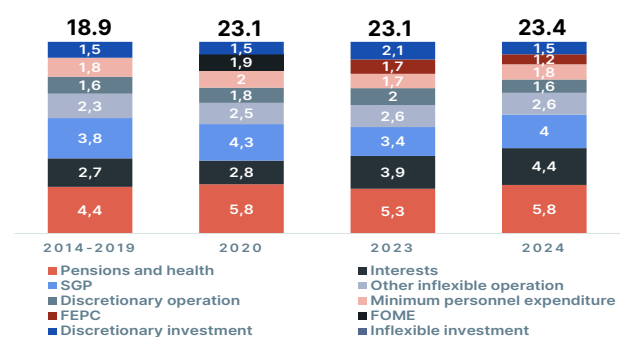
All in all, the next government will have to make significant adjustments to lead public finances towards a sustainable path, requiring political will. Undoubtedly, a new tax reform will be needed. In addition, we are of the view that significant spending cuts are possible on several fronts, like subsidies, interest payments (a sustained reduction will require a fall of the risk premium, which in turn will rest on signals of fiscal responsibility), and payrolls, which have increased by ~1% of GDP since 2022. The outcome of the 'Competence Law', which will redefine the spending responsibilities of each level of government, could be a key factor.

Central Government's fiscal accounts (% of GDP)



Source: MoF, CARF, Credicorp Capital.

Central Government's total spending (% of GDP)



As expected, fiscal slippage has made the BanRep even more cautious, and risks remain to the upside

Acknowledging upside risks, especially from government policies, we recently raised our inflation estimates to 5% in Dec-25 and 4.1% en Dec-26.

Thus, we now expect the repo rate to stand at 9% by year-end and 7.50% by Dec-26 (vs. 8.50% and 7.0% before).

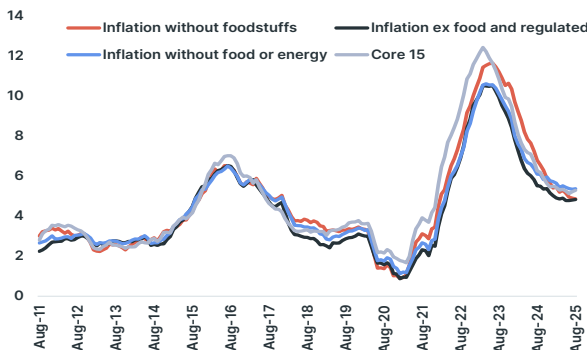
While observed inflation has provided some room for additional rate cuts, in our view, the continuity of negative fiscal news led the BanRep to remain on hold in Jul-25. The BanRep decided by majority to maintain the repo rate at 9.25% in Jul-25. Again, four members voted for remaining on hold, two for a 50-bp cut, and one for a 25-bp reduction. While market consensus expected a 25-bp cut according to surveys, we believe that the decision was not a real surprise considering that just a few days before the policy meeting, the 2026 budget proposal had been presented by the government, which (once again) assumes uncertain proceeds from a new tax reform for ~1.4% of GDP and significantly increases the expected primary deficit. Thus, the Jul-25 decision seemed to be broadly consistent with this information.

In addition, President Petro and Minister Avila have suggested a new big minimum wage hike in real terms in 2026. According to the government, there is no evidence that the rise in minimum wage well above inflation in recent years has affected inflation. That said, this contradicts the fact that services inflation (ex food and regulated) still stands near 6% y/y. As a result, inflation expectations have worsened recently.

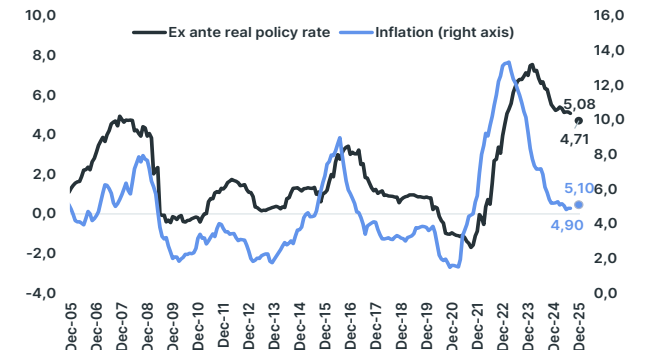
In fact, the likelihood of inflation standing near 5% in 2025 and closer to 4% in Dec-26 has increased. Factors such as the fiscal expansion, the pace of domestic demand (1H25: 4.4% y/y), the still high levels of both total and core inflation and the risk of a new double-digit increase in minimum wage next year (in fact, we think that a rise above 10% is likely considering the precedent of the last few years and that 2026 is the last year of the Petro's administration), could maintain inflation at uncomfortable high levels going forward with indexation mechanisms becoming a key risk factor. We see inflation at 5% by year-end and 4.1% by Dec-26.

All in all, we have recently fine-tuned our repo rate estimates. Overall, we expect the BanRep's board to be even more cautious ahead amid the combination of: i) the elevated country's risk premium (due to the fiscal deterioration) which means that the neutral real rate may be higher than estimated currently (~3% according to the BanRep's staff), ii) core inflation still way above the 3% target at around 5% y/y, iii) upside risks to inflation including the minimum wage hike and proposals to rise electricity fares and taxes to some sectors, iv) the recent deterioration in inflation expectations, v) the healthy pace of domestic demand, and vi) still high global uncertainty. Accordingly, we now expect the repo rate to stand at 9% by year-end and 7.50% by Dec-26 (vs. 8.50% and 7.0% before). In any case, we recognize risks are skewed to the upside as BanRep's decisions will be highly data-dependent.

Core inflation measures (% change y/y)



Inflation and ex-ante real monetary policy rate (%)



COP: our recommendation remains unchanged as volatility could increase before year-end

The global USD has primarily explained the trend observed in the FX in recent quarters, while fiscal accounts are the main source of volatility.

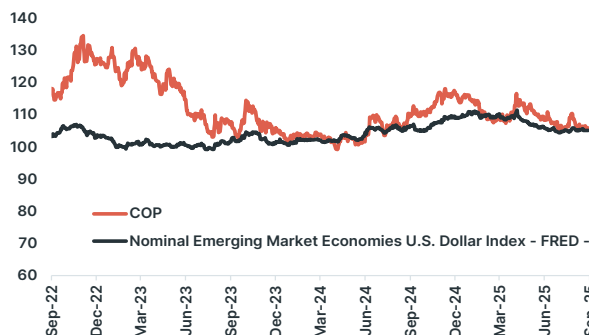
We recommend buying USD when the FX falls, as COP depreciation pressures could be seen ahead of the 2026 election.

The USDCOP has continued to behave in line with the global dollar. Importantly, while the COP maintains a high volatility (aligned with its high-beta status), its overall performance has continued to be consistent with the behavior of the global USD, which is especially clear when observing the relationship between the USDCOP and the FRED EM FX index, taking Jun-22 (the date of the presidential election runoff) as the starting point. Following the reversion of the overreaction in late 2022 caused by concerns about the possibility of radical changes in the economic and political models, the COP has kept a trend close to that of most EM currencies. In any case, temporary deviations have occurred during episodes of higher risk aversion like the election of Sheinbaum in Mexico, the fiscal confidence shock in Brazil and Colombia in late 2024, and Trump’s ‘Liberation Day’ in Apr-25.

This amid the strength of institutions and the significant improvement of the current account deficit (CAD), in our view. As we have pointed out in several previous notes, the rapid reversion of the FX from the record high levels of ~USDCOP 5,200 observed in late 2022 was mainly explained by the evidence of strong institutions, and thus a decrease in the fear of radical changes, in our opinion (a more benign external backdrop also played some role, though). In addition, the CAD has shown a significant improvement in recent years, falling from 6% of GDP in 2022 to ~2% currently, thus significantly reducing external vulnerability. Therefore, we believe that the moves of the global USD have primarily explained the *trend* observed in the FX in recent quarters, while the main source of *volatility* has been the domestic fiscal accounts. More recently, the possibility of monetizations by the MoF after the announcement of a public debt management operation consisting of a bond repurchase program funded by a credit for ~CHF 10bn (~USD 12bn) has put downward pressure on the FX.

Having said all this, recent fiscal developments and the electoral period call for caution. While we cannot rule out further COP appreciation in the short term, especially if the MoF carries out significant monetizations (which is far from clear), we keep our recommendation of taking advantage of any fall in the FX to buy dollars as COP depreciation pressures could be seen as the 2026 election approaches, fiscal noise remains, and external uncertainty stays high (including tensions between the US and Colombian governments – see the political section).

COP vs. FRED EM FX Index (Jun-22= 100)



USDCOP: Short-run fair value model *



Source: BanRep, Refinitiv, Credicorp Capital. *Key variables include: DXY, Brent crude, 5Y CDS, LatAm currencies, adjusted carry trade.

Security, corruption and healthcare access, key discussion topics during the electoral race

The political scenario has recently been marked by rising violence, tense relations with the US government, and an even more radical Petro's speech.

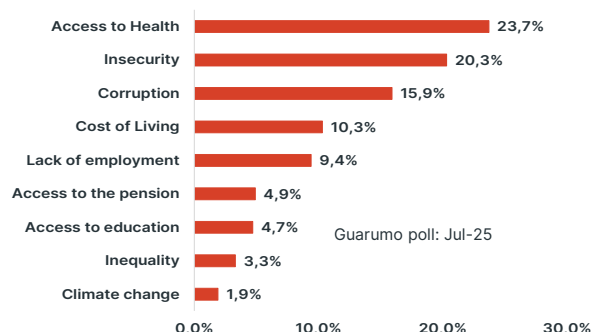
Recent terrorist and violent acts have the potential to reshape the electoral race. Presidential precandidate of Centro Democrático party, Miguel Uribe, died on August 11th, two months after being shot during a campaign event in Bogota. The most recent murders of presidential candidates and politicians had been those of Luis Carlos Galan (1989), Carlos Pizarro (1990), and Alvaro Gomez (1995). On the other hand, on August 21st, an attack on an air force base in Cali (the third-largest city) left six civilians dead and more than 70 people wounded. This is the most violent terrorist attack on a central city since at least 2019. President Petro has blamed guerrilla groups for the two violent events, primarily pointing towards dissidents of the FARC guerrilla. Recall that the current administration has pursued a 'total peace' agreement with all illegal groups, which has been completely unsuccessful so far, to the extent that they have managed to strengthen, with cocaine production soaring to record levels. Notably, the share of the population that thinks security is improving stands at 5%, the lowest level in at least 20 years.

The relationship with the US will be worth monitoring. The relationship between the Petro and the Trump governments has been tense. In the next few days, the US will decide if it maintains the 'certification' of Colombia in its fight against drug trafficking. In case of 'decertification' due to the record-high levels of cocaine production, Colombia could face some sanctions, including the suspension of economic and military support, and even trade restrictions.

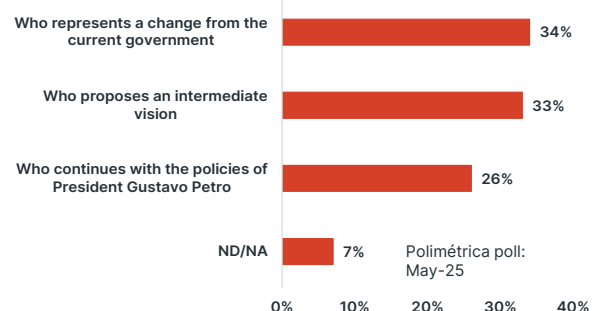
Institutions remain strong, in line with our view. In previous notes, we commented that President Petro's speech had become even more radical amid the intention to call a Popular Consultation by decree for getting the approval of the labor and healthcare proposals previously rejected by Congress. In the end, the Popular Consultation was struck down by Congress and the Council of State, while a labor reform was approved with broad support in Congress. On a similar note, President Petro has continued to blame the BanRep for preventing the economy from growing faster. Importantly, since President Petro appointed two new board members, the BanRep has remained on hold on three occasions, thus cutting the rate only once. Among other recent events reflecting the strength of institutions, we highlight that the Constitutional Court declared the intervention of EPS Sanitas unconstitutional. This is after the controversial decision of the government to seize the main EPS amid its intention to undertake a radical change in the healthcare sector. In fact, a significant deterioration in access to the healthcare sector has been seen during the last year, according to data showing record levels of users' complaints and reduced medicine availability, leading the population to consider this a top concern.

In any case, institutions remain strong, in line with our view, meaning that the likelihood of radical changes is low.

Main factors of concern for the population (%)



In the 2026 election, you would vote for... (%)



Source: Guarumo Jul-25, Polimétrica May-25, Credicorp Capital

Under the current scenario, the probability of approval of the main government reforms seems low.

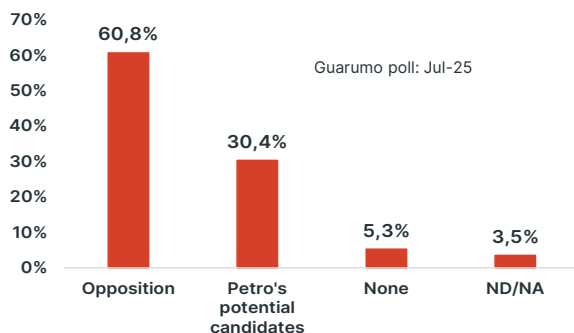
According to political consultants, the scenario for the government will remain relatively unchanged in Congress, with low support in the Senate and support for some initiatives in the Lower Chamber. This backdrop suggests that the recently submitted tax reform and other emblematic Petro’s proposals, like the healthcare reform and the ‘submission law’ (aimed at creating conditions for the ‘total peace’ deal), have a low probability of approval. Attention will also be on the developments around the multimillion-dollar scandal related to the National Entity for Disaster Risk Management (UNGRD), with several former members of Petro’s administration involved for allegedly having used public resources to buy votes in Congress to get the approval of government reforms.

2026 presidential election. What comes next? On October 26th, (non-mandatory) primary elections will be held, in which some political parties (including the ruling party) will elect their candidate for the first round of the presidential election (May 31, 2026). A potential (very likely) runoff would be held on June 21. Overall, it is still too early to conclude about the potential election outcome, especially considering that there are ~30 candidates currently. Hence, a clearer view could come after the primaries in Oct-25. All this is amid a Petro’s approval rating that remains around 30-35% and an increasing share of voters preferring a candidate with a strong stance against insecurity/violence. In addition, most of the population (~70%) currently prefers a candidate who is more moderate than Petro regarding proposals and policies or who represents a strong change.

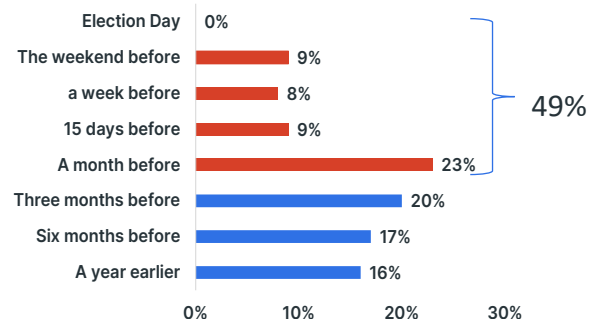
Most of the population (~70%) prefers a candidate more moderate than Petro regarding proposals and policies or who represents a strong change.

Voting-intention polls have been suspended until Nov-25. President Petro recently enacted a law regulating the conduct of political polls, which Congress had approved. The bill had broad support among political parties. According to the supporting senators, “this ensures that voting intention is measured when there is greater clarity about potential candidates, preventing the premature use of polls for political leverage, while protecting fairness among contenders”. All in, new voting intention polls will not be known until November. Having said that, it seems possible that candidates will be able to continue hiring pollsters to carry out internal surveys.

Voting intention for the 2026 presidential election (%)



When do you decide on your vote? (%)



Peru

Private spending has remained the main driver of growth

The terms of trade shock is playing a key role in the stronger activity dynamics and its outlook.

Domestic demand grew ~6% y/y for the third consecutive quarter. While GDP decelerated and grew 2.8% y/y in 2Q25, domestic demand advanced 6.2% y/y, marking the third consecutive quarter of growth around 6%. Specifically, private spending remained the main driver of growth: i) private consumption rose 3.6% y/y (1Q25: 3.8%), supported by a solid labor market, and ii) private investment increased 9.0% y/y (1Q25: 8.9%), with gains across all components. Non-mining non-residential investment grew 11.4% y/y, the fourth consecutive quarter of double-digit expansion, while mining investment rose 8% (1Q25: 2.5%) and residential investment increased 3.2%.

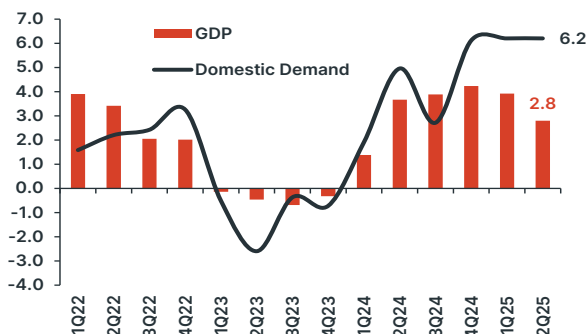
So far this year, the terms of trade have continued to reach new peaks, standing at their highest level in 75 years. Assuming that observed levels in Jun-25 remain for the rest of the year, terms of trade would have increased ~40% in the span of the last 3 years. This would reflect a combination of a 17% increase in export prices (mainly copper and gold, the latter reaching new record highs) and a 16% decline in import prices. This is a major shock and would only fall short of the boom observed between 2004 and 2007 when terms of trade grew 63% in 4 years. In that episode, export prices more than doubled, led by copper, and more than offset the increase in import prices. Importantly, given the structure of Peru's trade (i.e., polymetallic exports), the country has benefited far more than Chile and Colombia, with a 50% increase since before the pandemic.

Under this scenario, we have kept our 2025 growth forecast, but recently raised the domestic demand estimate once again. Although we still expect GDP to grow 3.2% in 2025, we are increasing our domestic demand forecast to 5.2% (the highest in 12 years, excluding the pandemic rebound), in line with the favorable dynamics observed during 1H25. There are several factors which underpin strong economic performance: i) favorable momentum derived from the maturing business cycle dynamics, ii) the said terms of trade shock, iii) controlled inflation (headline and core even below the mid-point of the target range), which favors the recovery of real wages, iv) acceleration of loan origination in line with higher aggregate demand, and v) economic expectations that remain in optimistic terrain and have continued to improve during the year.

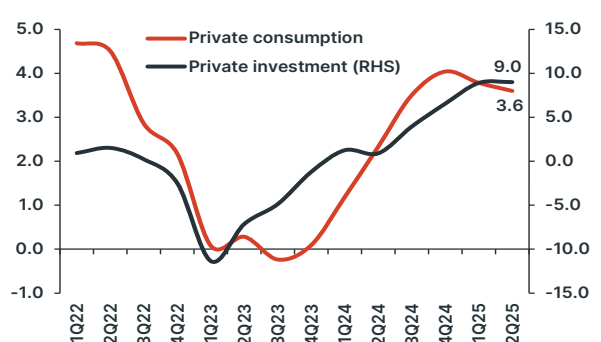
We expect GDP to grow 3% in 2026. We recently increased our GDP growth forecast from 2.8% to 3.0% amid the continued boost from terms of trade, meaning a higher carry-over for domestic demand in 2H25, and as Tia Maria's investment is executed.

We recently raised our domestic demand forecast for 2025 again and our 2026 GDP growth estimate.

GDP and domestic demand (% change y/y)



Private spending (% change y/y)



Source: BCRP, BCP MacroResearch, Credicorp Capital.

Fiscal challenges remain, implying that fiscal rules could be breached in 2025 and 2026

The fiscal deficit is improving, but temporary revenues, spending pressures, and legislative measures entail risks ahead.

Narrower fiscal deficit amid higher revenues. As of Jul-25, the annualized fiscal deficit stood at 2.6% of GDP, compared to 3.5% at the end of 2024. The narrower fiscal deficit is mostly explained by a recovery of fiscal revenues, which grew 13% y/y in Jan/Jul-25 (Income Tax: +18%, Domestic VAT: 8%) in a context of cyclical recovery and record terms of trade. In parallel, non-financial government spending increased 8% y/y in Jan/Jul-25 (current: +7%, public investment: +8%).

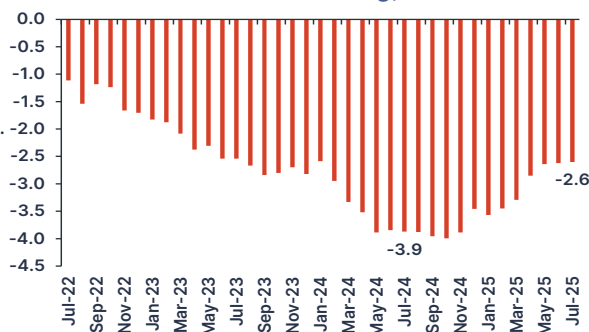
The MoF published the 2026-2029 Multiannual Macroeconomic Framework. The document, which presents the macroeconomic inputs for the 2026 public budget bill, considers the following: i) GDP growth of 3.5% in 2025, and 3.2% on average between 2026-2029, ii) fiscal ceilings are expected to be met (2025: 2.2% of GDP, 2026: 1.8%, 2027: 1.4%, 2028: 1.0%), and iii) public debt would stand around 30% by 2030. It is worth noting that financing needs would reach PEN 35bn in 2026 (compared to PEN 51 bn in 2025 after three Liability Management Operations were carried out). Also, the government presented the 2026 public budget bill, which amounts to PEN 258bn, a 2.3% increase compared to last year's budget. However, personnel and social obligations spending would increase by 14%, whereas non-financial asset acquisition (related to public investment) would decline 16%. We are less optimistic on achieving the fiscal deficit targets within the forecast horizon and highlight a deterioration of fiscal buffers during the past 10 years.

The Fiscal Council expressed several warnings about MoF forecasts. Among several other issues, the Fiscal Council notes: i) there are several fiscal risks not explicitly evaluated which could affect forecasts (legislative measures approved which pressure fiscal spending or limit revenue collection, negative financial situation of Petroperu, further deterioration of the global economic context, among others), ii) in absence of spending control measures, there is a high likelihood of not complying several fiscal rules (fiscal deficit, total spending and current spending), and iii) the presented fiscal spending transfers most of the fiscal consolidation effort to the next administration, creating a dynamic inconsistency problem that hinders credibility of fiscal targets in the medium term.

We are less optimistic about achieving fiscal deficit targets within the forecast horizon, and we highlight a deterioration of fiscal buffers during the last decade.

Long-term spreads near historical lows are consistent with favorable macro fundamentals. As of Aug-25, the spread between the PEN10y duration bond vs the 10-year UST stood at 255bps, among the lowest levels on record. This is broadly consistent with the current favorable macroeconomic environment. However, spread decompression risks loom on the horizon given the general election of Apr-26, and the discussion around an 8th pension fund withdrawal in Congress.

Fiscal deficit (12-month rolling; % of GDP)



Source: BCRP, Ministry of Finance, BCP MacroResearch, Credicorp Capital.

Fiscal indicators

	2014	2019	2024
Public Debt	20	26	32
Net Public Debt	3	13	23
Public Savings	17	13	9
Fiscal Stabilization Fund	4.5	2.3	1.1
Interest payments	1.1	1.4	1.7
Fiscal revenues	22	19	19
Interest/Revenues	4.9	7.0	8.9
Debt/Revenues	89	136	171
Wages and salaries (2014=100, real)	100	126	141

The BCRP is unlikely to undertake further rate cuts in the upcoming months, in our view

We recently cut our inflation forecast for 2025 from 2.0% to 1.8% amid lower observed inflation.

Headline inflation at a 7-year low. Headline inflation in Metropolitan Lima stood at 1.1% y/y in Aug-25, a 7-year low and close to the lower bound of the target range (1%-3%). In parallel, core inflation (excluding food and energy) remained at 1.7% y/y, among the lowest levels in four and a half years. Moreover, wholesale inflation remained on negative ground at -3.0% y/y and added up to two years of contraction. Lastly, 12-month ahead inflation expectations also stood at 2.19%.

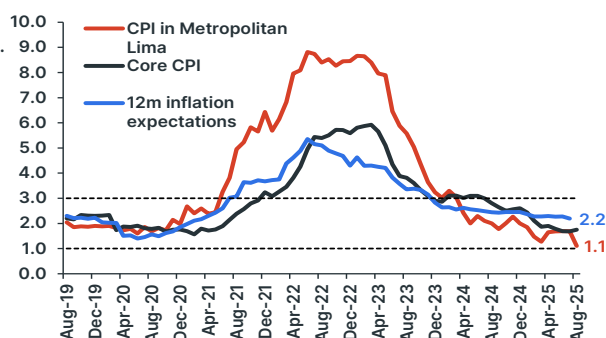
We recently cut our inflation forecast for 2025 from 2.0% to 1.8% amid lower observed inflation. Several inflation indicators related to imports (import prices, imported CPI components, and the wholesale price index) point towards lower inflation pressures. This is partly explained by a higher influx of Chinese products at lower prices amid trade flow deviations. For 2026, we see inflation at 2.0%.

We hold our view of the policy rate ending 2025 at 4.25%.

At its Sep-25 policy meeting, the BCRP cut its benchmark rate by 25bps to 4.25%, in line with our projection. The central bank noted that “after this decision, the interest rate is now very close to the level estimated as neutral.” Accordingly, after reaching 4.25%—which we had anticipated since mid-last year—we see it as unlikely that the BCRP will cut its rate again for the remainder of the year and until after the elections. Overall, the BCRP will closely monitor developments in inflation indicators in a context where domestic demand is growing above GDP and is driven by a strong terms-of-trade shock. Hence, the main argument to stay put ahead is that, although the policy stance is perhaps somewhat restrictive, the economy is currently growing above its potential (in 1H25, GDP grew 3.4% y/y and domestic demand 6.2% y/y), and thus, no further stimulus is needed. Similarly, even though the Fed is expected to resume its policy rate cuts (two to three 25-bp cuts according to Fed futures in the remainder of 2025), the BCRP should not necessarily follow suit, as both economies are at different stages of the business cycle.

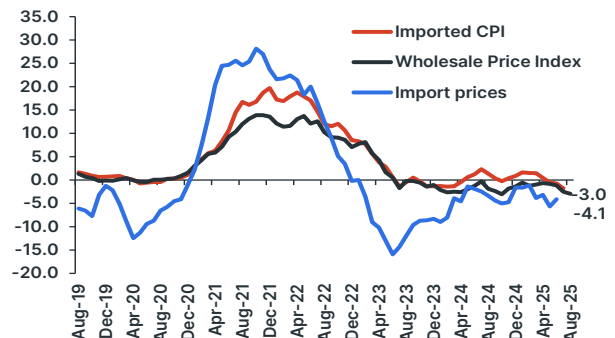
The BCRP-Fed rate spread is currently negative, which is more of an anomaly since 2003, when the BCRP started using the rate as a policy instrument. Further into the forecast horizon, a positive spread is expected. Lastly, there is no evidence that the BCRP lowers its policy rate in the months before a general election, meaning that timing is also a key factor to consider for the upcoming monetary policy meetings.

Inflation metrics (% change y/y)



Source: BCRP, INEI, BCP MacroResearch, Credicorp Capital

Import-related inflation metrics (% change y/y)



PEN appreciation pressures remain, in line with our view

The PEN has outperformed its peers in recent years amid three consecutive years of current account surplus.

External accounts remained solid in 2Q25. The current account posted a surplus of 0.9% of GDP, (4-quarter rolling: 1.9%). The trade balance remained dynamic (annualized at USD 27 bn, a historical peak), supported by record-high terms of trade. However, this was partly offset by a wider primary income deficit due to higher profits from FDI firms. The financial account had a net inflow of USD 4.1 bn (2Q24: net outflow of USD 2.1 bn). On the one hand, public sector inflows were boosted by the issuance of USD 3 bn in global bonds (i.e, Liability Management Operation) and increased sovereign bond purchases by non-residents. On the other hand, FDI accelerated to USD 3.6 bn, partially offset by lower net loan inflows (due to amortizations). Lastly, short-term capital flows recorded a net outflow of USD 0.7 bn (1Q25: net inflow of USD 0.6 bn). All in all, Peru remains the country with the strongest current account balance within LatAm 5.

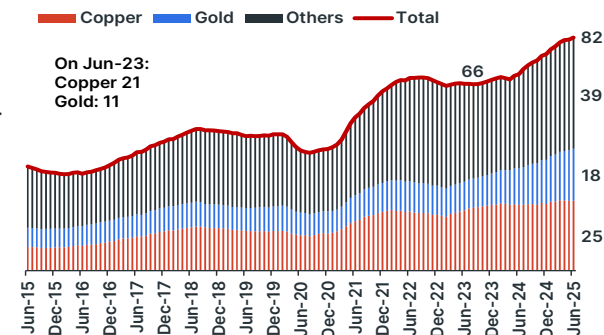
Current accounts surpluses persist but are narrowing. We expect the current account balance to stand at 1.7% of GDP in 2025, the third consecutive year of surplus, in the context of favorable terms of trade (the trade surplus would stand at around USD 29 bn). Nonetheless, the current account surplus would be narrower than last year, which is in line with higher absorption (robust domestic demand).

USDPEN is around a 5-year low amid a weaker global dollar. As of 09-Sep, the USDPEN stood at 3.49, a 5-year low, implying an appreciation of ~7% YTD amid inflows from offshore accounts and a weak global USD. Importantly, the Central Bank has taken the chance to stop partially renewing the outstanding “Swaps Cambiarios”, which stand at around PEN 40bn currently (2024: PEN 48 bn). In this context, the PEN has outperformed other currencies in the region in recent years, as widely expected by us. Paired with inflation below those of other EM and developed economies, the real multilateral exchange rate reached 90 points in Jul-25, standing at the lowest level of the century.

Amid record-high terms of trade and healthy macro fundamentals, we cut our 2026-end FX estimate to USDPEN 3.45.

We hold our forecast at USDPEN 3.65 by year-end. As we have mentioned previously, several macroeconomic drivers (record terms of trade, four consecutive years of current account surpluses, weak global USD, and an expected wider BCRP-Fed spread) point towards PEN appreciation. Nonetheless, external risk-aversion events or local uncertainty could trigger PEN depreciation, especially as the general elections of Apr-26 approach; we expect higher volatility during 1Q26. We note that, on monthly averages, PEN has depreciated around 3% between December two years before the election and the pre-electoral December. That being said, pending election results, we preview further PEN appreciation if terms of trade stays among historical peaks and the global US dollar remains weak.

Peru's exports (USD bn, annualized)



Source: BCRP, BCP MacroResearch, Credicorp Capital

Real multilateral FX (Index, 2009 = 100)



In the run-up to the 2026 elections

The political outlook remains highly uncertain. Boluarte's approval at ~3% and a fragmented field (43 parties) heighten runoff risks similar to 2021.

President Dina Boluarte maintains an approval rating of just 3%, leading some political experts to argue that she is the most unpopular president globally. We think that this partly reflects that Ms. Boluarte was formerly a member of the Marxist political party 'Peru Libre', serving as first vice president during the administration of Pedro Castillo, and then as the President of Peru following Castillo's failed self-coup. Accordingly, most center- and right-leaning voters do not support her. On the other hand, she has proven to be far more moderate than Castillo, prompting many left-leaning voters to view her as a 'traitor'. In addition, there is widespread perception, especially among business leaders, that Ms. Boluarte has not taken meaningful steps to promote investment (despite a notable unblocking of infrastructure projects), nor to address crime and corruption. All in, almost nobody seems to identify with Ms. Boluarte.

In this context, President Boluarte has continued to face weak governability, with a Congress that likewise suffers from a single-digit approval rating. Ultimately, a fragile balance between the two power branches has been maintained to avoid early elections amid a tense political and social environment. As a result, the debate on structural and much-needed reforms has been effectively postponed.

Currently, visibility into the possible outcome of the election to be held on 12-Apr-26 is almost nonexistent amid the elevated number of electoral parties registered to participate (43), which increases the risk of dispersion for the first round. This means that candidates with an even very low share of votes could make it to the runoff, as happened in the 2021 election. That said, the number of candidates is set to fall after the primary election scheduled for November 30, at which point greater clarity is likely to emerge.

The outlook could improve from 2026 with right-leaning, pro-market candidates and a new Senate strengthening checks and balances; in the near term, focus will stay on implementing the pension reform.

Having said all this, our base case assumes a better political backdrop from 2026 onwards. On the one hand, Peru is currently facing significant security issues stemming from the rise of illegal mining and the spread of criminal gangs. This increases the likelihood of right-wing candidates winning the contest, and thus of pro-market policies; in fact, the latest polls show Rafael Lopez Aliaga (current Mayor of Lima), Keiko Fujimori, and Carlos Alvarez (a comedian) leading the race (although with low numbers yet around 6-10%), all of them with a strong stance against crime. On the other hand, importantly, starting in 2026, the Peruvian Parliament will consist of a Senate and a Chamber of Deputies, both elected for five-year terms with the possibility of immediate re-election. This is likely to strengthen checks and balances, as, for instance, the President will only be allowed to dissolve the Chamber of Deputies under specific conditions, but will not have the authority to dissolve the Senate. At the same time, political experts project that Lima could elect ~36 out of 60 Senate seats, which could prove positive as Lima's voters are generally more conservative. In any case, we acknowledge that anything can happen in politics, so caution is warranted.

Beyond the election, the short-term focus will be on discussing a potential 8th pension fund withdrawal. The previous seven withdrawals totaled approximately PEN 115bn (~USD 32bn), equivalent to ~12% of GDP, and AUM has declined by around 38% from their Jan-20 peak. In addition, the effective implementation of the pension reform will be closely monitored, especially following the recent approval of its regulatory framework, which, among other provisions, guarantees a minimum pension provided that no early withdrawals are made from individual accounts.

	Chile	Colombia	Peru
Positives	<ul style="list-style-type: none"> Approval of structural reforms related to the pension system, mining royalty, working hours, tax evasion and avoidance, and the streamlining of the permitting process for investment projects. Increased mining CAPEX commitments following the approval of the royalty. Higher energy CAPEX commitments driven by the green energy transition. Reduction in political uncertainty. Strong fiscal and debt metrics compared to peers. Credible inflation-targeting and monetary policy frameworks, supported by solid economic institutions. Ongoing commitment to addressing social tensions through institutional channels. 	<ul style="list-style-type: none"> Healthy growth in domestic demand led by households' consumption amid record workers' remittances, low unemployment rates, higher real wages, and lower interest rates. Improving business confidence as aggregate demand has been stronger than expected, and amid the possibility of lower political noise from 2026 onwards. Regional governments' projects and policies partly offsetting the lower support from the National Government. The BanRep with room for further rate cuts. Significant reduction in external vulnerabilities amid a relatively low current account deficit, funded mainly by FDI. Strong institutions, meaning reduced likelihood of radical changes to the economic model. 	<ul style="list-style-type: none"> A favorable external shock as terms of trade stand at a 75-year high. Strong recovery in domestic demand led by private consumption and investment amid low inflation and interest rates, a solid labor market, and faster project execution. Both consumer and business confidence at multi-year high levels. BCRP's reference rate near neutral levels as inflation has stayed below the 2% threshold in recent months. Low volatility in the FX, favoring economic agent decisions. Overall, macro fundamentals, including high international reserves, low public debt levels, and strong external accounts, remain healthy.
Negatives	<ul style="list-style-type: none"> Political fragmentation and fragile governability. Deterioration of capital markets and the long-term savings rate following pension fund withdrawals. Weak investment outlook in non-mining and non-energy sectors. Low productivity. A fragile labor market facing both cyclical and structural challenges. Low public trust in institutions. Persistent social pressure. Rapid fiscal deterioration. 	<ul style="list-style-type: none"> Fiscal slippage (including the suspension of the fiscal rule) leading to large fiscal deficits, higher debt levels, sovereign rating downgrades, and heightened risk premium. Still high regulatory uncertainty in strategic sectors (e.g., oil & gas, infrastructure, housing, energy), keeping investment at low levels. Inflation remains high vs. peers amid the fiscal expansion, healthy domestic demand, and minimum wage hikes, meaning high interest rates for longer. High political polarization, a radical Petro's speech, deterioration in security conditions, and in healthcare access. 	<ul style="list-style-type: none"> Peru is not yet fully taking advantage of higher copper and gold prices, as mining investment remains far below the levels seen a decade ago. Overall, despite some efforts, red tape stays high, restricting investment speed recovery. Still elevated political and regulatory uncertainty amid very low approval ratings of both Congress and President Boluarte. Increasing challenges to fiscal accounts, mainly due to Congress' measures reducing taxes or increasing public spending. Increased violence (e.g., illegal mining).
Factors to watch	<ul style="list-style-type: none"> Presidential and congressional elections scheduled for 4Q25. Implementation of pension reform. Formation of a new government facing governance and coalition-building challenges. Weak structural growth and a fragile labor market as potential catalysts for future social discontent. Challenging fiscal consolidation process. Growing concerns about public safety. 	<ul style="list-style-type: none"> Political developments ahead of the 2026 elections. The discussion of the financial law. The relationship with the US (tariffs and 'certification' of Colombia in its fight against drug trafficking) amid a tense context. The final decision of the Constitutional Court regarding the pension reform. Progress of other government initiatives (health, 'total peace', agriculture). Evolution of security conditions. 	<ul style="list-style-type: none"> Political developments ahead of the 2026 elections. The discussion around an 8th pension fund withdrawal. Fiscal consolidation process and other fiscal risks (e.g., legislative initiatives from Congress or fiscal support to Petroperu). The effective implementation of the pension reform. Evolution of security conditions amid higher violence due to the increased presence of criminal gangs and illegal mining.

Credicorp Capital's macroeconomic forecasts 2025-2026

	Chile					Colombia					Peru				
	2022	2023	2024	2025E	2026E	2022	2023	2024	2025E	2026E	2022	2023	2024	2025E	2026E
Nominal GDP (USD bn)	301,9	335,9	330,1	355,2	375,2	345,4	363,6	419,0	412,3	449,4	248,4	272,2	295,2	318,7	339,3
Real GDP (y/y)	2,2	0,5	2,6	2,4	2,0	7,3	0,7	1,6	2,3	2,6	2,8	-0,4	3,3	3,2	3,0
Real domestic demand (y/y)	2,3	-3,7	1,4	2,8	2,0	10,3	-2,5	2,0	4,1	3,4	2,4	-1,1	4,0	5,2	3,4
Real total consumption (y/y)	2,5	-3,5	1,4	2,6	2,1	8,9	0,6	1,4	3,8	3,2	2,9	0,9	2,7	3,7	3,1
Real gross investment (y/y)	1,8	-4,2	1,0	5,0	1,5	16,0	-16,0	5,2	5,2	4,2	1,1	-4,5	5,6	7,0	4,1
Real exports (y/y)	0,8	0,1	6,6	5,2	2,3	12,5	3,1	2,5	0,3	2,5	5,5	4,1	6,1	4,0	3,0
Real imports (y/y)	1,3	-10,9	2,5	7,2	1,0	24,0	-9,9	4,4	9,3	5,1	3,6	1,3	8,4	11,2	4,5
Inflation (% eop)	12,8	3,9	4,5	3,8	3,0	13,1	9,3	5,2	5,0	4,1	8,5	3,2	2,0	1,8	2,0
Reference rate (% eop)	11,25	8,25	5,00	4,50	4,00	12,00	13,00	9,50	9,00	7,50	7,50	6,75	5,00	4,25	4,25
Fiscal balance (% of GDP)*	1,1	-2,4	-2,9	-2,0	-2,0	-5,3	-4,3	-6,7	-7,8	-7,0	-1,7	-2,7	-3,5	-2,6	-2,3
Public Debt (% of GDP)*	37,3	39,4	42,3	43,0	44,0	60,8	56,3	61,6	65,4	67,3	33,3	32,4	32,1	32,2	32,0
Exports (USD bn)	98,6	94,6	100,2	105,3	107,2	59,5	52,6	51,1	52,4	54,5	66,3	67,1	76,2	85,0	90,0
Imports (USD bn)	94,8	79,2	78,0	83,5	84,7	71,7	59,4	60,2	63,9	69,0	56,0	50,0	52,1	56,0	60,0
Current account balance(% of GDP)	-8,7	-3,1	-2,3	-2,0	-2,0	-6,0	-2,3	-1,7	-2,5	-3,1	-4,0	0,3	2,2	1,7	1,2
International Reserves (USD bn)	39,2	46,4	44,4	46,2	55,0	57,3	59,6	62,5	65,5	66,0	71,9	71,0	79,0	84,0	84,0
Exchange Rate (eop)	860	885	992	940	900	4.810	3.822	4.409	4.250	4.300	3,81	3,71	3,76	3,65	3,45
Exchange Rate (average)	872	839	944	950	930	4.256	4.326	4.074	4.100	4.200	3,84	3,74	3,75	3,65	3,60

* Central Government for the case of Colombia

2 / Andean Equities Strategy



Andean Strategy

Our preference towards Chile remains, while we highlight opportunities in Colombia and Peru

Returns in USD have been boosted by the weakness of the USD and interest in EM.

2025 has been an exceptional year for Andean equities, with Colombia returning 52%, Chile 42%, and Peru 32%, all measured in USD. In comparison, the MSCI Latin America index has also seen a 32% return. This remarkable performance can largely be attributed to increased interest in emerging markets, further fueled by regional electoral expectations and a depreciation of the USD. This has been particularly impactful in Colombia, where expectations regarding monetization from Credito Publico have strengthened the COP. In local currency, returns are 34% for Colombia, 36% for Chile, and 21% for Peru. Additionally, we note that global trade disputes triggered by the U.S. government's tariff policies had a temporary and limited impact on these markets. Notably, Chilean exports of refined copper were exempted from tariffs while the three countries were subject to a 10% tariff.

We have continued to see a recovery in liquidity in our sample.

Liquidity has recovered, with an increased interest in the region as average daily trading volumes (ADTVs) continue to rise from 2023 levels. Specifically, ADTVs in Chile increased from USD 122 million to USD 183 million, in Colombia from USD 12 million to USD 30 million, and in Peru from USD 7 million to USD 14 million. Notably, both Colombia and Peru have seen their traded volumes double since 2023. In terms of market participants, we have observed local investors returning to Chile, likely due to the approval of the pension reform, and polls favoring business-friendly presidential candidates, while they remain on the sidelines in Peru and Colombia. Regarding foreign investors, the construction of exchange-traded funds (ETFs) has been dynamic in Chile over the last few months. In Colombia, there was notable activity at the beginning of the year, while growth in Peru has been slower in comparison.

Chile remains our favorite market with more tailwinds on the horizon.

Chile remains our top market choice, driven by the tailwinds from pension reform, rising lithium prices, a thriving retail sector (+30% y/y 2026 earnings growth), and a more stable regulatory environment. We hold a neutral stance on Peru, as we see limited upside for mining companies, exc. Minsur. However, we do identify attractive opportunities in other sectors, bolstered by a strong macroeconomic backdrop. In contrast, Colombia is our least preferred market due to higher capital costs, which are influenced by fiscal uncertainties, and elevated valuations across sectors following an exceptional 2025. Although we recognize the potential for higher returns in local currency from the COLCAP index, the volatility of the COP leads us to maintain an underweight position on a relative basis. Nevertheless, we note that under a favorable election outcome, there could be more significant upside potential (see page 44).

We see tight valuations from a top-down perspective but note opportunities in each market.

Regarding valuation multiples, Chile, Peru, and Colombia are currently trading above their three-year average 12 months FW P/E ratios. Specifically, Chile has an 11.6x multiple, Peru has 14.1x, and Colombia stands at 7.7x. Despite this, we continue to identify bottom-up investment opportunities from a fundamental perspective, particularly in key companies such as Falabella, Ferreycorp, BCI, IFS, and Cibest. Notably, all three countries are trading at discounts compared to their long-term averages. Additionally, the lower multiples observed in Colombia can be justified by the higher costs of capital, which suggests a potential for improvement under normalized capital costs.

Andean Strategy

We see a better earnings momentum in Chile, with a 9% y/y growth in 2026.

Our preferred names in Chile are BCI and Andina – B.

Our favorite names in Colombia are those geographically diversified such as GEB and Grupo Sur.

Earnings momentum across our sample is sluggish, with a better momentum in Chile, and flattish earnings Peru and Colombia (with slight drops on the later). We anticipate a 9% y/y earnings increase for Chile in 2026. The mining and transport sectors are expected to grow the most, with an increase of around 10%, driven by a recovery in lithium prices and lower interest expenses in Latin America. In contrast, the real estate sector is projected to decline by 10% due to a one-off event in Mall Plaza during 2025. For Peru, we expect earnings to rise by about 1% y/y, despite a decrease of approximately 7% in the mining sector, which is offset by positive trends in other sectors. In Colombia, we project a decline in earnings of around 3% y/y, primarily impacted by Ecopetrol due to lower oil prices. We also note that there is a challenging comparative base resulting from one-off events related to the GEA.

Our Top Picks in Chile are BCI and Andina-B. BCI has the strongest risk-return profile among banks in Chile, considering its positive financial results and valuation multiples that still provide upside potential for shareholders. The stock trades at 1.3x P/BV and 9.4x P/E 2025E, while Banco de Chile and Santander trade above 2.5x P/BV and over 11x P/E 2025E. Therefore, we expect BCI to capture the positive sentiment toward banking shares, given the limited upside of the largest banks. Additionally, we prefer BCI with CNB exposure over Itaú's exposure in Colombia. We are also including Andina-B. We have reinstated our Buy call on the name due to its resilient results, appealing dividend yield (~5% in the next 8-month period), private consumption forecasts for Brazil and Argentina that have remained stable for 2026-2027, signs of stabilization of the BRL in recent months, and a preliminary assessment indicating a solid business performance in 3Q25. The outcome of the next October parliamentary elections in Argentina could challenge our buy recommendation in the short term.

After the last outstanding months, we are changing our strategy for Colombia, stepping away from Banks, and placing our current bets on geographically diversified names. Indeed, even though we recognize a potential ongoing positive momentum for the COLCAP Index, reaching historically high levels of 1,900 points, we are not optimistic about current valuations, considering the current high costs of capital in Colombia and a sluggish earnings momentum after several one-offs this year. Hence, we are placing our bets on diversified names with exposure to long-term trends, such as GEB (BUY; TP: COP 3,500) and Grupo Sura (BUY; TP: COP 57,000).

Andean Picks

	Last Price	Target Price	Upside	Mkt. (USD mn)	P/E		EV/EBITDA		P/BV	Sector
					2025E	2026E	2025E	2026E	2026E	
BCI	43,100	51,000	18.3%	9,884	9.4	8.9	nm	nm	1.2	Banks
Andina	3,890	4,400	13.1%	3,555	14.5	13.6	7.6	7.1	3.0	Food & Beverage
GEB	2,980	3,500	17.4%	7,018	9.9	9.7	10.4	9.7	1.2	Electric Utilities
Grupo Sura	44,820	57,000	27.2%	3,414	3.5	3.0	nm	nm	0.3	Conglomerates
Ferreycorp	3.5	4.4	26.4%	938	6.4	6.3	5.3	4.8	1.0	Materials
IFS	41.9	53.0	26.6%	4,834	8.7	7.9	nm	nm	1.2	Banks
Minsur	4.0	4.9	22.2%	3,323	5.7	5.8	2.9	3.1	1.8	Mining
Andean Picks^a			25.9%	32,965	8.3	7.9	6.6	6.2	1.4	

^a Simple average, excluding Market Capitalization

Source: Company Reports, Bloomberg and Credicorp Capital

Andean Strategy

Our Top Picks in Peru are Ferreycorp, IFS and Minsur.

In Perú, considering the economic recovery path and a potentially more favorable political backdrop, we favor stocks more closely tied to domestic demand. Thus, among our top picks is Ferreycorp (BUY; TP: PEN 4.36), supported by resilient revenues, solid cash flow generation, and an attractive 2026 dividend yield of ~9.5%. We also maintain a positive view on IFS (BUY; TP: USD 53), given the recovery phase supported by controlled cost of risk and the expected rebuilding of its credit card portfolio. To diversify local risk and gain exposure to high copper and tin prices with constructive long-term prospects, we recommend Minsur (BUY; TP: PEN 4.9), also backed by projects to extend its operations. Looking ahead, key factors to monitor include the implementation of the pension system reform and the evolution of electoral preferences ahead of the April 2026 general elections, which currently appear to favor center-right candidates. Finally, names such as InRetail and Engie offer attractive entry points under scenarios of improved liquidity or once short-term headwinds are resolved.

Andean Top Down Strategy

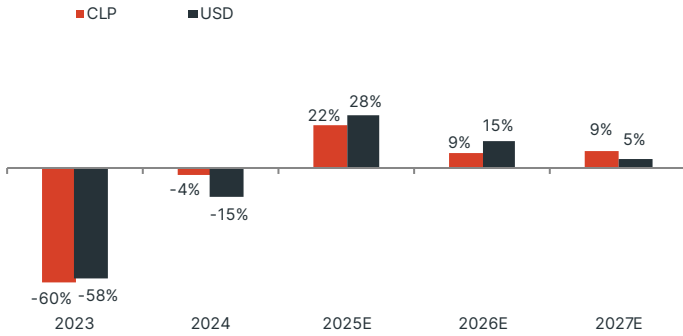
	Chile	Colombia	Peru																		
Strategy	OVERWEIGHT	UNDERWEIGHT	NEUTRAL																		
Positives	<ul style="list-style-type: none"> - Voting intention for a likely run-off led by market-friendly names - Still discounted valuations (2026 PE <12x; DY ~4.5%) - Increasing ADTV with greater interest from foreign investors 	<ul style="list-style-type: none"> - Strong domestic demand amid better consumer confidence, lower inflation and interest rates - Discounted valuations under a more favorable political scenario. 	<ul style="list-style-type: none"> - Economy backed by low inflation, easing rates, high metal prices, and improving business confidence. - Political environment could improve with Senate introduction and congressional re-election. 																		
Negatives	<ul style="list-style-type: none"> - High political polarization. An undesirable balance of power in the Congress could jeopardize future governance - Challenging Fiscal Outlook - Elevated unemployment rate 	<ul style="list-style-type: none"> - High levels of political uncertainty with the 2026 elections - Challenging fiscal scenario, increasing risk premiums in assets - Regulatory risks in key sectors. A new tax reform could impact banks and oil and gas sectors 	<ul style="list-style-type: none"> - Low approval ratings for the president and Congress. - The fiscal deficit widened, although the government reaffirmed its targets of 2.2% of GDP for 2025 and 1.8% for 2026. 																		
What to watch?	<ul style="list-style-type: none"> - 4Q25 Elections - 2026 fiscal budget debate - Political reform to reduce fragmentation in Congress - New PFs Investment Regime - Commodities Prices (Li, Cu, Fe) 	<ul style="list-style-type: none"> - Evolution of key reforms (tax, pension, health) - Upcoming presidential polls considering a wide range of candidates with the 2026 presidential election. 	<ul style="list-style-type: none"> - Congressional debate on a new pension fund withdrawal, despite the implementation of the comprehensive pension system reform. - The political landscape leading up to the 2026 general elections 																		
Index Earnings growth	<table border="1"> <thead> <tr> <th>2025</th> <th>2026</th> <th>2027</th> </tr> </thead> <tbody> <tr> <td>22.5% <small>(5.5% ex one-offs)</small></td> <td>8.5% (9.4% ex one-offs)</td> <td>9.3%</td> </tr> </tbody> </table>	2025	2026	2027	22.5% <small>(5.5% ex one-offs)</small>	8.5% (9.4% ex one-offs)	9.3%	<table border="1"> <thead> <tr> <th>2025</th> <th>2026</th> <th>2027</th> </tr> </thead> <tbody> <tr> <td>-16.9%</td> <td>-3.2%</td> <td>2.9%</td> </tr> </tbody> </table>	2025	2026	2027	-16.9%	-3.2%	2.9%	<table border="1"> <thead> <tr> <th>2025</th> <th>2026</th> <th>2027</th> </tr> </thead> <tbody> <tr> <td>13.4%</td> <td>1.0%</td> <td>6.8%</td> </tr> </tbody> </table>	2025	2026	2027	13.4%	1.0%	6.8%
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13.4%	1.0%	6.8%																			
Index Dupont	2025	2026	2027	2025	2026	2027	2025	2026	2027												
Net profit Margin	8.8%	9.0%	9.3%	15.8%	14.7%	14.7%	26.3%	25.7%	25.9%												
Asset turnover	28.4%	28.6%	29.6%	13.3%	12.9%	12.6%	32.0%	29.4%	27.6%												
ROA	2.5%	2.6%	2.7%	2.1%	1.9%	1.9%	8.4%	7.6%	7.1%												
Leverage	4.5x	4.4x	4.3x	6.5x	6.5x	6.5x	3.1x	3.1x	3.0x												
ROE	11.1%	11.2%	11.8%	13.6%	12.5%	12.0%	26.2%	23.3%	21.7%												
2026 Index Target	10,400 (IPSA)		2,017 (COLCAP)		1,032 (MSCI Select Capped 15%)																
Implied P/E	13.5x (Trailing) / 12.3x (Fwd)		8.4x		13.6x companies under coverage																
Expected Total Return (Div. Yield)	~13% (~4.5%)		~16% (~7%)		~13% (~4%)																

(*) Chile's dupont does not include Vapores and Quiñenco's estimates.

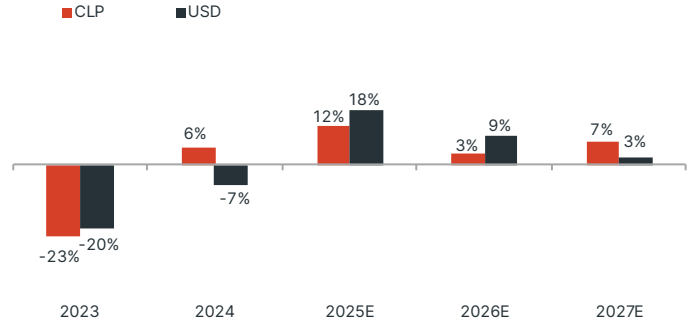
(*) Peru's dividend yield includes BAP's consensus dividend yield.

Andean Strategy

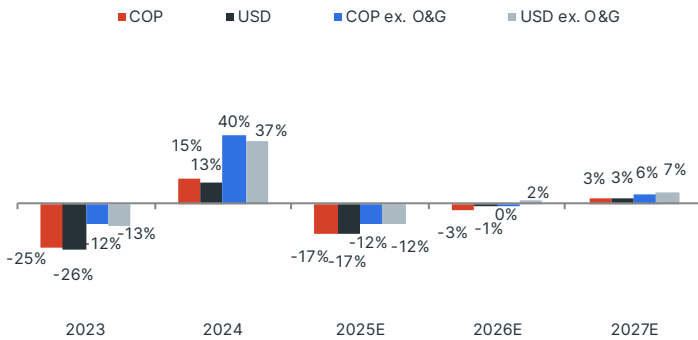
Chile – EPS Growth – (IPSA Index)



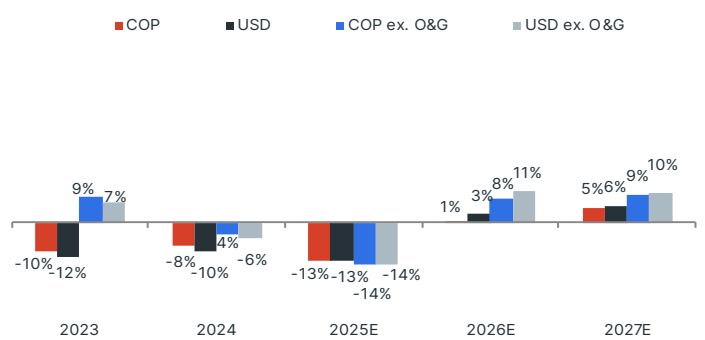
Chile – EBITDA Growth (IPSA Index)



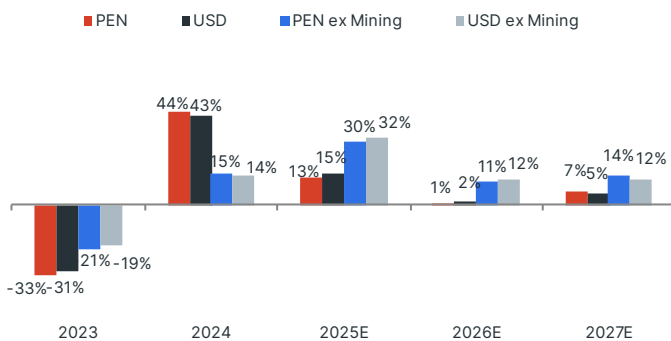
Colombia – EPS Growth



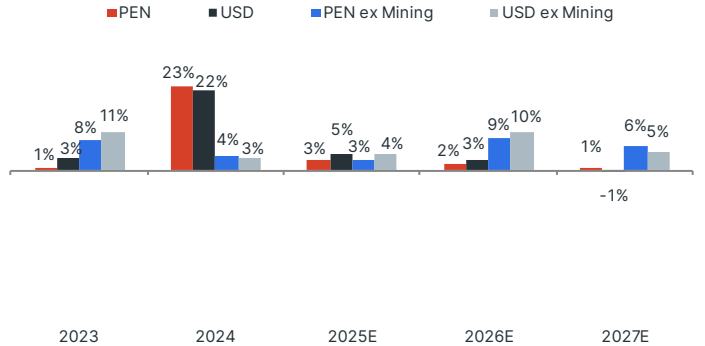
Colombia – EBITDA Growth



Perú – EPS Growth

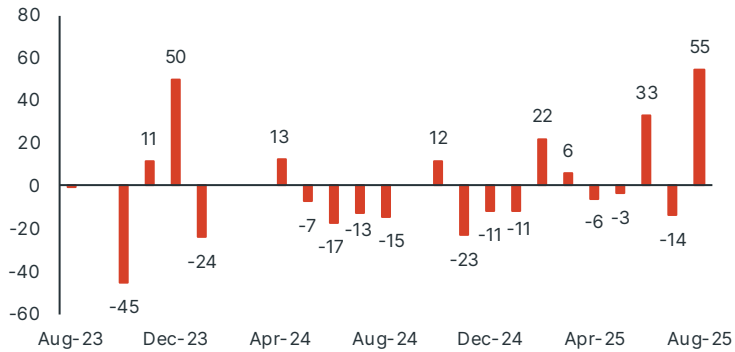


Peru – EBITDA Growth

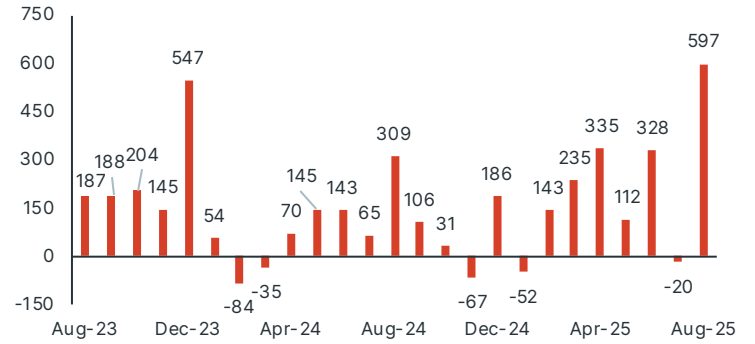


Andean Strategy

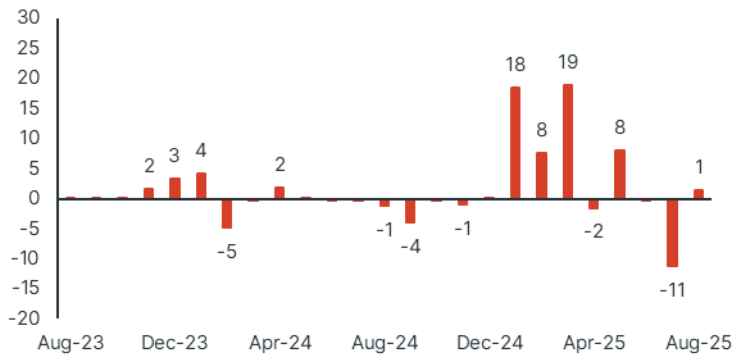
Chile – ETF Flows – ECH (USD mn)



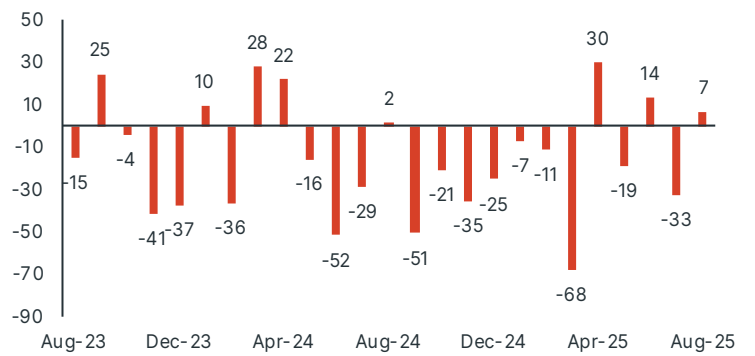
Chile – AFPs net equity flows (USD mn)



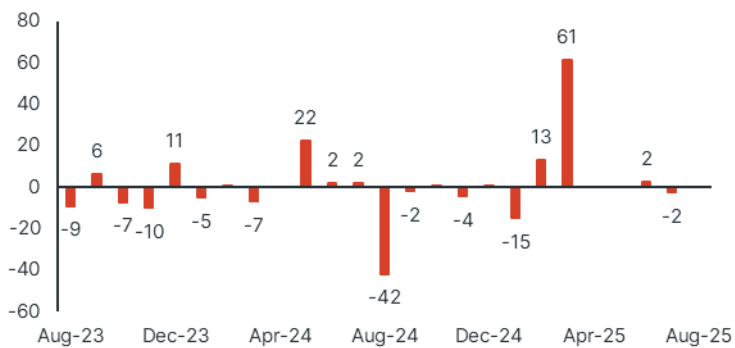
Colombia – ETF Flows – GXG (USD mn)



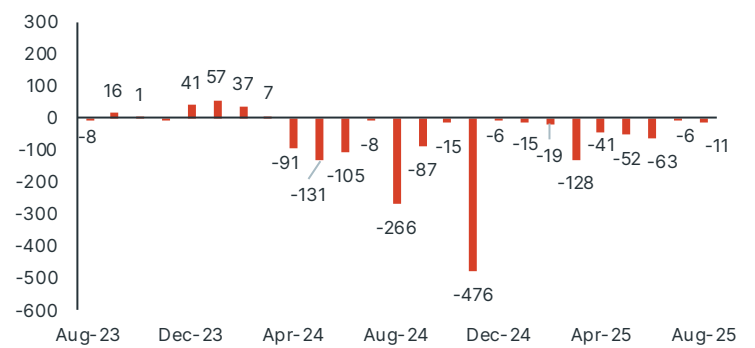
Colombia – AFPs net equity flows (USD mn)



Perú – ETF Flows – EPU & PERUD (USD mn)

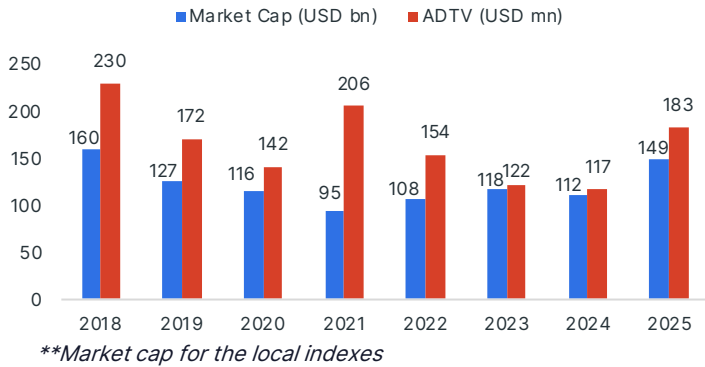


Peru – AFPs net equity flows (USD mn)

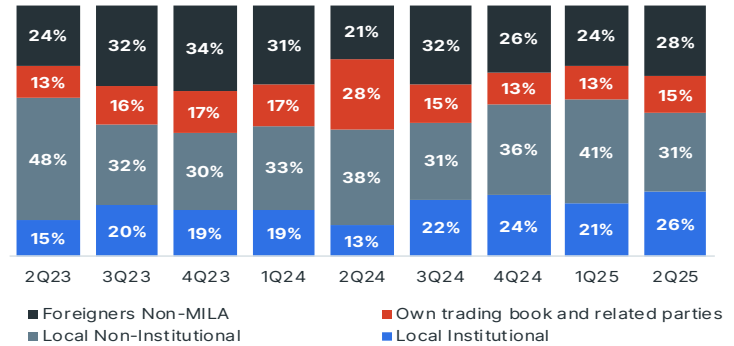


Andean Strategy

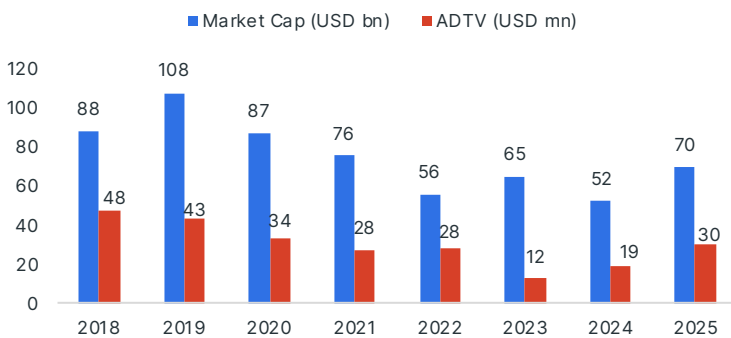
Chile – Market Cap and ADTV



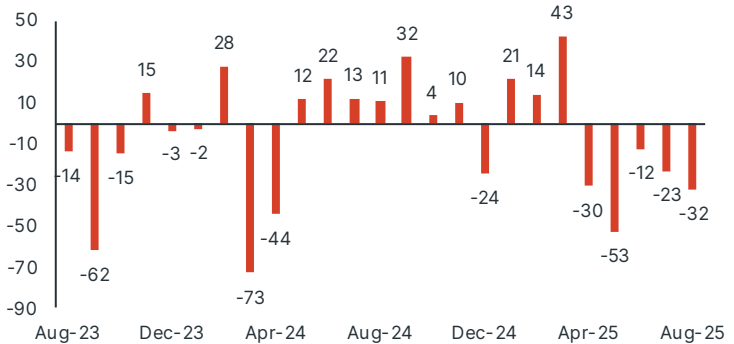
Chile – Traded value by type of client



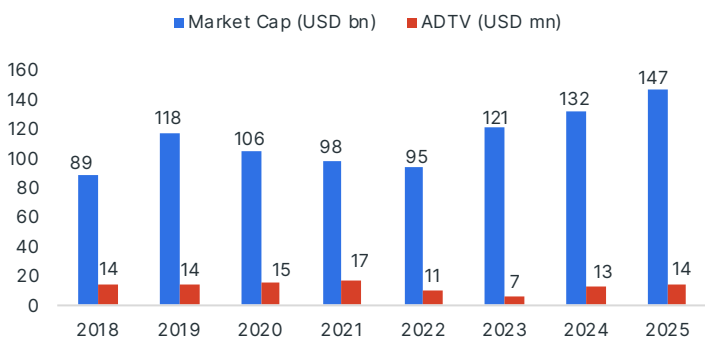
Colombia – Market Cap and ADTV



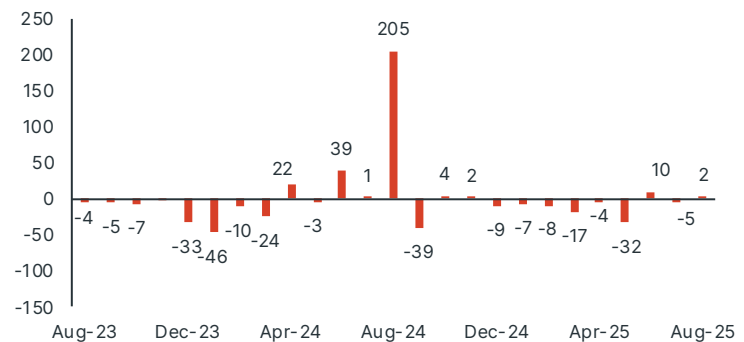
Colombia – Foreign investors net equity flows (USD mn)



Perú – Market Cap and ADTV



Peru – Foreign investors net equity flows (USD mn)



Chile Strategy

It's no longer a bargain as it was a year ago. However, Chilean equities appear attractive on the eve of an eventual more business-friendly context.

Despite a 12-month rally of 44% in CLP (+41% in USD), the IPSA's 12-month Fwd PE ratio (~12x) stays slightly below its post-social unrest average (12.8x).

Yes, it is true. The IPSA is not trading at a CY+1 PE of ~9x as it was a year ago. However, at a 2026 ratio below 12x, current valuations are far from being undemanding, as presidential polls indicate that a market-friendly government will likely take office next March. The new Congress composition will be key to reducing the uncertainty about its ability to jeopardize governability.

Several factors have supported the remarkable 12-month rally.

While we were optimistic about the Chilean stock market for this year, with an estimate for the IPSA of 8,000 points released a year ago, and subsequently revised up to 8,900 points, it is important to highlight that several factors have supported the remarkable 12-month performance (+44% in CLP; +41% in USD). Firstly, we highlight the approval, by the end of January, of a pension reform that received broad consensus in both chambers of Congress. Interestingly, just a few weeks before its approval, the market was not particularly optimistic about the outcome of the debate. This is arguably one of the most significant reforms in recent years in Chile and should help restore the depth of the local capital market, which was affected by pandemic-era pension fund withdrawals for about USD 50bn. The second factor behind the market's strong performance is the voting intention for a likely presidential election run-off. With only two months to go before the election, market-friendly candidates are leading in all polls. The third supportive factor for the local equity market has been the two positive earnings seasons in Chile. 1Q-2Q25 reported EBITDA exceeded our forecast by 3%-4%, while net Income surpassed our expectations by 10-13%, with discretionary retailers, shopping malls, and LATAM Airlines standing out. Another catalyst for the IPSA prevailing until mid-2Q was the positive news flow from Argentina, which sparked particular interest in Chilean companies with high exposure to that country. Lately, the "Argentinian trade" has lost traction due to the slower momentum in macro data, the ARS depreciation, and the outcome of provincial parliamentary elections in Buenos Aires. On the other hand, global investment banks improved their outlook on local equities. Finally, the last part of the rally has also been driven by SQM-B shares due to the rebound in lithium prices and the positioning in some lagging stocks, with LATAM Airlines and Falabella still exhibiting strong momentum.

LATAM Airlines, ILC, retailers, banks, shopping malls, and ECL outperformed the IPSA on a YTD basis.

We highlight that the global trade disputes triggered by the US government's tariff policy had a temporary and limited impact on the market, especially after Chilean exports of refined copper were exempted from import tariffs.

Against this backdrop, LATAM Airlines, ILC (the new IPSA member), retailers, banking, shopping malls, and ECL outperformed the IPSA on a YTD basis. Conversely, commodity-related stocks and those influenced mainly by external drivers continued to lag behind.

Chile Strategy

The ADTV was up by almost 60% y/y during the first eight months of the year. Pension funds remained as net buyers of local equities.

The new Congress composition will be key to reducing the uncertainty about its ability to jeopardize governability.

Introducing a December 2026 target price for the IPSA of 10,400 points, with an implied 12-month Fwd PE of 12.3x. The latter stays slightly below its post-social unrest average.

The ADTV reached exceeded USD 180mn during the first eight months of this year (+57% y/y in CLP) amid LATAM Airlines' capital events (secondary sales of shares by major shareholders and two buyback programs), Mallplaza/Falabella trades by a large shareholder, and global indexes rebalancing. The participation of local investors (both institutional and the retail segment) increased to the detriment of foreigners. Pension funds remain as net buyers of local equities, with cumulative purchases of ~USD 1.7bn as of August (~USD+920mn in 2024). In the last twelve months, pension funds bought ~USD2.0bn (LATAM Airlines and Mallplaza have been their favorite names). The ECH ETF has recorded a net creation of baskets for USD 82mn (net redemptions of USD 85mn in 2023).

What to watch? Undoubtedly, the polls, political campaigns, public debates, and the outcome of the presidential and parliamentary elections will set the tone for the last quarter of the year. Remember that these are scheduled for November 16th, while the presidential run-off will take place on December 14th. The election of Congress members includes the renewal of 23 out of 50 seats in the Senate and all members of the Lower House. The polls indicate a voting intention that favors the option of a market-friendly candidate being elected president, but the outcome of the parliamentary elections is uncertain, given the election mechanism and the presentation of two lists by both the coalition of parties supporting the official candidate and the opposition parties. The composition of Congress, that is, the balance of power between the main political forces and the level of fragmentation or representation of parties outside of pacts or lists, will be key to reducing uncertainty regarding the future legislative power's ability to jeopardize governability. Finally, it is also worth following up on the definitions to be taken by the regulator regarding the new investment regime for pension funds in Chile, known as "generational funds". It will enter into force in April 2027

On the other hand, with the Buenos Aires provincial election being a negative test of Milei's government support, we believe investors will follow up on the polls that might provide color on the potential outcome of the mid-term congressional election scheduled for late October. Coca-Cola Andina, CCU, and Cencosud are the Chilean corporations with greater exposure to that country. Coca-Cola Andina stands out as the most resilient name.

We are introducing a 2026 target IPSA of 10,400 points and reiterating our Overweight call on Chilean equities. At our target price, the IPSA offers an expected total return of ~13% (including a dividend yield of nearly 4.5%).

Despite a 12-month rally above 40%, the IPSA's 12-month Fwd PE ratio (~12.3x) stays slightly below its post-social unrest average (12.8x). The gap versus its 10-year historical average (~15x) becomes even more evident. Although we do not believe it is feasible for the market to trade at that multiple again, given the deterioration of the fiscal balance and the lower potential GDP growth, a P/E ratio of ~12x seems attractive under a scenario with a market-friendly government and a balanced composition of the Congress. This should result in an improvement in business confidence and the investment cycle, positively impacting employment and consumer confidence.

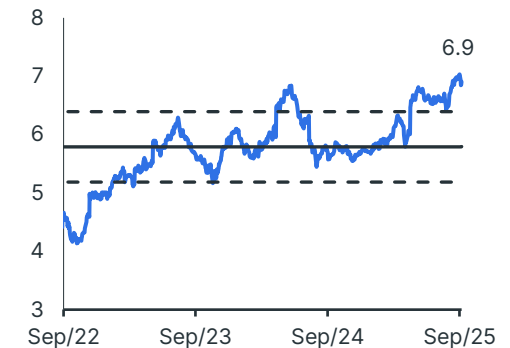
Chile Strategy

Our Top Picks are BCI and Andina - B

Our Top Picks are BCI and Andina-B. BCI has the strongest risk-return profile among banks in Chile, considering its positive financial results and valuation multiples that still provide upside potential for shareholders. The stock trades at 1.3x P/BV and 9.4x P/E 2025E, while Banco de Chile and Santander trade above 2.5x P/BV and over 11x P/E 2025E. Therefore, we expect BCI to capture the positive sentiment toward banking shares, given the limited upside of the largest banks. Additionally, we prefer BCI with CNB exposure over Itaú's exposure in Colombia. Regarding Andina-B, we have reinstated our Buy call on the name due to its resilient results, appealing dividend yield (~5% in the next 8-month period), private consumption forecasts for Brazil and Argentina that have remained stable for 2026-2027, signs of stabilization of the BRL in recent months, and a preliminary assessment indicating a solid business performance in 3Q25. A factor that could challenge our buy recommendation in the short term is the outcome of the next October parliamentary elections in Argentina.

Although not among our Top Picks, we also like the transport sector (LATAM Airlines and Vapores), utilities (ECL, Enel Chile), and Itaú Chile.

P/E Forward (12-month rolling)

EV/EBITDA Forward (12-month rolling)


In CLP	Earnings Growth				
	2023	2024	2025E	2026E	2027E
Financials	-21%	8%	12%	2%	8%
Mining	-50%	-66%	4%	15%	48%
Utilities	-3%	19%	2%	4%	-1%
Retail	-9%	23%	21%	30%	10%
Forestry	-63%	67%	-45%	9%	34%
Transport	-94%	77%	18%	21%	-8%
Beverages	-10%	49%	8%	8%	6%
Shopping Malls	27%	15%	30%	2%	5%
Conglomerates	-76%	-21%	2%	-8%	7%
Telecom	15%	-8%	33%	35%	5%
Total (*)	-58%	2%	5%	9%	9%
Total (**)	-60%	-4%	22%	9%	9%

(*) Excluding non-recurrent effects for all sectors and total sample








(**) Total sample including one-offs

	Last Price	Target Price	Upside	Mkt. (USD mn)	P/E		EV/EBITDA		P/BV	Sectors
					2025E	2026E	2025E	2026E	2026E	
BCI	43,100	51,000	18.3%	9,884	9.4	8.9	nm	nm	1.2	Banks
Andina	3,890	4,400	13.1%	3,555	14.5	13.6	7.6	7.1	3.0	Food & Beverage
Chilean Picks ^a			15.7%	6,719	12.0	11.2	7.6	7.1	2.1	
IPSA	9,151	10,400	13.6%	163,587	13.0	11.8	7.4	7.0	1.4	

^a Simple average, excluding Market Capitalization

Source: Company Reports, Bloomberg and Credicorp Capital

Chile bottom – up Strategy

	View	Earnings growth	Favorite country	Key topics to monitor
Banks (Go to section) <ul style="list-style-type: none"> • Index Weight: 27.2% • Upside: 8.3% • Dividend Yield: 4.9% • Total Return: 13.2% 	Solid profitability figures. The low inflation should be offset by higher loan growth in the future	2026: +2% driven by the BCI with CNB and the growth in Itau Chile 2027: +8%, driven by the expected acceleration of the loan portfolio		<ul style="list-style-type: none"> - Loan demand in different segments - Evolution of NPLs under new cycle - Regulatory changes on capital
Retail & RE (Go to section) <ul style="list-style-type: none"> • Index Weight: 23.0% • Upside: 8.3% • Dividend Yield: 2.8% • Total Return: 11.1% 	Discretionary names continued to outperform. While valuations are approaching fair levels, some remain attractive for the medium term.	2026: +30% retail, +2% RE driven by Falabella and Cencosud, and malls. 2027: +10% retail, +5% RE (Falabella/Cencosud/malls).		<ul style="list-style-type: none"> - Local consumption environment and employment data - Tourism evolution - Interest rate cut cycle in Chile and the US
Mining (Go to section) <ul style="list-style-type: none"> • Index Weight: 11.2% • Upside: 1.6% • Dividend Yield: 3.8% • Total Return: 5.4% 	Lithium recovery and favorable long-term outlook, largely priced in. Iron ore pressured by weak China property, partly offset by production and cost gains.	2026: +15% (CAP: production and cost normalization; SQM: higher prices and volumes) 2027: +48%, CAP: continued normalization; SQM: higher prices and volumes)		<ul style="list-style-type: none"> - Global supply surplus reduction and Mt. Holland development. - China property and infrastructure stimulus; Los Colorados operational normalization.
Utilities (Go to section) <ul style="list-style-type: none"> • Index Weight: 12.3% • Upside: 13.2% • Dividend Yield: 4.8% • Total Return: 18.0% 	NCRE + BESS capacity roll-out, as companies reduce spot exposure in night hours. Margin improvement should outweigh net spot position.	2026: +4% from more renewable capacity available which offset higher-than-expected spot prices 2027: -1% as new pool of contracts start at more competitive prices.		<ul style="list-style-type: none"> - Regulated auction results - Neutral / La Niña climatological conditions for Year-End - Regulatory advances in Chile, Brazil, and Argentina
Pulp & Paper (Go to section) <ul style="list-style-type: none"> • Index Weight: 8.0% • Upside: 12.1% • Dividend Yield: 2.6% • Total Return: 14,7% 	Pulp prices in China are likely to partially recover by year-end. A sustained recovery beyond USD600/t appears unlikely.	2026: +9% (higher avg pulp prices: ~+USD50/t vs. 2025) 2027: +34% (BEKP price is expected to reach a peak before new supply to come online in 2028)		<ul style="list-style-type: none"> - New pulp price hikes before year-end; S/D balance-related news (Chenming case; OKI-2 start-up); CMPC's eventual approval of the Natureza project (financing plan)
Beverages (Go to section) <ul style="list-style-type: none"> • Index Weight: 4.9% • Upside: 12.6% • Dividend Yield: 6.6% • Total Return: 19.2% 	Andina: Resilient results and appealing DY. CCU: Waiting for a turning point in CHI/weak core business in ARG. CyT: Wineries face major challenges	2026: +8% (CyT: + premiumization; Andina: mid-single digit growth in EBITDA; CCU: +margins/+ tax rate). 2027: +6% (Andina would post the most steady growth in results)		<ul style="list-style-type: none"> - Sales in ARG amid lower disposable income (Andina/CCU) / impact from trade disputes on Brazil (Andina) - Wine exports (CyT/CCU), input costs/FX (for all covered names)
Transport (Go to section) <ul style="list-style-type: none"> • Index Weight: 9.5% • Upside: 13.2% • Dividend Yield: 5.4% • Total Return: 18.5% 	CSAV: Backed by solid near-term dividend payouts. LTM: Solid pax traffic ex SSC/market share gains in BZ/low fuel costs/lower Kd	2026: +21% (CSAV: Solid transport volumes and efficiency gains; LTM: +7% ASK and lower Kd) 2027: -8% (CSAV: resilient volumes; LTM: +5% ASK, yet higher tax rate)		<ul style="list-style-type: none"> - CSAV: Dividend withholding tax recoveries from Germany. - LTM: 2026 Guidance / Excess of liquidity as a signal for new buyback / New secondary sale of shares
Construction (Go to section) <ul style="list-style-type: none"> • Index Weight: 0% • Upside: 13.7% • Dividend Yield: 2.3% • Total Return: 16.0% 	Construction outlook tied to mining demand; social housing supports residential sector stabilization.	2026: +7.8% (Salfacorp would drag due to the end of Centinela project) 2027: +10.7% (Driven by SK positive performance on its subsidiaries)		<ul style="list-style-type: none"> - Housing sales recovery - New mining and infrastructure projects

Colombia Strategy

We have seen a recovery in ADTVs reaching USD 20 mn levels for the year.

Our top picks are Grupo Sura and GEB, while we emphasize that we now prefer geographically diversified companies.

Still on edge

Colombia has been the outperformer of the Andean region during the year, with a ~34% YTD return in local currency (further boosted by the strengthening of the COP, reaching ~52% in USD), which we believe is consistent with our 2024 Andean Equities Guide, when we placed all of our recommendations in BUY with the exception of Ecopetrol, which underperformed the index by +15%. We believe the recent rally is explained (in local currency) by: i) tailwinds for emerging markets amid the expectation of a weaker S&P500, ii) anticipation for the 2026 elections and iii) key capital markets events. **Indeed, the last months have been exciting for the Colombian equities market, with key corporate events such as the detangling of the GEA (Grupo Argos/Grupo Sura, [see report](#)), the divestment of Summit from Cemargos ([see report](#)), and the capital optimization process of Bancolombia (now Cibest, after the operation, [see report](#)).** Indeed, we have seen an overall recovery in volumes since 2023, with ADTV for the year reaching USD 30 mn. In terms of market players, corporate investors have been the largest net buyers (USD 154 mn) while pension funds (USD 86.5 mn) and foreigners (USD 72.3 mn) are the largest net sellers.

After the last outstanding months, we are changing our strategy for Colombia, stepping away from Banks, and placing our current bets on geographically diversified names. Indeed, even though we recognize a potential ongoing positive momentum for the COLCAP Index, reaching historically high levels of 1,900 points, we are not optimistic about current valuations, considering the current high costs of capital in Colombia and a sluggish earnings momentum after several one-offs this year. Hence, we are placing our bets on diversified names with exposure to long-term trends, such as GEB (BUY; TP: COP 3,500) and Grupo Sura (BUY; TP: COP 57,000). On the other hand, we are more cautious on Cemargos (UPERF; TP: COP 10,400) and Grupo Argos (UPERF; TP: COP 17,500). That said, we note that our preference significantly changes in a scenario of lower costs of capital, where banks and especially Bancolombia (Cibest) should significantly benefit (see page 44)

In addition to the tighter valuations of several companies, we expect a continued weak trend in earnings, which is likely to result in a slight decline in earnings. Specifically, we anticipate that earnings for 2026 will be impacted

In COP	Earnings Growth				
	2023	2024	2025E	2026E	2027E
O&G	-40%	-29%	-35%	-17%	-15%
Financials	-41%	11%	41%	14%	11%
Cement & Construction	120%	1679%	-56%	-86%	8%
Utilities	0%	4%	6%	5%	23%
Conglomerates	-29%	224%	-59%	-4%	1%
Total	-25%	15%	-17%	-3%	3%

by: i) a drop in Ecopetrol's earnings, explained by lower Brent oil prices, ii) a drop in earnings for Cemargos, mainly explained by a harsh comparative base from the Summit transaction and iii) a drop in GEA earnings, after one-offs related to detangling operations.

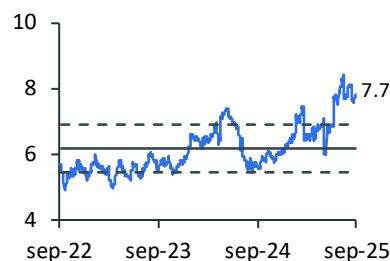
We are setting a 2,017 points target for the MSCI Colcap Index.

Colombia is trading above its 3-year average in terms of P/E and below the average in terms of EV/EBITDA. We do not see much space from a top-down perspective, but we acknowledge a significant caveat in our speech from the costs of capital. After the normalization of earnings once GEA one-offs have passed and considering earnings at Ecopetrol level (dragged by lower Brent oil prices), we are looking into tighter valuations from a top-down perspective with a 7.7x P/E for the COLCAP Index. When incorporating the current cost of debt of 11.5% (10-year sovereign debt in COP) we arrive at a ~150 bps earnings yield gap, below historical levels of ~300 bps. Indeed, when we incorporate our current K_e we arrive at a valuation what would be a fair 7.5x P/E. That said, **considering diversification across several companies and high costs of capital incorporated in our bottom-up valuations, we are arriving at our 2,017 target through our bottom-up analysis, which implies an 8.4x P/E.**

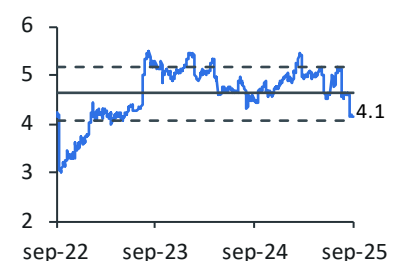
We see the case for higher returns under a scenario of lower costs of capital.

Our scenario for more normalized costs of capital. If we were to incorporate more normalized costs of capital (see next page), we would get to a bottom-up target of ~2,314 points for the MSCI COLCAP with a ~24% upside and an implied P/E of 9.6x. Likewise, from a top-down perspective, we would arrive at a fair P/E of 9.3x for the MSCI Colcap Index (~20% upside). Hence, total return under this scenario would be ~30% including dividends (7.3%).

P/E Forward (12-month rolling)



EV/EBITDA Forward (12-month rolling)



	Last Price	Target Price	Upside	Mkt. (USD mn)	P/E		EV/EBITDA		P/BV	Sector
					2025E	2026E	2025E	2026E	2026E	
GEB	2,980	3,500	17.4%	7,018	9.9	9.7	10.4	9.7	1.2	Electric Utilities
Grupo Sura	44,820	57,000	27.2%	3,414	3.5	3.0	nm	nm	0.3	Conglomerates
Colombian Picks^a			26.8%	5,216	6.6	6.4	10.1	9.7	0.7	
COLCAP	1,855	2,017	8.8%	97,180	6.4	7.7	7.4	4.1	1.5	

^a Simple average, excluding Market Capitalization

Source: Company Reports, Bloomberg and Credicorp Capital

Colombia Strategy

Between fundamentals and politics

Current costs of capital are unusually high in Colombia.

We recognize that despite several strong years for local equities, Colombia continues to face significant headwinds from elevated costs of capital, given sovereign debt in local currency trading at 11.5%. While we attribute part of this to fiscal challenges (expected fiscal deficit at ~7% of GDP) we also identify a ~150 bps premium from idiosyncratic risks. Accordingly, we are considering a cost of equity (Ke) of ~16%, incorporating a CDS of 317 bps, a beta of 1, and a 1.35 volatility spread premium. In addition, we are applying a 165 bps spread to move the Ke from USD to COP (vs. our historical 100-bps). With our methodology, equity risk premiums in local currency remain close to ~4%.

We are incorporating a scenario under more normalized costs of capital (Bull case).

Given this demanding Ke, companies with high exposure to Colombia, such as the banks and Ecopetrol, present limited upside. However, acknowledging the high uncertainty of the political outlook, and the potential anticipation of a market-friendly candidate in the 2026 elections, we are introducing a bull scenario. In this case, we revert to the historical 100 bps spread to move the Ke from USD to COP and assume a lower CDS (closer to Brazil at 240 bps). This implies a cost of equity of 14.2% along with an estimated fair local debt cost of ~10%, maintaining a ~4% equity premium in local currency.

We see a ~30% return for the COLCAP Index under our bull case.

Under this bull scenario, we estimate total returns of ~30% for the index, ~16% above our base case, with Ecopetrol and Aval as the most benefited names. Additionally, while we estimate an additional ~15% upside in PFCibest, we highlight that it could benefit from incremental flows to Colombia, an effect not incorporated in our analysis. **As such, for investors looking to position for potential declines in Colombia's cost of capital, Ecopetrol and Aval appear to be the most attractive opportunities, while PFCibest should benefit if this trend materializes.**




Company	Market price	Target price	DPS	Upside	Div Yield	Total return	TP @ Bull Ke*	Bull upside	Bull total return	Bull vs base case
CEMARGOS	9,980	10,400	393	4.2%	3.9%	8.1%	11,000	10.2%	14.2%	5.8%
CORFICOLCF	17,860	19,900	24	11.4%	0.1%	11.6%	22,100	23.7%	23.9%	11.1%
ECOPETROL	1,810	2,100	135	16.0%	7.5%	23.5%	2,700	49.2%	56.6%	28.6%
GEB	2,980	3,500	328	17.4%	11.0%	28.5%	3,700	24.2%	35.2%	5.7%
GRUPOARGOS	16,840	17,500	688	3.9%	4.1%	8.0%	17,900	6.3%	10.4%	2.3%
GRUPOSURA	44,820	57,000	1,737	27.2%	3.9%	31.1%	67,500	50.6%	54.5%	18.4%
ISA	22,020	25,400	1,780	15.3%	8.1%	23.4%	28,000	27.2%	35.2%	10.2%
PFAVAL	656	730	50	11.3%	7.6%	18.9%	890	35.7%	43.3%	21.9%
PFCIBEST	51,140	54,000	4,747	5.6%	9.3%	14.9%	62,000	21.2%	30.5%	14.8%
PFDVAVNDA	24,300	27,000	953	11.1%	3.9%	15.0%	32,300	32.9%	36.8%	19.6%
COLCAP		2,017		8.8%	7.3%	16.1%	2,314	24.1%	31.4%	14.7%

*240 CDS, 100 bps to go from USD to COP

We maintain % spreads for preferred shares

Green = Buy Opportunities Red = Uperf opportunities

Colombia bottom – up strategy

	View	Earnings growth	Favorite country	Key topics to monitor
Banks (Go to section) <ul style="list-style-type: none"> • Index Weight: 40.8% • Upside: 3.2% • Dividend Yield: 8.5% • Total Return: 11.7% 	<p>Expected recovery with lower provisions and higher NIMs, driven by the decrease in inflation and interest rates</p>	<p>2026: +14.2% due to Davivienda's recovery with inflation and rates decreasing 2027: +11.5% driven by gradual recovery of Davivienda and Aval</p>		<ul style="list-style-type: none"> - NPL and CoR evolution - Evolution on funding costs and margins - Possible tax surcharge on banks due to new tax reform
Oil & Gas (Go to section) <ul style="list-style-type: none"> • Index Weight: 8.3% • Upside: 13.8% • Dividend Yield: 6.1% • Total Return: 19.9% 	<p>Weaker 2026 oil outlook amid lack of geopolitical catalysts; long-term supply and reservoirs keep uncertainty, though 2026 elections may shift O&G policy</p>	<p>2026: -16.8% as OPEC unwinds cuts and impacts global Brent prices. 2027: -15.7% as a "new normal" of lower prices and low reserves sets in for the country.</p>		<ul style="list-style-type: none"> - Oil price evolution - Reserve additions for Oil & Gas - Management changes - Electoral results
Utilities (Go to section) <ul style="list-style-type: none"> • Index Weight: 16.6% • Upside: 15.8% • Dividend Yield: 6.3% • Total Return: 21.7% 	<p>Diversified pipeline and long-term contracted revenues across geographies, which partly offsets high costs of capital in the country</p>	<p>2026: +5.1% boosted by new transmission projects and recovery of Enel Colombia's margins for GEB 2027: +22.9% as projects consolidate in Brazil and Colombia, and as we expect Air-e's losses to stop accumulating</p>		<ul style="list-style-type: none"> - Neutral / La Niña climatological conditions for Year-End - Gas supply availability - AIR-E amounting debt in the coastal region
Construction (Go to section) <ul style="list-style-type: none"> • Index Weight: 5.9% • Upside: 4.0% • Dividend Yield: 3.1% • Total Return: 7.1% 	<p>We have a more constructive view expecting progress in infrastructure projects and recovery of housing construction</p>	<p>2026: nm, EPS is not comparable due to Summit sale earnings in Cemargos in 2025 2027: 8.0% increase explained by higher cement volumes</p>		<ul style="list-style-type: none"> - Housing sales and initiations recovery - Political and regulatory risks
Conglomerates (Go to section) <ul style="list-style-type: none"> • Index Weight: 19.8% • Upside: 15.7% • Dividend Yield: 3.6% • Total Return: 19.3% 	<p>Stable outlook as companies will focus their strategies in their core segments</p>	<p>2026: -4.0%, driven by lower earnings in Grupo Argos due to the Summit sale in 2025 2027: 1.0%, increase driven by positives results from Grupo Sura</p>		<ul style="list-style-type: none"> - Announcements on the core strategies of Grupo Argos and Grupo Sura - New infrastructure projects for Corficolombiana

Peru Strategy

Selective strategy with a tilt toward domestic demand and copper/tin miners

The MSCI Select Capped 15% is up ~30% YTD in USD, supported by stronger metals and economic recovery. ADTV rose ~4% vs. 2024 average to USD 14 mn, partly on buybacks.

Local macro backdrop favors domestic demand-linked stocks, while we also see room in copper and tin miners. Our top picks are Ferreycorp, IFS, and Minsur. Key themes to monitor include pension reform implementation and the 2026 elections.

We expect earnings growth for our coverage universe to moderate, rising 1% in 2026 and 6% in 2027.

The MSCI Select Capped 15% Index is up 32% YTD in USD, supported by strong metal prices, progressive economic recovery, and reduced political noise. Gains were led by financials, mining, and construction. Average daily traded volume (ADTV) increased ~4% vs. the 2024 average to USD 14 mn, partly driven by share buyback programs at Alicorp, InRetail, and Unacem. Pension fund managers (AFPs) were the main net sellers, reflecting the risk of another withdrawal, followed by retail investors, while other institutional investors acted as the main net buyers.

Considering the economic recovery path and a potentially more favorable political backdrop, we favor stocks more closely tied to domestic demand.

Thus, among our top picks is Ferreycorp (BUY; TP: PEN 4.36), supported by resilient revenues, solid cash flow generation, and an attractive 2026 dividend yield of ~9.4%. We also maintain a positive view on IFS (BUY; TP: USD 53), given the recovery phase supported by controlled cost of risk and the expected rebuilding of its credit card portfolio. To diversify local risk and gain exposure to high copper and tin prices with constructive long-term prospects, we recommend Minsur (BUY; TP: PEN 4.9), also backed by projects to extend its operations. Looking ahead, key factors to monitor include the implementation of the pension system reform and the evolution of electoral preferences ahead of the April 2026 general elections, which currently appear to favor center-right candidates. Finally, names such as InRetail and Engie offer attractive entry points under scenarios of improved liquidity or once short-term headwinds are resolved.

Domestic demand-driven sectors to support earnings going forward.

We expect high single-digit earnings growth for domestic demand-linked sectors through 2027. Banks should lead, supported by economic recovery and lower provisioning expenses. Retail is set to rebound as results normalize after atypical events in 2025. Food should benefit from the recovery and sound commercial strategies. Construction is expected to moderate after recent strong gains and ahead of the electoral cycle. Electricity results should remain stable under a normal weather scenario. Finally, mining earnings are likely to edge lower, driven by weaker precious metal prices and some temporary production declines.

In PEN	Earnings Growth				
	2023	2024	2025E	2026E	2027E
Banks	-35%	21%	48%	11%	15%
Retail	27%	4%	-6%	13%	10%
Mining	-42%	75%	4%	-7%	-1%
Cement & Construction	1%	14%	6%	3%	4%
Food	-64%	82%	97%	10%	4%
Total	-33%	44%	14%	1%	6%

BVL relative valuation indicates attractive entry points, particularly when excluding SCCO from our sample.

Companies under our coverage are trading at a 10% premium to their 5-year average P/E and 8% to their 5-year average EV/EBITDA. However, these figures are skewed by SCCO, given its elevated valuation and significant weight in the MSCI Select Capped 15%. Excluding SCCO, valuations narrow to a 4% premium on P/E and a 3% discount on EV/EBITDA, pointing to attractive entry points.

We set a 2025 target for the MSCI Select Capped 15% at 1,032 points, based on a detailed bottom-up valuation of individual companies. Achieving this level would imply a potential total market return of ~13%, including an average dividend yield of ~4%, with Engie, InRetail, Ferreycorp, IFS, and Minsur standing out in this regard. **On relative valuation, we derive a P/E target of 13.6x for our coverage universe,** broadly in line with the five-year average of 12.9x.

P/E Forward (12-month rolling)



EV/EBITDA Forward (12-month rolling)









	Last Price	Target Price	Upside	Mkt. (USD mn)	P/E		EV/EBITDA		P/BV	Sectors
					2025E	2026E	2025E	2026E	2026E	
IFS	41.87	53.00	26.6%	4,834	8.7	7.9	nm	nm	1.2	Banks
Ferreycorp	3.45	4.36	26.4%	938	6.4	6.3	5.3	4.8	1.0	Cement & Construction
Minsur	4.01	4.90	22.2%	3,323	5.7	5.8	2.9	3.1	1.8	Mining
Peruvian Picks^a			29.3%	3,032	6.8	6.7	4.0	4.0	1.3	
MSCI Select Capped 15%	953	1,032	8.3%	121,290	13.3	13.6	6.0	6.0	3.8	

^a Simple average, excluding Market Capitalization, IFS share price in USD

Source: Company Reports, Bloomberg and Credicorp Capital

Peru bottom – up strategy

	View	Earnings growth	Favorite country	Key topics to monitor
Banks - IFS (Go to section) <ul style="list-style-type: none"> • Index Weight: 15.2% • Upside: 30.2% • Dividend Yield: 3.8% • Total Return: 34.0% 	Change in banking cycle marked by controlled cost of risk and the gradual recovery of margins.	2026: 11% IFS, due to margins recovery and control cost of risk 2027: 15% IFS, with NIM recovery due to rebuilding of retail segment		<ul style="list-style-type: none"> - Rebuilding of credit card segment - Evolution of NIM with higher yields segments - Decrease in NPLs and provisions
Mining (Go to section) <ul style="list-style-type: none"> • Index Weight: 50.1% • Upside: -7.5% • Dividend Yield: 3.2% • Total Return: -4.3% 	Solid operational and financial profile largely priced in, except for Minsur, supported by strong metals and stable output.	2026: -7.6% reflecting weaker precious metals prices and lower production. 2027: -0.4% driven by continued normalization in precious metals companies.		<ul style="list-style-type: none"> - Geopolitical risks - Energy transition and AI demand - Upcoming key projects: Mina Justa Subterránea, San Gabriel, Trapiche, Tía María
Utilities - Engie (Go to section) <ul style="list-style-type: none"> • Index Weight: 0.0% • Upside: 33.1% • Dividend Yield: 6.5% • Total Return: 39.6% 	Solid fundamentals should translate into slight margin improvements as hydrology continues to support a resilient system.	2026: -4.6% EEP, due to a normalization of hydro conditions and available generating capacity . 2027: +2.0% EEP, from margin boost from new renewable capacity.		<ul style="list-style-type: none"> - Neutral / La Niña climatological conditions for Year-End - Spot price evolution
Construction (Go to section) <ul style="list-style-type: none"> • Index Weight: 10.0% • Upside: 22.9% • Dividend Yield: 9.8% • Total Return: 32.6% 	Peru's construction sector shows stronger 2026 growth, driven by self-build, public works, and PPPs	2026: 2.6% growth, following a strong 2025 performance. 2027: 4.1% due to due to higher top-line and lower financial pressure.		<ul style="list-style-type: none"> - Initiation and progress in construction of infrastructure projects - Recovery of self construction
Retail- InRetail (Go to section) <ul style="list-style-type: none"> • Index Weight: 11.2% • Upside: 34.5% • Dividend Yield: 2.6% • Total Return: 37.2% 	Second half of this year faces an uphill climb, as past year pension funds withdrawals will become a challenging comparison base.	2026: 12.5% due to higher top-line and better EBITDA margins. 2027: 9.9% due to higher top-line and better EBITDA margins.		<ul style="list-style-type: none"> - Additional impact from the Real Plaza Trujillo incident pressuring margins. - Expansion plan novelties in both Chile and Peru.
Food - Alicorp (Go to section) <ul style="list-style-type: none"> • Index Weight: 3.1% • Upside: 23.2% • Dividend Yield: 5.9% • Total Return: 29.0% 	The exit from the crushing business in Bolivia, the acquisition of RdE in Peru, Aquafeed's revival, and share buybacks have created value.	2026: +10%, mid-single digit growth in volume and improved margin in CGP. 2027: +4.5%, slightly higher volumes and prices in line with inflation.		<ul style="list-style-type: none"> - Completion of the acquisition of Jabonería Wilson in Ecuador - Progress of the ongoing buyback - Dividend announcements

/ Valuation summary



Andean **Investor**
Guide 2026



Credicorp
Capital

Chile																		
Company	Sector	Px Last	Px Target	Rating	Mkt. Cap	ADTV		P/E		EV/EBITDA		P/BV	Div Yield.		ROAE		ROAA	
						Local	ADR	2025E	2026E	2025E	2026E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Aguas Andinas	Water Utilities	362	400	HOLD	2,255	2.2		16.9	16.3	10.0	9.4	1.5	2.3%	4.1%	9.5%	9.5%	4.1%	4.2%
Andina	Food & Beverage	3,890	4,400	BUY	3,555	3.5	0.3	14.5	13.6	7.6	7.1	3.0	5.7%	5.5%	24.0%	23.1%	7.6%	7.8%
AntarChile	Conglomerates	8,248	8,800	HOLD	3,931	0.2		9.3	8.9	7.0	6.8	0.4	6.3%	3.2%	5.0%	4.9%	1.4%	1.4%
Banco de Chile	Banks	148	155	HOLD	15,704	14.6	7.3	12.4	12.4	nm	nm	2.4	6.6%	5.7%	21.1%	20.0%	2.3%	2.1%
Barco Santander	Banks	63	66	HOLD	12,493	7.8	7.4	11.4	11.7	nm	nm	2.3	5.0%	5.7%	23.2%	20.7%	1.6%	1.5%
BCI	Banks	43,100	51,000	BUY	9,884	4.9		9.4	8.9	nm	nm	1.2	2.6%	3.2%	13.9%	13.6%	1.2%	1.2%
CAP	Mining	5,399	5,800	HOLD	846	1.3		-14.6	16.2	7.2	5.5	0.5	0.0%	0.0%	-3.2%	2.9%	-0.9%	0.8%
CCU	Food & Beverage	5,792	6,600	HOLD	2,245	4.8	2.5	12.7	12.4	6.9	6.3	1.3	3.7%	4.2%	10.9%	10.7%	4.3%	4.5%
Cenco Malls	Real Estate	2,135	2,250	HOLD	3,820	1.1		14.4	13.9	12.8	11.9	1.2	4.5%	4.2%	8.9%	8.9%	5.7%	5.6%
Cencosud	Retail	2,881	3,500	BUY	8,480	10.1		12.4	10.0	8.2	7.4	1.5	0.6%	2.0%	13.6%	15.6%	4.3%	5.4%
CMPC	Pulp & Paper	1,501	1,700	UPERF	3,936	4.5		31.2	24.6	7.9	7.0	0.5	1.9%	0.9%	1.6%	2.0%	0.7%	0.9%
Colbun	Electric Utilities	151	170	HOLD	2,778	1.9		9.0	7.6	6.5	5.9	0.8	5.3%	6.3%	9.5%	10.5%	4.4%	5.1%
Concha y Toro	Food & Beverage	1,145	1,250	HOLD	888	1.9		9.8	8.5	8.3	7.5	0.9	3.9%	4.1%	10.2%	10.9%	4.9%	5.4%
Empresas Copec	Pulp & Paper	7,449	8,300	HOLD	10,157	8.3		14.0	13.4	7.4	7.2	0.7	3.6%	2.1%	5.4%	5.3%	2.4%	2.4%
Enel Americas	Electric Utilities	100	115	HOLD	11,276	4.2		12.1	10.7	4.8	4.6	0.6	6.9%	2.5%	6.1%	6.1%	2.9%	3.2%
Enel Chile	Electric Utilities	72	83	BUY	5,224	6.0		9.6	10.2	5.8	5.7	1.0	4.3%	5.2%	9.8%	9.6%	3.9%	4.1%
Engie Energía Chile	Electric Utilities	1,293	1,430	BUY	1,429	1.3		4.4	6.3	5.0	6.3	0.7	3.8%	6.7%	18.9%	11.8%	6.7%	4.4%
Entel	Telecom & IT	3,439	3,700	HOLD	1,090	1.3		11.5	8.5	4.1	3.8	0.5	5.6%	7.6%	4.8%	6.4%	1.5%	2.1%
Falabella	Retail	5,920	6,000	HOLD	15,580	15.3		18.7	17.5	10.2	9.6	1.8	1.3%	2.1%	10.9%	10.5%	3.1%	3.1%
Itau Chile	Banks	14,900	17,000	BUY	3,381	2.4		7.9	7.3	nm	nm	0.7	3.5%	3.7%	9.9%	10.1%	1.0%	1.0%
LATAM Airlines	Transport	23.8	27.0	BUY	15,084	28.3	21.3	11.4	9.8	5.4	5.1	6.4	1.9%	2.6%	137.0%	86.5%	8.1%	8.4%
Mall Plaza	Real Estate	2,490	2,550	HOLD	5,720	6.7		8.1	9.5	13.5	12.7	1.3	2.0%	1.7%	19.5%	14.4%	10.7%	8.4%
Parque Arauco	Real Estate	2,520	2,600	HOLD	2,394	2.2		15.7	13.6	15.0	13.3	1.2	2.6%	1.9%	9.0%	9.2%	3.6%	4.0%
Quiñenco	Conglomerates	4,264	4,350	HOLD	7,437	1.2		10.5	11.4	nm	nm	0.7	8.5%	7.1%	0.0%	0.0%	nm	nm
Ripley	Retail	474	475	HOLD	963	1.3		12.4	11.8	14.2	13.1	0.8	1.8%	2.4%	6.9%	6.9%	1.9%	1.9%
Salfacorp	Cement & Construction	945	1,110	BUY	545	0.6		11.1	12.1	9.0	9.4	0.9	2.5%	2.7%	8.8%	7.6%	3.0%	2.6%
SK	Industrial	1,368	1,540	HOLD	1,541	0.1		18.0	16.0	6.9	6.3	1.0	3.2%	2.6%	5.7%	6.2%	1.8%	2.0%
SM SAAM	Transport	119	140	HOLD	1,213	0.2		16.3	15.6	6.1	5.6	1.1	5.4%	6.2%	6.8%	7.0%	4.2%	4.2%
SMU	Retail	164	200	HOLD	991	2.3		13.1	18.4	8.0	7.2	1.1	3.6%	5.4%	8.8%	6.1%	3.0%	2.1%
SQM	Mining	40,500	41,000	UPERF	11,823	19.2	47.1	17.2	17.2	9.7	9.5	2.0	1.7%	3.2%	13.0%	12.2%	6.1%	5.9%
Vapores	Transport	54	60	BUY	2,907	3.8		11.7	9.7	nm	nm	0.4	30.0%	4.8%	3.4%	3.9%	nm	nm
IPSA Index		9,151	10,400		163,587	166.7		13.0	11.8	7.4	7.0	1.4	5.6%	4.9%	11.1%	11.2%	2.5%	2.6%

Colombia																		
Company	Sector	Px Last	Px Target	Rating	Mkt. Cap	ADTV		P/E		EV/EBITDA		P/BV	Div Yield.		ROAE		ROAA	
						Local	ADR	2025E	2026E	2025E	2026E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
PF Grupo Cibest	Banks	51,140	54,000	HOLD	13,671	6.0	13.9	7.0	6.8	nm	nm	1.1	8.8%	9.3%	16.0%	16.0%	1.8%	1.8%
Cemargos	Cement & Construction	9,980	10,400	UPERF	3,303	1.9		5.3	38.0	7.0	6.6	0.9	7.8%	4.0%	18.2%	2.5%	11.7%	1.6%
Corficolombiana	Conglomerates	17,860	19,900	HOLD	1,671	0.3		8.9	6.3	nm	nm	0.4	0.1%	0.1%	5.4%	7.2%	1.1%	1.6%
Davienda	Banks	24,300	27,000	HOLD	2,869	0.6		8.9	6.0	nm	nm	0.6	0.0%	3.9%	8.1%	11.2%	0.7%	1.0%
Ecopetrol	Oil & Gas	1,810	2,100	HOLD	19,090	4.7	21.7	8.0	9.6	4.3	4.5	0.9	11.8%	7.5%	11.1%	9.1%	3.1%	2.6%
GEB	Electric Utilities	2,980	3,500	BUY	7,018	0.6		9.9	9.7	10.4	9.7	1.2	8.0%	7.0%	14.2%	13.0%	5.9%	5.7%
Grupo Argos	Conglomerates	16,840	17,500	UPERF	2,595	1.1		4.1	8.6	11.7	10.9	0.3	8.4%	7.0%	7.4%	3.5%	3.2%	1.5%
Grupo Aval	Banks	656	730	HOLD	3,941	0.3	0.3	8.8	6.9	nm	nm	0.8	3.9%	5.8%	9.9%	11.8%	0.5%	0.6%
Grupo Sura	Conglomerates	44,820	57,000	BUY	3,414	1.1		3.5	3.0	nm	nm	0.3	6.6%	7.7%	8.9%	11.5%	2.2%	2.6%
ISA	Electric Utilities	22,020	25,400	BUY	6,257	1.5		8.6	8.0	7.3	6.7	1.1	5.8%	5.8%	15.2%	14.7%	3.6%	3.7%
Colcap Index		1,855	2,017		97,180	28.2		7.2	8.0	4.1	4.2	1.0	6.6%	8.3%	13.6%	12.5%	2.1%	1.9%

Panama																		
Company	Sector	Px Last	Px Target	Rating	Mkt. Cap	ADTV		P/E		EV/EBITDA		P/BV	Div Yield.		ROAE		ROAA	
						Local	ADR	2025E	2026E	2025E	2026E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Bladex	Banks	48.3	57.0	BUY	1,777	4.8		7.7	7.0	nm	nm	1.1	5.8%	6.4%	16.5%	16.3%	1.8%	1.8%

Peru																		
Company	Sector	Px Last	Px Target	Rating	Mkt. Cap	ADTV		P/E		EV/EBITDA		P/BV	Div Yield.		ROAE		ROAA	
						Local	ADR	2025E	2026E	2025E	2026E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Alicorp	Food & Beverage	8.99	11.0	BUY	1,611	0.9		7.7	7.0	4.9	4.6	2.1	4.2%	5.8%	32.2%	32.9%	5.4%	5.7%
Buenaventura	Mining	20.2	19.3	UPERF	5,553	0.0	15.6	12.5	14.3	5.4	5.0	1.3	1.6%	1.4%	11.5%	9.3%	7.8%	6.3%
Cementos Pacasmayo	Cement & Construction	4.65	5.56	BUY	617	0.2	0.0	9.0	8.6	6.0	5.8	1.6	10.1%	11.1%	17.8%	18.6%	6.9%	7.3%
Cerro Verde	Mining	41.8	41.2	HOLD	14,632	0.2		15.6	15.3	6.6	6.6	2.2	5.5%	7.5%	13.7%	13.9%	11.5%	11.6%
Engie Peru	Utilities	3.67	4.90	BUY	634	0.2		9.2	9.7	4.6	4.6	0.5	9.3%	6.5%	5.6%	5.4%	2.9%	2.9%
Ferreycorp	Materials	3.45	4.36	BUY	938	0.4		6.4	6.3	5.3	4.8	1.0	9.0%	9.4%	16.8%	15.8%	7.3%	7.1%
Southern Copper	Mining	105.1	87.9	UPERF	85,320	0.1	123.5	23.5	25.2	13.0	13.8	7.6	2.8%	3.0%	36.8%	31.2%	18.5%	16.4%
IFS	Banks	41.9	53.0	BUY	4,834	0.2	6.2	8.7	7.9	nm	nm	1.2	2.5%	3.7%	16.6%	16.3%	2.0%	2.0%
InRetail	Retail	27.5	37.0	BUY	2,991	0.7		11.4	10.2	6.2	5.8	1.4	2.2%	2.6%	14.3%	14.5%	4.1%	4.4%
Minsur	Mining	4.01	4.90	BUY	3,323	0.3		5.7	5.8	2.9	3.1	1.8	15.8%	8.6%	35.2%	33.0%	12.7%	12.6%
Unacem	Cement & Construction	1.60	1.69	HOLD	836	0.2		5.0	4.8	4.6	4.5	0.4	5.4%	5.0%	8.6%	8.5%	3.6%	3.7%
MSCI Select Cap. 15%		953	1,032		121,290	3.4		13.3	13.6	6.0	6.0	3.8	3.5%	4.1%	26.2%	23.3%	8.4%	7.6%

3 / Andean Fixed Income



Andean Fixed Income Strategy

Carry mode on. Navigating Tight Spreads Amid Global Uncertainty.

Latam corporates spreads benefit from solid balance sheets, below-average default rates, and attractive carry—supporting current spreads levels despite tight risk premia.

2025 has been marked by rising global uncertainty, largely driven by political risk in the U.S.. Yet, Liberation Day volatility aside, spreads have held up remarkably well this year, despite starting from already tight levels following a strong 2024 performance. After widening by 68 bps in April, CEMBI LatAm spreads now sit just ~10 bps above 2024-end levels. That begs the question: Can spreads hold the line with risk premia hovering near historical tights? We believe there’s a compelling case for stability. The high-yield environment remains attractive, regional fundamentals are broadly solid, corporate balance sheets are healthy, and default rates remain below historical averages. The Andean Region, in particular, stands out as a relative winner due to its geographic position and potential for political improvement. Lastly, although flows into the region remain weak, supply-demand dynamics have improved following subdued primary market activity in 2022 and 2023. Moreover, we’ve seen growing investor interest in the asset class, evidenced by strong primary market activity. High-yield issuers continue to attract robust demand for new deals, providing an additional layer of technical support for spreads.

Moreover, this year, markets have struggled to settle views on rates after the Fed hit pause on cuts back in January. Complicating the picture, long-term rates have remained under upward pressure amid growing concerns over the U.S. fiscal outlook, questions about Fed independence, and rising inflation expectations. This dynamic creates a steepening bias in the yield curve, even if monetary policy shifts toward easing. However, the likelihood of a rate cut in September has increased meaningfully, following Chair Powell’s dovish comments at Jackson Hole and weaker-than-expected labor market data. If the Fed follows through, it could serve as a catalyst for renewed inflows into emerging markets.

But, a cautious approach is still warranted. Concerns remain over the potential drag of tariffs on economic activity—and the pass-through to inflation, which could take time. That means we’re back to a data-driven market, with global economic activity data and the Fed’s path the key swing factors. A confirmation of rate cuts would support risk appetite and provide a cushion for spreads. However, policy divergence remains a key risk—particularly for lower-rated issuers, which may face increasing refinancing pressures if rates stay higher for longer. Weaker-than-expected labor market and economic data could drive rising risk aversion in markets, with the consequent impact on spreads, as current levels imply a moderate global economic deceleration, with limited impact on corporates fundamentals. Other risks include commodity price shocks linked to China and currency volatility for companies with FX mismatches.

We are favoring defensive alternatives that offer attractive carry to capitalize on the high-yield momentum.

In a tight-spread, high-volatility environment, we are focused on high-carry opportunities with improving cash flow visibility and idiosyncratic catalysts.

Our Positioning? Carry with conviction but be Picky. Against this backdrop of tight spreads, volatile base rates, and still present trade-related uncertainty, we are focused on carry, looking for names with improving cash flow visibility and/or idiosyncratic stories—particularly where political or strategic developments could unlock value. Fundamentals across much of LatAm corporate credit remain solid, and although we’re no longer in “everything rallies” mode, we still see interesting risk/return opportunities. However, be aware that risk premia remain tight and below average historical levels, with the spread difference between the CEMBI BBB and the CEMBI BB offering only 127bps premium for stepping down in credit quality. So, selection, more than ever, is key.

By country, on a YTD basis, corporate spreads have shown similar trends, with a relatively flat performance, although Colombia has continued to experience the highest volatility. Colombian spreads continue to reflect concerns around potential further sovereign downgrades, although much of this risk appears to be already priced in. For example, after S&P and Moody’s downgraded the Colombian sovereign in June, spreads showed little reaction, indicating market anticipation. Our base case remains optimistic, expecting a supportive macro environment and improved political conditions across the Andean region in the coming year. While this positive outlook seems largely priced in for Chile and Peru, Colombian corporate spreads suggest greater room for tightening, although lingering fiscal concerns will likely remain a focal point in the near term. We highlight that the recent liability management performed by the government has impeded spread compression on the sovereign curve, which has not yet fully reflected in corporate valuations, except for Ecopetrol’s curve.

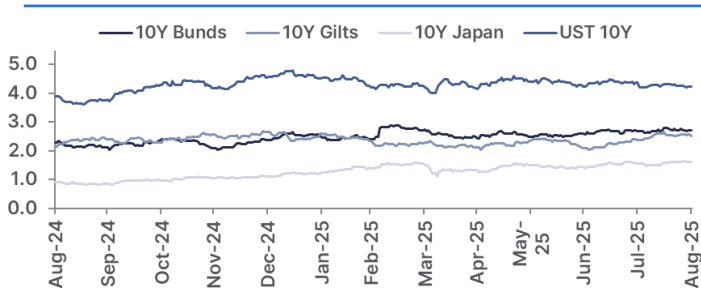
Our top OWs are in Colombia, with selected OWs in Chile and Peru. In Colombia, we are attracted to the absolute yield and upside potential—particularly if sentiment toward the country improves in 2026. We are Overweight several names in the Colombian financial sector, supported by its ongoing recovery—a positive trend we expect to continue in the coming year. That said, we remain mindful of the pace of the monetary policy easing cycle and the risk of a potential tax increase if the proposed fiscal reform is approved. However, we assign a low probability to that outcome. We also hold select Overweights in utilities that screen attractive relative to their respective universes, including AES Andes, and EPM. Additionally, we’ve increased exposure to the retail and consumer sectors across Colombia and Chile, where solid fundamentals and supportive macro trends provide a relatively defensive buffer in the face of potential market volatility. In the commodities space, we favor issuers with clear cash flow visibility, while avoiding with stretched balance sheets, execution risk, or limited liquidity buffers, where current valuations do not adequately reflect credit risk in our view. We are favoring selective O&G names and specific mining credits while remaining cautious on Pulp & Paper. In O&G, we favor Ecopetrol and Hunt Oil Peru for their attractive carry and manageable credit metrics, while in Mining, we maintain a constructive bias toward Nexa for its carry and improving fundamentals.



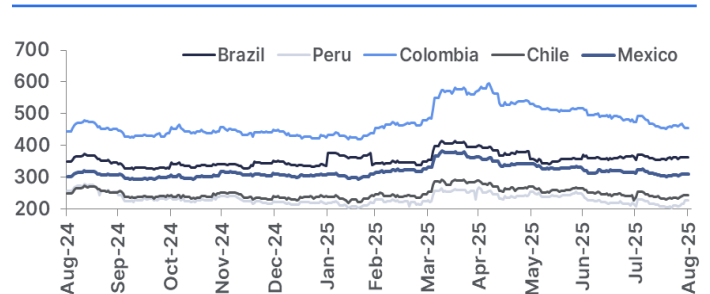
Our Overweights in the Andean Region

Bond	Company	Sector	Country	Rating	Amt. Out	Duration	Z-Spread	YTW	Coupon	Price
AES 32	AES Andes	Utilities	CL	Baa3 / BBB- / BBB-	USD 400mn	5.2	223	5.5%	6.25%	103.7
CENSUD 31	Cencosud	Retail	CL	Baa3 / NR / BBB	USD 650mn	4.7	169	4.9%	5.95%	104.8
BFALA 32	Falabella	Retail	CL	NR / BB+ / BB+	USD 650mn	5.7	219	5.5%	3.38%	88.6
AVALCB 30	Grupo Aval	Banks	CO	Ba2 / NR / BB+	USD 1,000mn	4.0	283	6.0%	4.38%	93.6
BANBOG 27	Banco de Bogota	Banks	CO	Baa3 / BB / BB+	USD 454mn	1.8	160	4.9%	4.38%	98.8
BCOLO 34	Bancolombia	Banks	CO	Ba3 / NR / BB-	USD 800mn	3.3	301	6.3%	8.63%	107.7
DAVIVI 35	Davivienda	Banks	CO	B1 / NR / BB-	USD 500mn	4.0	389	7.1%	8.13%	103.9
ECOPET 32	Ecopetrol	Oil & Gas	CO	Ba1 / BB / BB+	USD 1,750mn	5.0	352	6.8%	7.75%	104.9
ECOPET 33	Ecopetrol	Oil & Gas	CO	Ba1 / BB / BB+	USD 2,300mn	5.4	375	7.0%	8.88%	110.1
ECOPET 36	Ecopetrol	Oil & Gas	CO	Ba1 / BB / BB+	USD 1,850mn	7.0	417	7.6%	8.38%	105.1
EEPPME 29	EPM	Utilities	CO	Baa3 / NR / BB+	USD 1,000mn	3.6	256	5.8%	4.25%	94.5
GNBSUD 31	GNB Sudameris	Banks	CO	B2 / NR / B+	USD 400mn	0.6	325	7.2%	7.50%	100.0
NUTRES 30	Nutresa	Consumer	CO	Baa3 / NR / BB+	USD 1,500mn	3.9	286	6.0%	8.00%	107.7
NUTRES 35	Nutresa	Consumer	CO	Baa3 / NR / BB+	USD 1,500mn	6.5	378	7.2%	9.00%	112.2
COFIDE 29	COFIDE	Banks	PE	NR / BBB- / BBB	USD 300mn	3.2	157	4.8%	5.95%	103.6
HNTOIL 38	Hunt Oil Company of Peru	Oil & Gas	PE	Ba1 / NR / BBB	USD 630mn	6.9	291	6.4%	7.75%	109.3
NEXA 34	Nexa Resources	Metals & Mining	PE	NR / BBB- / BBB-	USD 600mn	6.4	241	5.8%	6.75%	106.2
NEXA 37	Nexa Resources	Metals & Mining	PE	NR / BBB- / BBB-	USD 500mn	8.0	267	6.2%	6.60%	102.9
ORSAP 32	Orazul	Utilities	PE	Ba2 / NR / BB	USD 380mn	4.2	285	6.1%	6.30%	100.7

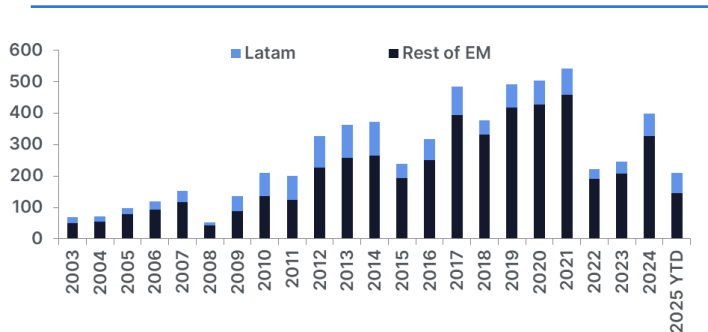
Evolution of Global Interest Rates



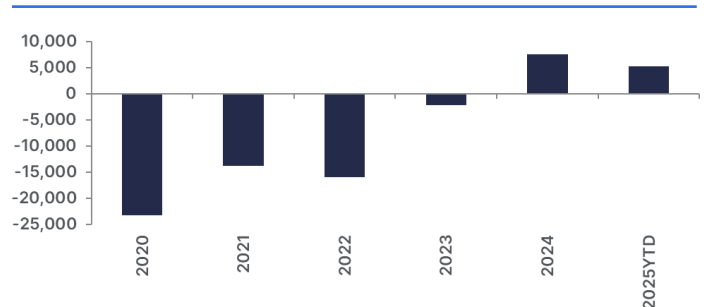
Corporate Spread Evolution by Country



New Issuances (USD bn)



Annual Flows to EM (USD bn debt flows)



4 / Andean Sector Reviews



4.1 / Andean Banks



Andean Banks

Over the past year, the banking sector in our Andean countries has benefited from the cycle: a decline in inflation has improved risk metrics, and the easing monetary policy cycle has improved funding costs for most banks.

Regardless of election outcomes, we continue to favor industry leaders that have proven resilience in uncertain times. These names are Banco de Chile and Bancolombia

Between fundamentals and political outcomes.

Do not forget where we came from and the victories along the way. Over the past year, the banking sector in our Andean countries has benefited from the cycle: a decline in inflation has improved risk metrics, and the easing monetary policy cycle has improved funding costs for most banks. Although the three countries are at different stages regarding inflation and interest rates, most banks have seen an improvement in profitability ratios.

As a result, several BUY opportunities have arisen under this scenario and materialized amid better results. In Chile, on a year-to-date basis, BCI (61% total return) and Itaú Chile (52%) have outperformed the IPSA Index (~44%), while Santander (41%) and Banco de Chile (41%) have performed in line with the local index. These performances support our thesis of favoring smaller banks over the larger ones. In Colombia, PF Cibest (61%) and PF Aval (54%) outperformed the MSCI Colcap (~36%), aligning with our view, while PF Davivienda (38%) has been a HOLD. Finally, IFS (49%) has been a clear winner in Peru, outperforming the S&P BVL (20%) and consistent with our BUY recommendation.

The next steps for banking shares are now more uncertain as they rely less on banking results and fundamentals and more on political outcomes. While we will always believe that share prices will follow fundamentals and positive results, we cannot rule out periods of increased volatility driven by news related to potential political developments. With elections around the corner in Chile (Nov-25), and with the initial steps in Colombia (May-26), and Peru (Apr-26), all our banking shares will be influenced by political factors. **Therefore, regardless of election outcomes, we continue to favor industry leaders that have proven resilience in uncertain times.** The names that meet all criteria are Banco de Chile (HOLD, T.P CLP 155) and Bancolombia (HOLD; T.P COP 54,000), as both have the qualities that helped them navigate instability and sustain solid profitability. As a result, they are likely to perform well under either scenario. **Meanwhile, if the elections yield positive results, we expect a general rally in equities, although we would favor those stocks with still discounted valuations and significant upside.** These opportunities include BCI (BUY; T.P CLP 51,000), PF Aval (HOLD; T.P COP 730), and IFS (BUY; T.P USD 53).

Chile. The political scenario seems clearer than in Colombia and Peru, as we already have three candidates who are the people's favorites. Although the race is tight, many polls suggest a potential shift toward the right in the electorate. We believe part of this is already reflected in prices, especially in valuations of larger banks trading near 2.4x-2.5x P/BV, although we cannot rule out additional inflows if the election yields positive results. **With a clearer outlook on politics, all attention will likely turn back to fundamentals, and the banking industry faces a major challenge: loan growth.** As inflation approaches the Central Bank's target range, banks will no longer see the extraordinary income related to UF inflation, and loan growth should pick up to help sustain attractive ROAE figures. On the

Andean Banks

Our Top Pick in the sector is BCI (BUY; T.P: CLP 51,000) as we believe it has the best risk/return profile. Results have been robust in Chile, and CNB is showing the expected recovery of ROAE.

We believe there is a low likelihood that the tax reform will be approved under these terms, but the uncertainty remains, and we cannot guarantee that there won't be any impact on Colombian banks.

positive side, the leading candidates seem to share a common goal of reigniting economic growth, creating jobs, and attracting investment, which should benefit loan. Therefore, our base case scenario considers a 3.6% y/y loan growth in 2025 with a 2.4% GDP growth, followed by a 6.3% y/y increase in 2026 with a 2.0% GDP growth.

With this backdrop, our Top Pick in the sector is **BCI (BUY; T.P: CLP 51,000)** as we believe it has the best risk/return profile. Results have been robust in Chile, and CNB is showing the expected recovery of ROAE. **Moreover, with the stock trading at 1.2x P/BV 2026E, while large banks trade at 2.3x-2.4x P/BV 2026E, we see the highest upside potential at BCI.** At **Itaú Chile (BUY; T.P: CLP 17,000)**, we have a mixed view on its operations. The individual operations in Chile have a value already above the current stock's price, and results have been positive. Colombia should continue to be a drag, and while the recovery could be positive for the bank, the target ROAE of 10% looks optimistic. Investors should focus on Chile and value the stock accordingly. Finally, **Banco de Chile (HOLD; T.P: CLP 155)**, and **Santander (HOLD; T.P: CLP 66)** are fair, although elections could raise valuation multiples even higher and to levels seen before the social crisis in the country. **Between the two, we prefer Banco de Chile as it thrives in any scenario, while Santander might face some quarters dealing with high figures of NPLs and a higher cost of risk.**

Colombia. In this country, we face an uncertain and challenging scenario, but at the same time, we see significant opportunities. Beyond the political noise, the fiscal situation has impacted the banking sector. First, a 7.1% fiscal deficit in Colombia, with no signs of improvement, led the Central Bank to adopt a more cautious stance and slow down the monetary policy easing cycle. As a result, we now expect a 9.0% repo rate by year-end and 7.5% in 2026. This has affected the banking sector's recovery speed, as it has resulted in a slower normalization of funding costs and margins than initially anticipated. Although the recovery is underway, its pace is now more uncertain and could change due to fiscal developments. Second, **the same fiscal situation has prompted a new tax reform proposal that aims to increase the tax surcharge on banks from 5% to 15%, bringing the statutory tax rate for the sector to 50%.** We believe there is a low likelihood that the reform will be approved under these terms, but the uncertainty remains, and we cannot guarantee that there won't be any impact on Colombian banks. Especially considering that, if approved, the impacts on net profits and target prices could range between 10% and 15%.

This scenario is reflected in the higher risk premium of local assets. **For banks, we are estimating a Ke of about 16% on average, which affects valuation metrics.** Until more clarity, especially regarding the tax reform, we remain cautious, although we recognize the significant opportunities in banking shares. Therefore, even though we recommend HOLD for PF Cibest (T.P COP 54,000), PF Aval (T.P COP 730), and PF Davivienda (T.P

Andean Banks

COP 27,000), we are considering a scenario where there is no impact from taxes and the risk premium decreases. We believe the Ke in Colombia should approach levels near 14% if positive election results occur. **In this case, our target prices would be COP 62,000 for PFCibest, COP 890 for FP Aval, and COP 32,000 for PF Davivienda.**

Peru. We have a favorable economic scenario, considering GDP growth of 3.2% in 2025, a 5.2% domestic demand forecast, inflation controlled within the Central Bank's range, and low interest rates. **Therefore, we expect loan dynamics to gain momentum and show higher growth rates across segments.** Although the industry's ROAE stands at 20%, bolstered by high margins and controlled cost of risks, the growth of the loan portfolio has not significantly accelerated, remaining between 1% and 3% y/y. We believe it is only a matter of time before we see higher loan growth, as the current macroeconomic conditions are favorable for such an increase. Please note that the liquidity that resulted from several pension fund withdrawals continues to weigh on loan demand, especially in consumer loans and credit cards.

IFS has recovered profitability figures to levels close to 16%, and we expect that, with the acceleration of the loan portfolio and the rebuilding of credit cards, it will continue with its recovery path in ROAE metrics.

However, it is worth noting that the visibility around the upcoming presidential elections is very low, and we cannot discard any scenario. The market would experience volatility with the release of new polls, especially considering the dispersion in candidates with no clear favorite. Our base case scenario assumes that Perú will not experience any shock from the elections as we expect a stable pro-market government in the upcoming years. With this backdrop, we see an attractive opportunity on **IFS (BUY; T.P: USD 53)**. The company has recovered profitability figures to levels close to 16%, and we expect that, with the acceleration of the loan portfolio and the rebuilding of credit cards, it will continue with its recovery path in ROAE metrics. Additionally, the stock trading at 1.2x P/BV 2026E still offers upside potential to shareholders. IFS is one of our top picks in Peru.

Andean Banks

In FI, we see interesting carry plays in Colombia, but we remain mindful of risks stemming from the deteriorating fiscal outlook.

Fixed Income: Colombia Offers Relative Value as Peru Trades tight

In the fixed-income space, we see **tight valuations in Peru**, where many of our favored stories appear to have already priced in the expected macro and sector improvements. In contrast, **Colombia looks more attractive on a relative basis**, with the financial sector showing promising signs of recovery—albeit with some macro and fiscal setbacks worth monitoring. Against a backdrop of broadly tight spreads, we believe **selective exposure to subordinated bonds of banks with strong fundamentals and high likelihood of bond call execution** offers an effective strategy to maximize carry.

Peru. We remain constructive on the Peruvian banking sector recovery but are mostly Neutral from a valuation perspective. Universal banks BINTPE and BCOCPE should continue progressing, though at different paces, given differences in loan origination strategies. Nonetheless, solvency across the board remains solid. From a bond perspective, valuations look tight, particularly when compared to regional peers or the sovereign curve. We maintain a Neutral view on IFSPE 2027, which has rallied following its rising star event (Fitch upgraded IFS to BBB in June, lifting the composite rating to IG). At current levels, the bond appears fairly valued. While the holding company IFHBH 2029 benefits from stronger diversification and improving performance, it trades at a fair differential to IFSPE 2027. In contrast, we see value in COFIDE, despite its structurally lower profitability due to its social lending mandate. Capitalization remains strong, and government support is evident. We particularly favor COFIDE 2029, which presents relative value versus the sovereign across the curve. It is our only Overweight position in Peru.

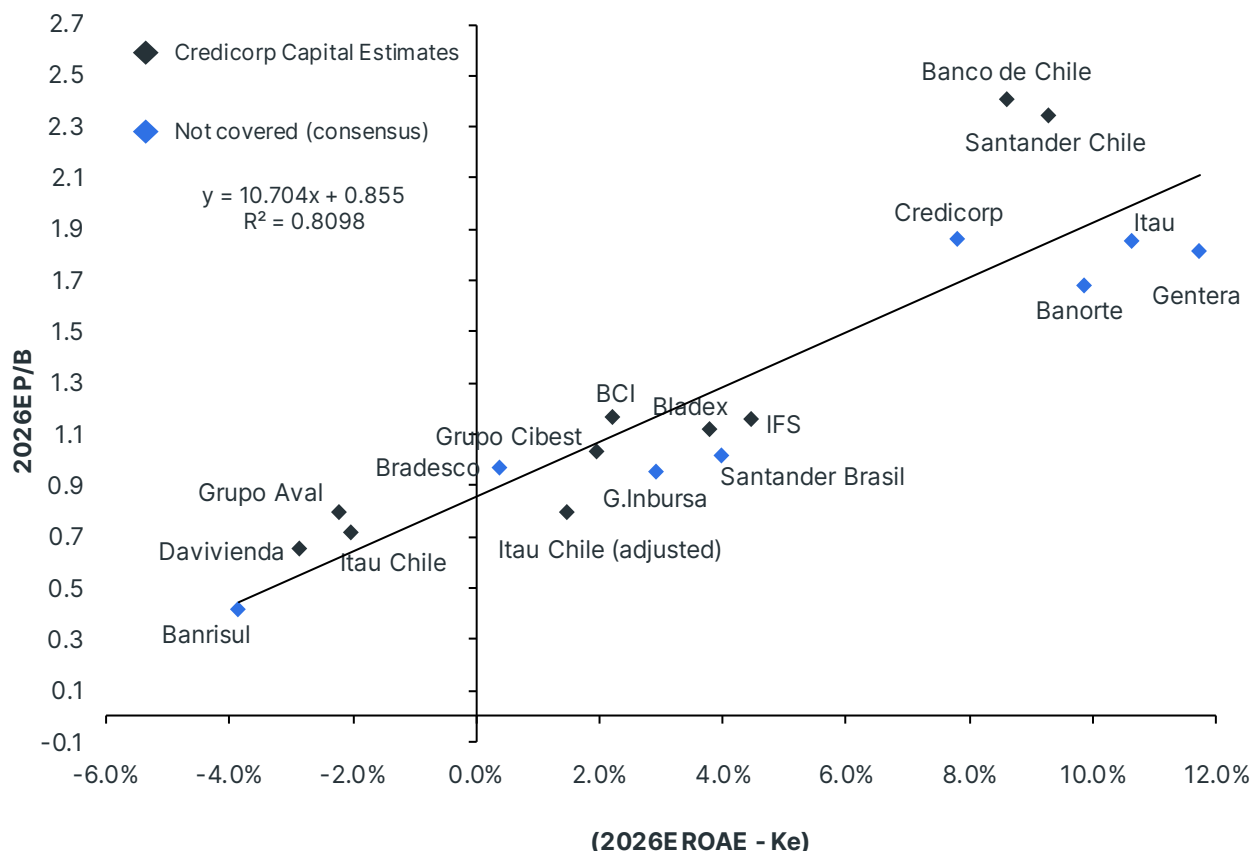
Colombia. While some Colombian financial sector bonds trade tight to the sovereign—especially compared to Mexican peers—we continue to see a compelling combination of defensive carry and upside potential, particularly if investor sentiment toward Colombia improves in 2026. Moreover, the government's recent liability management exercise has helped compress sovereign spreads, making financial sector bonds appear more attractive on a relative basis. Colombia's banking sector continues to recover—a trend we expect to persist over the next year—though the deteriorating fiscal outlook remains a key risk to monitor. From a positioning perspective: We are Overweight AVALCB 2030, which looks attractive trading ~80bps over the sovereign. BCOLO 2034 remains a top pick, currently trading ~45bps over BBVASM 2034. We see continued upside in DAVIVI RP 2031, which offers the highest spreads in the LatAm AT1 universe—trading ~125bps over BANORT RP 2031 and ~310bps over the sovereign. GNBSUD 2031 also stands out for its attractive carry-to-call profile and compelling YTM if not called. Lastly, we maintain our Overweight on BANBOG 2027, where we continue to see value relative to regional peers such as BINTPE 2026.

Relative Valuation

Credicorp Capital Coverage Universe

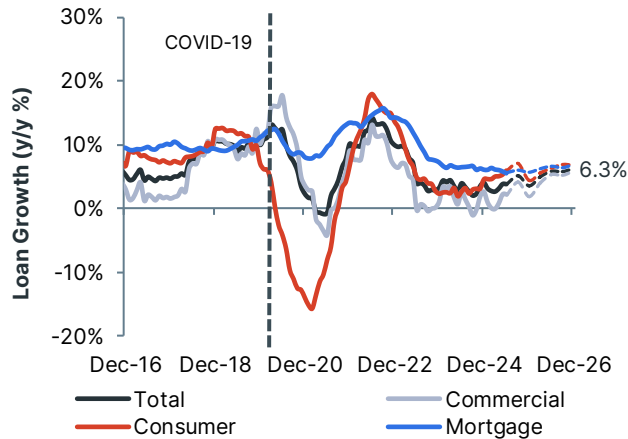
Country	Price (local)	Target (local)	Market Cap (USD mn)	CC Rating	P/E					P/B					Dvd Yield		ROAE				
					23	24	25E	26E	27E	23	24	25E	26E	27E	26E	23	24	25E	26E	27E	
Chile	CL	148.2	155.0	15,704	HOLD	8.4	9.5	12.4	12.4	11.6	2.0	2.0	2.6	2.4	2.3	5.7%	24.6%	22.2%	21.1%	20.0%	20.1%
Santander	CL	63.2	66.0	12,493	HOLD	16.3	10.4	11.4	11.7	11.0	1.9	2.1	2.5	2.3	2.2	5.7%	11.7%	19.8%	23.2%	20.7%	20.6%
BCI	CL	43,100	51,000	9,884	BUY	6.3	7.5	9.4	8.9	8.2	0.9	0.9	1.3	1.2	1.1	3.2%	12.6%	12.3%	13.9%	13.6%	13.6%
Itaucorp	CL	14,900	17,000	3,381	BUY	4.8	5.7	7.9	7.3	6.5	0.5	0.6	0.8	0.7	0.7	3.7%	10.9%	10.0%	9.9%	10.1%	10.6%
Cibest	CO	51,140	54,000	13,671	HOLD	4.7	5.4	7.0	6.6	6.5	0.8	0.8	1.1	1.0	1.0	9.3%	15.9%	15.4%	16.0%	16.0%	15.5%
Davivienda	CO	24,300	27,000	2,869	HOLD	nm	nm	8.9	6.0	4.5	0.6	0.5	0.7	0.6	0.6	3.9%	-2.6%	-0.8%	8.1%	11.2%	13.6%
Aval	CO	656	730	3,941	HOLD	15.6	10.4	8.8	6.9	5.6	0.7	0.6	0.8	0.8	0.7	5.8%	4.4%	5.9%	9.9%	11.8%	13.6%
IFS	PE	41.9	53.0	4,834	BUY	8.8	9.7	8.3	7.5	6.5	0.9	1.2	1.3	1.2	1.0	3.9%	11.1%	12.5%	16.6%	16.3%	16.9%
Bladex	PN	48.3	57.0	1,777	BUY	5.4	6.4	7.7	7.2	6.8	0.8	1.0	1.2	1.1	1.0	5.7%	14.6%	16.2%	16.5%	16.3%	15.8%
Banking Coverage Median				4,834		7.3	8.5	8.8	7.3	6.5	0.8	0.9	1.2	1.1	1.0	5.7%	11.7%	12.5%	16.0%	16.0%	15.5%
Banking Coverage Average				4,834		8.8	8.1	9.1	8.3	7.5	1.0	1.1	1.4	1.3	1.2	5.2%	11.5%	12.6%	15.0%	15.1%	15.6%

LatAm Relative Valuation

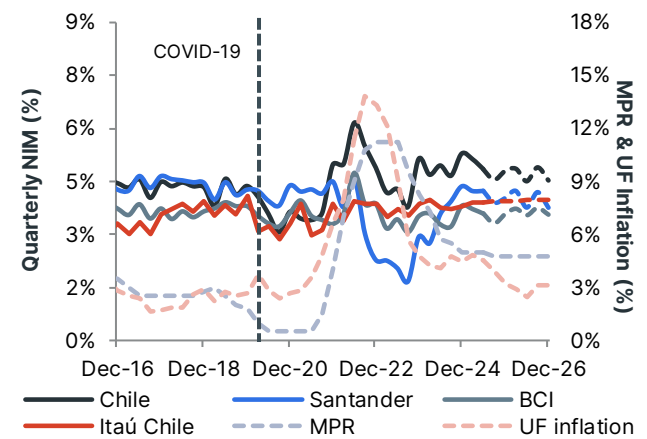


Chile

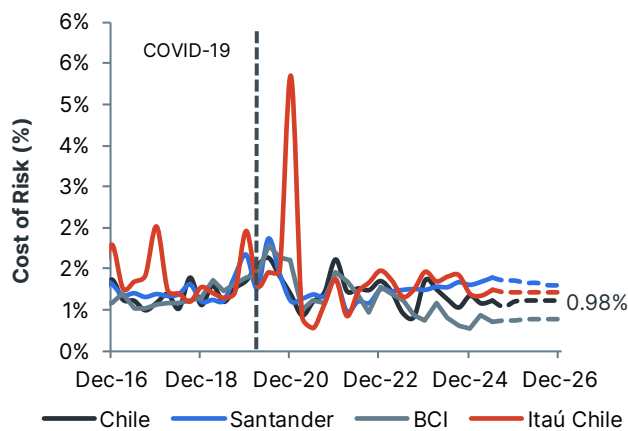
Loan Growth



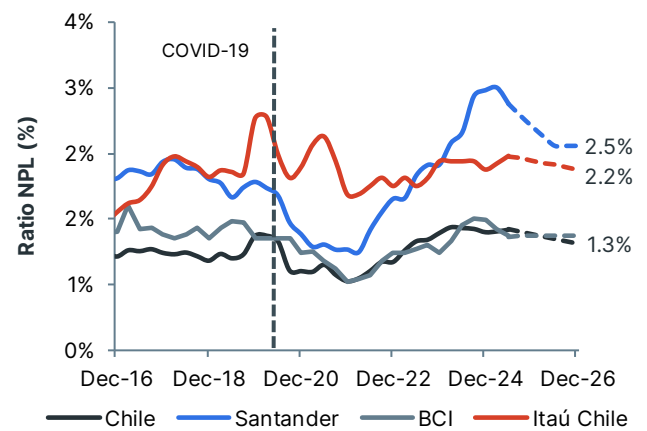
Quarterly NIM



Cost of Risk

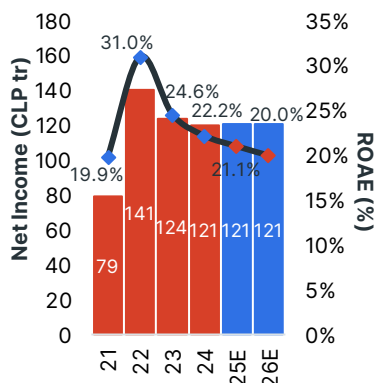


NPL Ratio

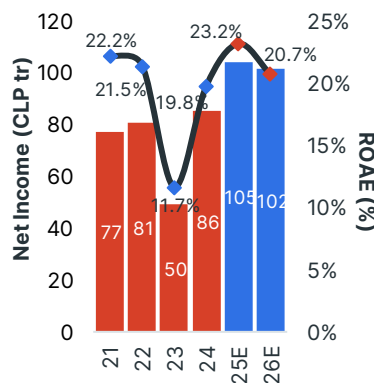


ROAE

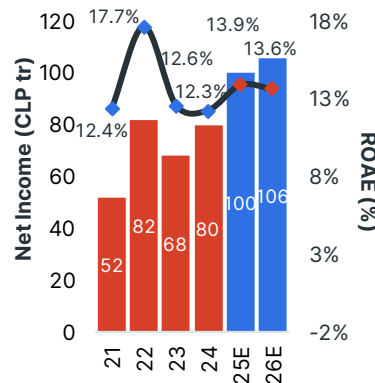
Banco de Chile



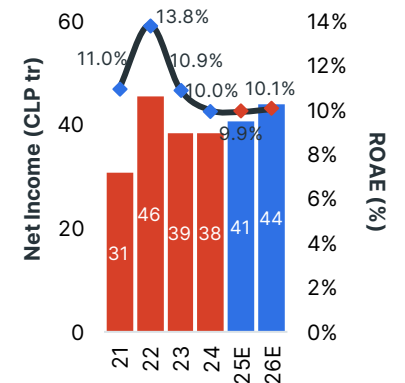
Santander



BCI

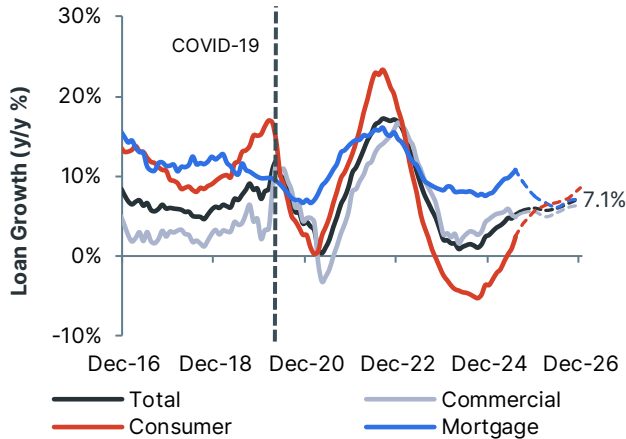


Itaú Chile

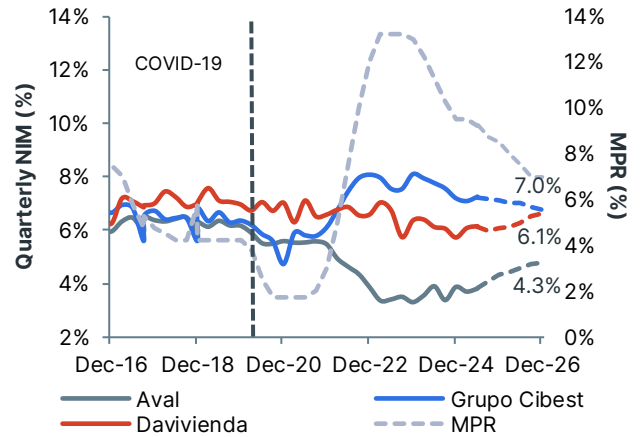


Colombia

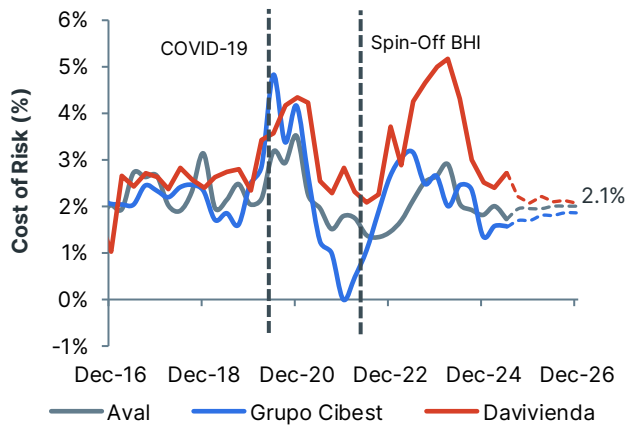
Loan Growth



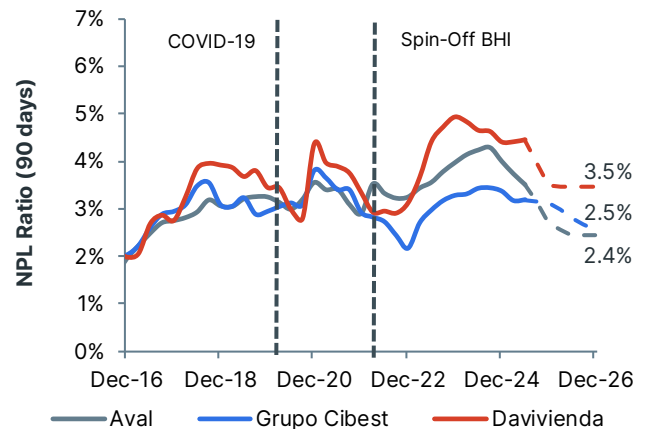
Quarterly NIM



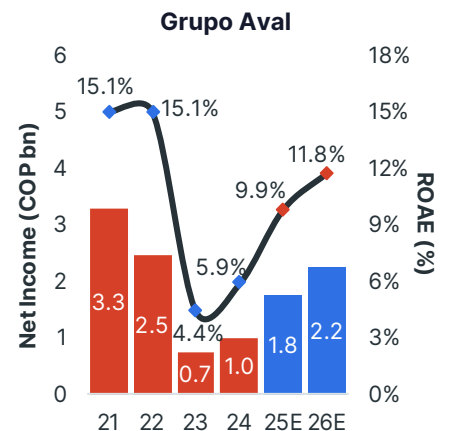
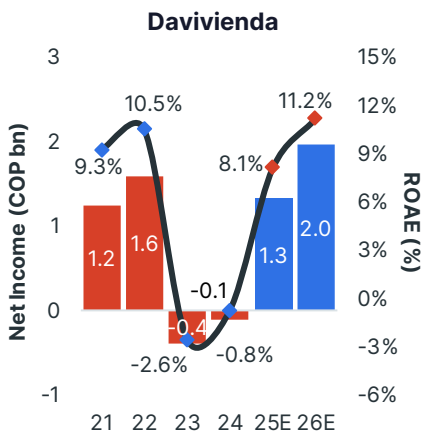
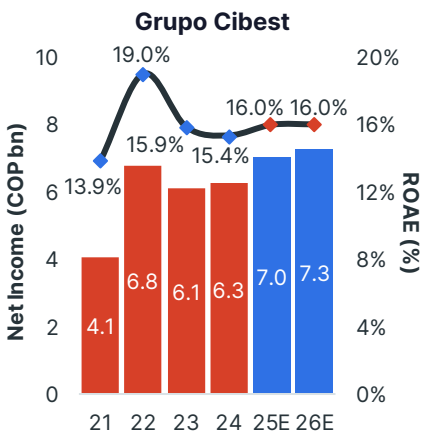
Cost of Risk



NPL Ratio

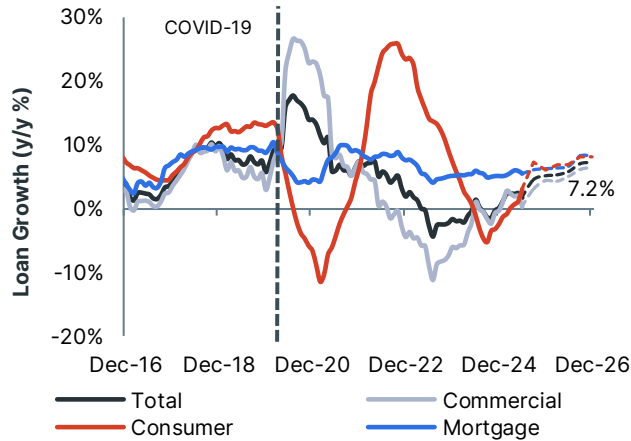


ROAE

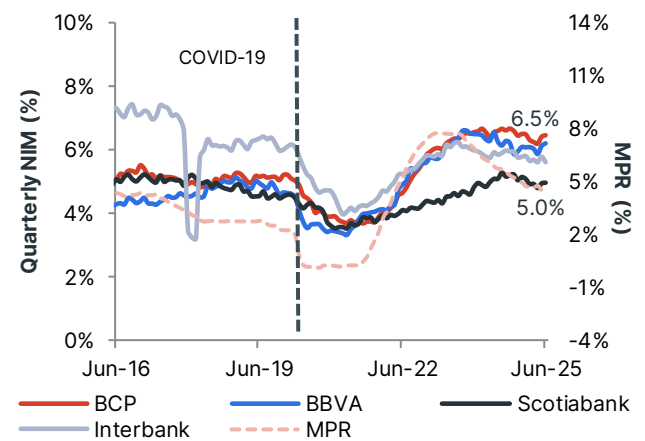


Peru

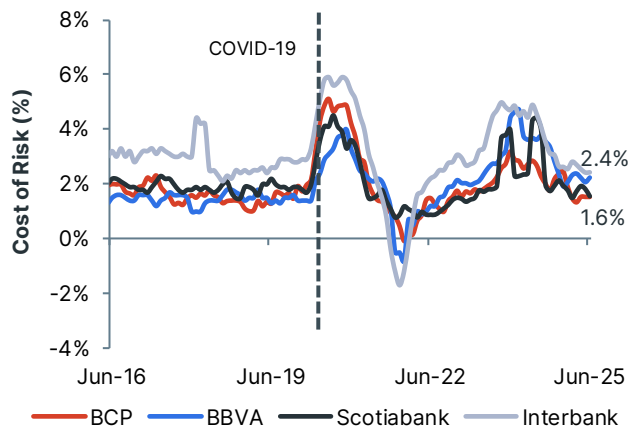
Loan Growth



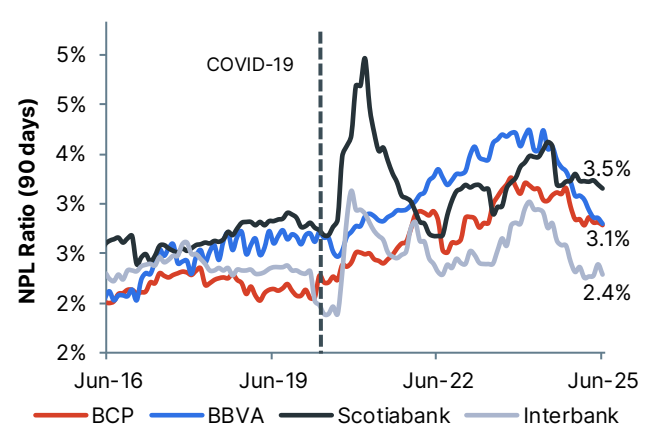
Quarterly NIM



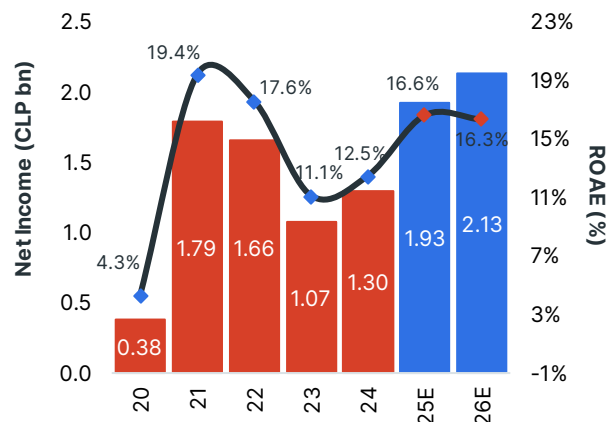
Cost of Risk



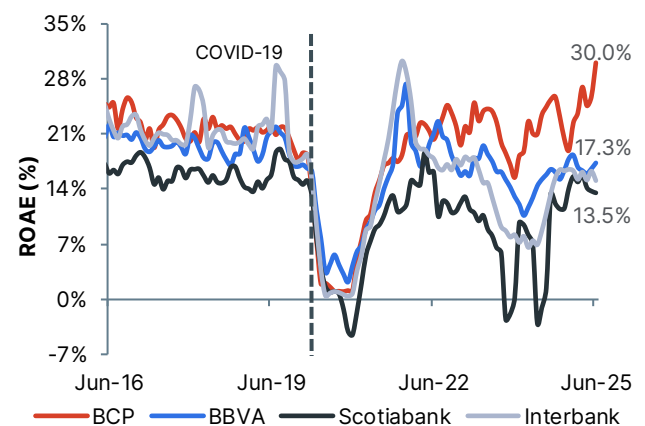
NPL Ratio



IFS - Net Profits & ROAE



Quarterly ROAE



Banco de Chile

Equity Research Chile Banks

Rating: Hold
TP: CLP 155 (loc) / USD 32.5 (ADR)

Daniel Mora, CFA - dmoraa@credicorpcapital.com

Santiago Martinez - smartinez@credicorpcapital.com

It wins with heads and tails.

Investment Thesis

We are presenting our 2026E TP of CLP 155/share (USD 32.5 ADR) and reaffirming our HOLD rating. Our message to shareholders remains unchanged. Banco de Chile continues to be the most solid bank, supported by i) the highest NIM among peers at 4.8%, ii) the strongest capital ratios with a CET 1 above 14%, iii) the best asset quality metrics with a NPL of 1.47%, below the industry's level of 2.3%, and iv) ROAE that has stayed above 20% for three consecutive years, even during a phase of net profit normalization. However, we believe the stock is fairly valued, trading at 2.6x P/BV 2025E (~2.4x P/BV 2026E), indicating limited upside for shareholders. Therefore, while we expect a 10.2% total return (with a 5.7% dividend yield), we anticipate it aligning with the IPSA Index return.

The right vehicle in a favorable political scenario after the presidential and parliamentary elections. Banco de Chile should benefit from the positive sentiment if a favorable election outcome occurs, and we see it as a BUY opportunity. The bank still has CLP 630 bn in additional provisions. Under a more stable macroeconomic environment and a better economic outlook, the bank could convert these provisions into i) higher loan growth compared to peers, or ii) a higher dividend payout ratio in the coming years to avoid remaining overcapitalized. If this scenario materializes, it would not be surprising to see Banco de Chile reach valuations between 2.7x and 3.0x P/BV, aligned with the highest valuations seen before 2020 and meaning prices between CLP 167-184. Conversely, if we face an adverse post-election scenario with deteriorating economic prospects, Banco de Chile would have sufficient provisions to respond to a stressed environment. The bank wins in either case.

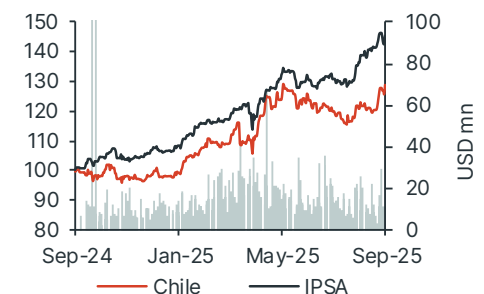
Valuation

Our 2026E TP is based on a ten-year residual income model, assuming a nominal K_e of 12.2% in CLP and perpetuity growth of 5.6%. Our TP implies a 2.5 P/BV and a 12.9x P/E 2026E, while shares are currently trading at 2.4x P/BV and 12.4x P/E 2026E. The industry's median multiples from Andean peers are 1.1x P/BV and 7.3 P/E 2026E. **Our valuation models consider a long-term ROAE of 20.5%.**

Stock Data

Ticker	chile ci / bch us	
Price (CLP)	148 (loc)	31.0 (ADR)
Target (CLP)	155 (loc)	32.5 (ADR)
Total Return	10.2%	
LTM Range	110.5 - 148.5	
M. Cap (USD mn)	15,704	
Shares Outs. (bn)	101.0	
Free Float	45.8%	
ADTV (USD mn)	14.6	

Price Chart (CLP) and Volumes (USD mn)

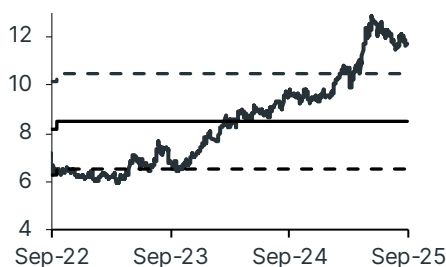


Valuation Summary

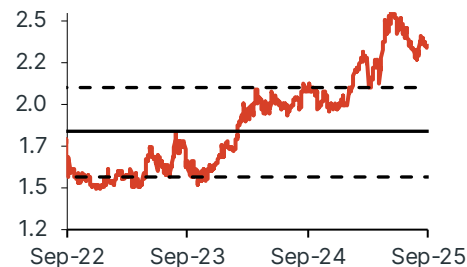
	2024	2025E	2026E	2027E
P/E	9.5	12.4	12.4	11.6
P/BV	2.0	2.6	2.4	2.3
ROAE	22.2%	21.1%	20.0%	20.1%
ROAA	2.2%	2.3%	2.1%	2.1%
Div. Yield	7.1%	6.6%	5.7%	5.7%

Sources: Company Reports and Credicorp Capital

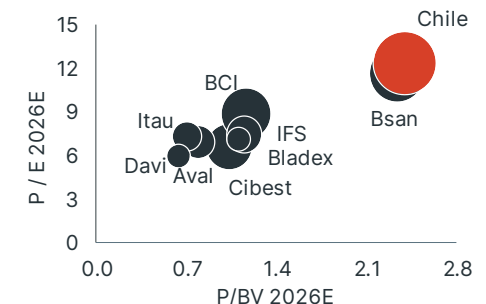
P/E 12M Forward



P/BV 12M Forward



Relative Valuation

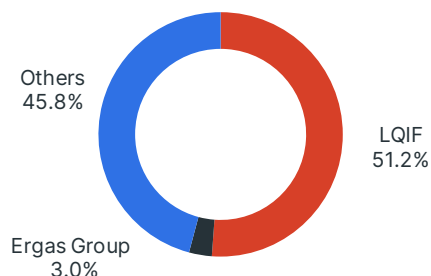


Chile

Company Description

Banco de Chile is a full-service financial institution offering credit products and services across all segments of the Chilean financial market. Currently, Banco de Chile competes with Santander for the leadership within the banking industry in Chile by loan size with ~USD 41 bn and ~16.1% market share. The bank is one of the most profitable banks within the Chilean industry. Banco de Chile is controlled by a 50/50 joint venture between Citi and Quiñenco.

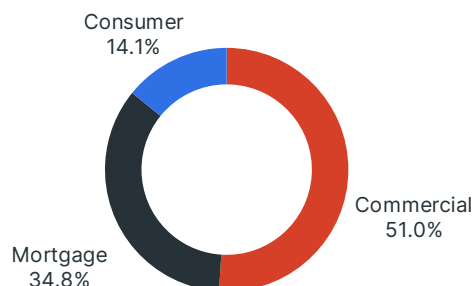
Ownership Structure



Income Statement

CLP bn	2023	2024	2025E	2026E	2027E
Net interest income	1,891	2,141	2,081	2,125	2,258
Net fee income	545	572	627	676	727
Operating income	2,997	3,050	3,062	3,173	3,370
Provision expenses	-361	-392	-368	-411	-439
Operating expenses	-1,119	-1,133	-1,154	-1,207	-1,268
Net income	1,244	1,207	1,210	1,211	1,294
EPS (CLP)	12.3	12.0	12.0	12.0	12.8
Net margin	41.5%	39.6%	39.5%	38.2%	38.4%

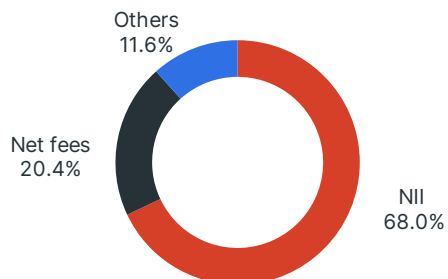
Loans by segment (2Q25)



Balance Sheet

CLP bn	2023	2024	2025E	2026E	2027E
Cash & interbank loans	5,399	3,738	3,900	4,177	4,442
Investments	11,224	7,700	8,595	9,131	9,717
Gross loans	37,601	38,875	40,628	43,505	46,258
Total assets	55,793	52,095	55,049	58,898	62,637
Total deposits	28,687	28,432	30,194	32,332	34,378
Other funding	16,100	12,147	13,350	14,295	15,200
Total liabilities	50,555	46,472	49,186	52,671	56,005
Minority interest	0.002	0.002	0.001	0.001	0.001
Shareholder's equity	5,237	5,623	5,863	6,227	6,633
Total liabilities + Equity	55,793	52,095	55,049	58,898	62,637

Revenue breakdown (2Q25)



Ratios

	2023	2024	2025E	2026E	2027E
NIM	4.3%	4.9%	4.8%	4.7%	4.6%
Fee ratio	18.2%	18.7%	20.5%	21.3%	21.6%
Cost-to-income ratio	-37.3%	-37.1%	-37.7%	-38.1%	-37.6%
NPL / loans	1.4%	1.4%	1.4%	1.3%	1.3%
LLP / loans	-2.0%	-2.0%	-2.0%	-1.9%	-1.9%
Cost of credit risk	-1.0%	-1.0%	-0.9%	-1.0%	-1.0%
LLP / NPL	-143%	-140%	-141%	-148%	-150%
LTD ratio	374.7%	264.8%	251.6%	260.3%	257.1%
Loan-to-funding ratio	82.2%	93.9%	91.4%	91.5%	91.5%
BIS ratio	17.5%	18.1%	18.1%	18.0%	18.0%
ROAE	24.6%	22.2%	21.1%	20.0%	20.1%
ROAA	2.2%	2.2%	2.3%	2.1%	2.1%

Management

CEO: Eduardo Ebensperger
CFO: Rolando Arias
HIR: Pablo Mejía
www.bancochile.cl

Sources: Company Reports and Credicorp Capital

Banco Santander

**Equity Research Chile
Banks**
Rating: Hold
TP: CLP 66.0 (loc) / USD 27.7 (ADR)

Daniel Mora, CFA - dmoraa@credicorpcapital.com

Santiago Martinez - smartinez@credicorpcapital.com

Leader in ROAE, but pay close attention to risk metrics

Investment Thesis

We present our 2026E target price of CLP 66/share (USD 27.7 ADR) and reaffirm our HOLD rating. We acknowledge the bank's position as the industry leader in ROAE, with an expected 23% in 2025 and 21% in 2026. However, it faces unusually high NPL levels, with a ratio near 3.0% (compared to the 2.3% industry average) and a cost of risk of 1.4% (versus 1.0% industry average). Therefore, the combination of strong profitability and elevated risk metrics leads us to maintain a HOLD recommendation. Additionally, the stock trades near 2.5x P/BV for 2025E (2.3x P/BV for 2026E), which we consider fair.

Higher provisions could become the new normal over the next 1-2 years. The loan mix explains Santander's high NPL ratio: 42.7% of the loan book consists of mortgages with an NPL of 2.7% (compared to 2.4% for the industry), and about 15% of the loan book is in SMEs with a consolidated commercial NPL of 3.6% (versus 2.2% for the industry). The challenge is that normalization will take time because the issues are concentrated in the mortgage and commercial portfolios, and the cost of risk is expected to stay elevated for at least one to two years. We forecast a cost of risk of 1.37% in 2025 and 1.3% in 2026. This will be the key factor to watch, as Santander has offset this increase in provisions with a recovery in NIM, strong fee growth, and stable operating expenses, **resulting in an ROAE of 25% in 1H25.**

A favorable election outcome would benefit the bank, although Banco de Chile remains our top choice in that scenario. Higher capital ratios, improved risk metrics, and CLP 630 bn in additional provisions make Banco de Chile the best bank to leverage a stronger macroeconomic environment.

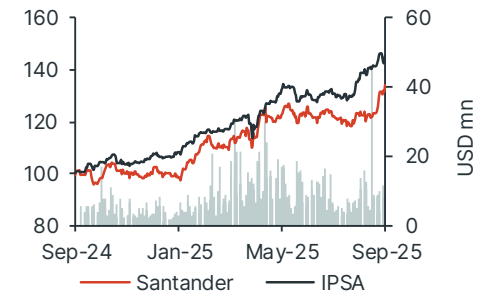
Valuation

Our 2026E TP is based on a ten-year residual income model, assuming a nominal K_e of 12.6% in CLP and perpetuity growth of 5.5%. Our TP implies a 2.4x P/BV and 12.2x P/E 2026E, while shares are currently trading at 2.3x P/BV and 11.7x P/E 2026E. The industry's median multiples from Andean peers are 1.1x P/BV and 7.3x P/E 2026E. **Our valuation models consider a long-term ROAE of 20.9%.**

Stock Data

Ticker	bsan ci / bsac us	
Price (CLP)	63.2 (loc)	26.4 (ADR)
Target (CLP)	66.0 (loc)	27.7 (ADR)
Total Return	10.1%	
LTM Range	45.3 - 63.2	
M. Cap (USD mn)	12,493	
Shares Outs. (bn)	188.4	
Free Float	32.8%	
ADTV (USD mn)	7.8	

Price Chart (CLP) and Volumes (USD mn)

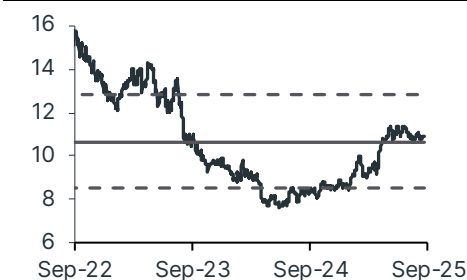


Valuation Summary

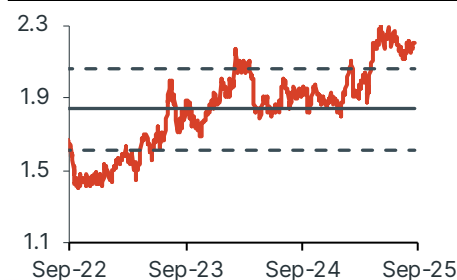
	2024	2025E	2026E	2027E
P/E	10.4	11.4	11.7	11.0
P/BV	2.1	2.5	2.3	2.2
ROAE	19.8%	23.2%	20.7%	20.6%
ROAA	1.2%	1.6%	1.5%	1.5%
Div. Yield	3.9%	5.0%	5.7%	5.5%

Sources: Company Reports and Credicorp Capital

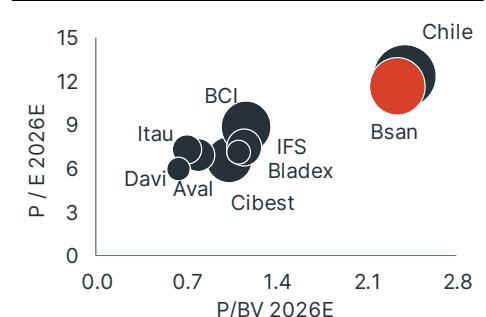
P/E 12M Forward



P/BV 12M Forward



Relative Valuation

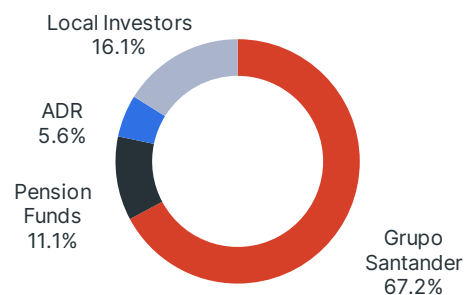


Santander

Company Description

Santander is one of the largest financial institutions in Chile, with more than ~USD 42 bn in total loans and a ~16.7% market share. The bank has historically maintained one of the highest levels of profitability in the Chilean industry due to costs efficiencies derived from its large scale and its higher spread portfolio, focused on the wholesale, consumer, mortgage and middle-market segments. Santander Chile is controlled by the Santander group of Spain with a ~67.2% stake.

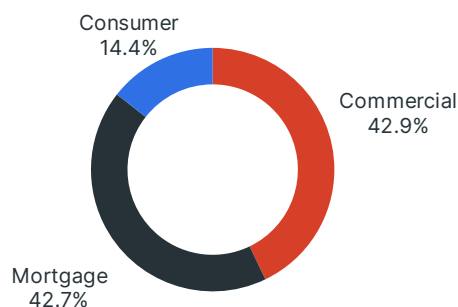
Ownership Structure



Income Statement

CLP bn	2023	2024	2025E	2026E	2027E
Net interest income	1,121	1,818	2,021	2,043	2,150
Net fee income	503	547	594	636	692
Operating income	1,950	2,623	2,888	2,920	3,076
Provision expenses	-474	-526	-571	-561	-586
Operating expenses	-910	-1,023	-1,028	-1,059	-1,102
Net income	496	858	1,046	1,017	1,084
EPS (CLP)	2.63	4.55	5.55	5.39	5.75
Net margin	25.5%	32.7%	36.2%	34.8%	35.3%

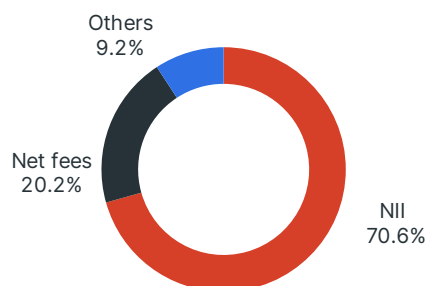
Loans by segment (2Q25)



Balance Sheet

CLP bn	2023	2024	2025E	2026E	2027E
Cash & interbank loans	3,604	3,299	2,744	2,920	3,107
Investments	12,916	8,421	9,207	9,214	9,891
Gross loans	40,743	41,293	41,990	44,684	47,552
Total assets	70,858	68,459	66,095	67,850	72,253
Total deposits	29,676	31,359	30,383	32,333	34,408
Other funding	21,086	15,276	15,097	16,065	17,097
Total liabilities	66,366	64,062	61,254	62,650	66,663
Minority interest	125	104	114	119	123
Shareholder's equity	4,367	4,292	4,728	5,081	5,466
Total liabilities + Equity	70,858	68,459	66,095	67,850	72,253

Revenue breakdown (2Q25)



Ratios

	2023	2024	2025E	2026E	2027E
NIM	2.2%	3.6%	4.1%	4.0%	4.0%
Fee ratio	25.8%	20.9%	20.6%	21.8%	22.5%
Cost-to-income ratio	-46.6%	-39.0%	-35.6%	-36.3%	-35.8%
NPL / loans	2.3%	3.2%	2.7%	2.5%	2.5%
LLP / loans	-2.8%	-2.9%	-3.2%	-3.2%	-3.3%
Cost of credit risk	-1.2%	-1.3%	-1.4%	-1.3%	-1.3%
LLP / NPL	-125%	-93%	-117%	-130%	-132%
LTD ratio	133.4%	127.8%	133.8%	133.7%	133.7%
Loan-to-funding ratio	78.0%	85.9%	89.4%	89.3%	89.3%
BIS ratio	17.6%	17.1%	17.2%	18.0%	18.2%
ROAE	11.7%	19.8%	23.2%	20.7%	20.6%
ROAA	0.7%	1.2%	1.6%	1.5%	1.5%

Management

CEO: Andrés Trautmann
CFO: Patricia Pérez
HIR: Cristian Vicuña
www.santander.cl

Sources: Company Reports and Credicorp Capital

Banco de Bogota

Fixed Income Research Colombia Banks

Baa3 / BB / BB+
Outlook: s / n / n

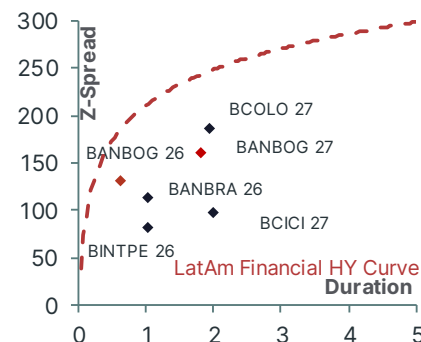
Josefina Valdivia - jvaldivia@credicorpcapital.com

Ongoing gradual recovery

Investment Thesis

Recent results indicate a clear recovery, driven by lower funding costs in Colombia and reduced provisioning expenses as asset quality continues to improve. Solvency levels remain strong, with total capital at 15%, well above the regulatory minimum. Regarding bonds, we maintain an Overweight stance on BANBOG 27, which offers attractive relative value compared to senior regional bonds like BINTPE 26. Conversely, BANBOG 26 appears tight relative to Tier 2 bonds callable in 2026. On the side to this expected recovery, note that capitalization remains strong and above requirements.

Banco de Bogota Bonds and comparables



Credit Data

REG-S Notes	2
Outstanding Senior Notes	USD 1,537mn
Closest Call Date	03-May-27
Closest Maturity Date	12-May-26

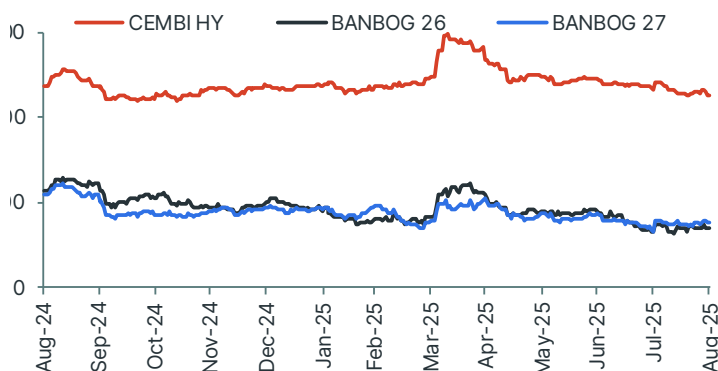
Concerns

- Asset quality showing signs of recovery, though still under pressure
- Ability to return to historical profitability levels
- Increasing funding cost for Colombian banks

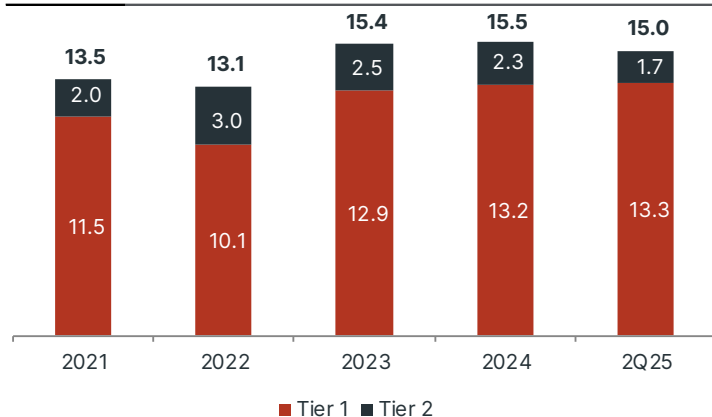
Strengths

- Strategic importance within its economic group and the Colombian banking system
- Stable and diversified deposit-based funding profile
- Lower-risk legacy structures
- Adequate capital position, stronger compared to other large Colombian banks

Z- Spread evolution



Solvency



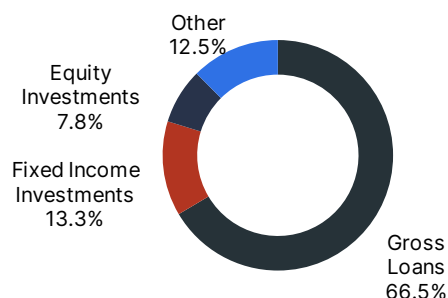
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
BANBOG 26	USD 1,083mn	6.25%	Ba2 / NR / BB-	131	0.7	100.7	0.5%	5.1%	Neutral
BANBOG 27	USD 454mn	4.38%	Baa3 / BB / BB+	160	1.8	98.8	0.4%	4.9%	Overweight

Banco de Bogota

Company Description

Founded in 1870, Banco de Bogotá is the oldest financial institution in Colombia, with a solid well-known brand. It is the second bank in terms of loans and deposits, and the first one in terms of net income in Colombia.

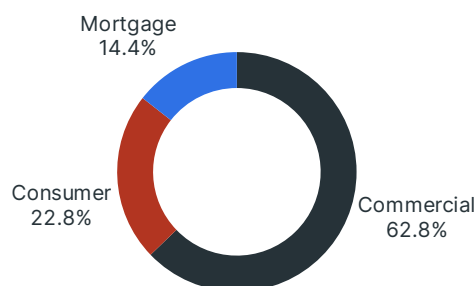
Assets Breakdown



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
NPL / Total Loans	2.7%	3.5%	4.2%	4.4%	3.8%
Provisions / NPL	181.8%	156.6%	135.2%	117.0%	121.5%
NIM	4.2%	4.5%	4.5%	4.4%	4.3%
Efficiency	47.7%	48.5%	50.9%	52.5%	51.3%
Tier 1 Ratio	11.5%	10.1%	12.9%	13.2%	13.3%
Tier 2 Ratio	2.0%	3.0%	2.5%	2.3%	1.7%
BIS Ratio	13.5%	13.1%	15.4%	15.5%	15.0%

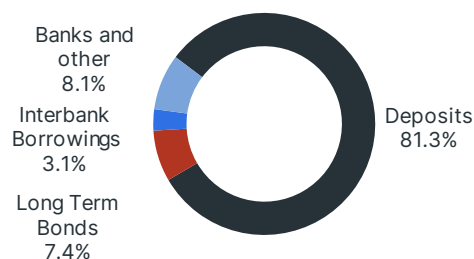
Loan Portfolio



Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Interest Income	3,242	2,308	3,572	3,527	3,399
Interest Exp. (-)	-1,093	-1,142	-2,321	-2,272	-2,119
Net Interest Margin	2,148	1,166	1,251	1,254	1,279
Provision Loan Losses (-)	-744	-338	-570	-551	-487
Net Fee Income	1,037	309	366	363	354
Operating Exp. (-)	-1,912	-809	-925	-957	-1,007
Net Income	1,082	697	237	271	344
Net Int. Mg. (%)	66.3%	50.5%	35.0%	35.6%	37.6%
Net Inc. Mg. (%)	50.4%	59.7%	18.9%	21.6%	26.9%

Funding



Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash	6,706	1,807	2,020	1,744	2,140
Investments	7,430	4,336	4,467	5,512	5,762
Gross Loans	38,803	23,864	24,580	26,682	26,513
Allowances (-)	-1,897	-1,315	-1,394	-1,378	-1,238
Total Assets	57,709	34,246	34,147	37,437	38,023
Deposits	40,669	21,865	22,624	25,896	26,582
Interbank Loans	418	272	1,048	955	0
Bonds	3,509	2,804	2,246	2,619	0
Equity	6,294	3,927	3,917	4,183	4,219
ROE (%)	13.4%	13.9%	6.1%	6.8%	0.0%
ROA (%)	1.5%	1.6%	0.7%	0.8%	0.0%

Sources: Company Reports and Credicorp Capital

BBVA Peru

Baa1 / BBB- / BBB

Outlook: s / s / p

Fixed Income Research Peru Banks

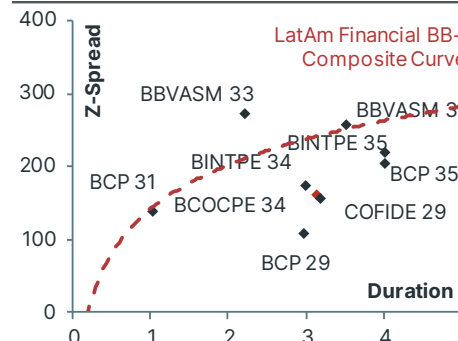
Josefina Valdivia - jvaldivia@credicorpcapital.com

Strong fundamentals, tight valuations to peers

Investment Thesis

Positive trend in results this year with ROAE reaching 16.9% in 2Q25 supported by efficiencies, sound topline dynamics and lower provisions on improved risk metrics. We note that the bank has posted continued expansion in the consumer segment without compromising the asset quality, fueling profitability, due to sound origination policies. Moreover, capital ratios continue to post a sound buffer above regulatory requirements. Management remains focused on sustaining healthy portfolio growth, gaining market share, and improving its CoR. This strategic focus is aligned with its constructive outlook for South America and its intention to increase the contribution from this division over the coming years. Despite sound fundamentals, we are UW. The BCOCPE 34 is trading rich versus comparables such as BINTPE 34, BINTPE 35 and BCP 35. Moreover, is trading close to IG names, like IFSPE 27 and BCP 29.

BBVA Peru Bonds and comparables



Credit Data	
REG-S Notes	1
Outstanding Senior Notes	USD 300mn
Closest Call Date	07-Mar-29
Closest Maturity Date	07-Jun-34

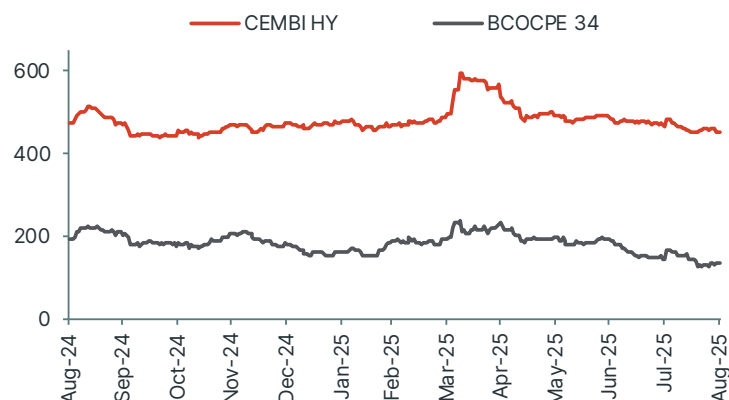
Concerns

- Upcoming updates to capitalization requirements

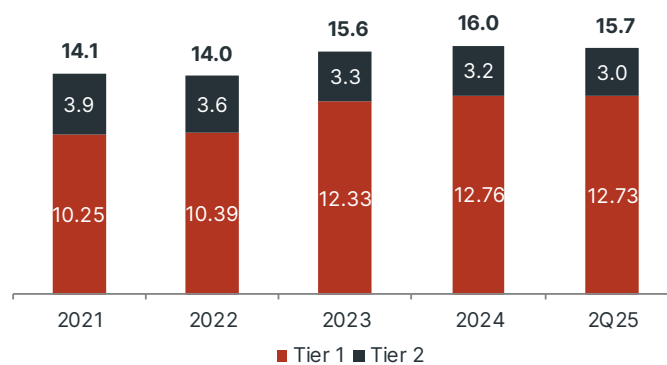
Strengths

- Systemic importance in Peru and strategic relevance to its shareholders
- Diversified loan portfolio
- Superior cost efficiency in comparison to peers
- Adequate solvency
- Conservative credit risk management

Z- Spread evolution



Solvency



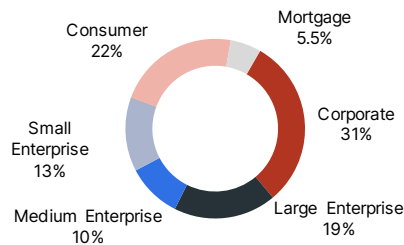
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
BCOCPE 34	USD 300mn	6.20%	Baa3 / BB+ / NR	160	3.1	104.2	0.5%	4.8%	Underweight

BBVA Peru

Company Description

BBVA is the second largest bank in Peru with a 21.9% market share in loans and 21% in deposits. It began operations in 1951 under the name Banco Continental. It is currently jointly controlled (92.24% of shares) by the Breca Group and BBVA Spain. There is a moderate likelihood of support from the latter. The bank benefits from adequate diversification in terms of loan portfolio and funding profile.

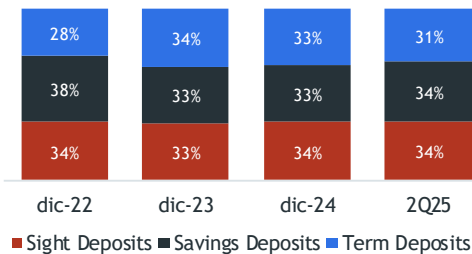
Loan Portfolio



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
NIM	3.5%	5.4%	5.4%	5.6%	5.6%
Cost of Risk	1.0%	1.7%	2.6%	2.9%	2.2%
NPL (+90 days)	3.3%	3.7%	4.0%	3.4%	3.1%
Coverage (+90 days)	189.1%	171.3%	162.8%	156.3%	164.1%
Net Fees / Loans	1.2%	1.2%	1.3%	1.4%	1.4%
Efficiency	38.6%	38.9%	37.7%	37.5%	37.9%
ROE (%)	16.4%	18.4%	16.2%	15.1%	16.9%
ROA (%)	1.5%	1.9%	1.9%	1.7%	2.0%
CET 1	10.3%	10.4%	12.3%	12.8%	12.7%
BIS Ratio	14.1%	14.0%	15.6%	16.0%	15.7%

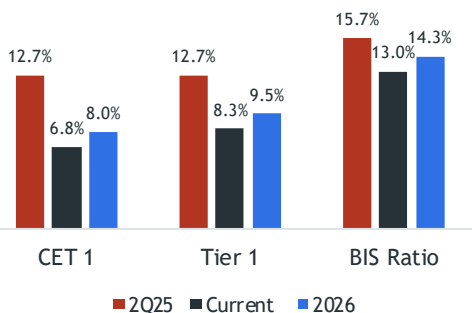
Deposits Breakdown



Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Net Interest Margin	1,021	1,295	1,504	1,642	1,644
Provision Exp. (-)	-211	-276	-551	-628	-481
Net Fee Income	245	251	285	302	300
ROF and others	189	174	238	261	285
Operating Exp. (-)	-561	-662	-760	-832	-859
Net Profit	438	540	526	529	614
Net Prof/Net Int Mg (%)	42.9%	41.7%	35.0%	32.2%	37.3%
Net Int. Mg. (%)	79.3%	78.7%	63.3%	61.8%	70.7%
Net Inc. Mg. (%)	54.1%	53.0%	55.2%	52.1%	52.8%

Capitalizations vs Requirements



Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash	4,575	3,410	2,648	3,805	3,012
Investments	2,740	3,254	4,253	4,337	4,326
Net Loans	19,774	19,405	19,834	20,808	20,907
Gross Loans	21,081	20,714	21,209	21,975	22,014
Allowances (-)	-1,308	-1,309	-1,375	-1,167	-1,106
Total Assets	28,494	27,525	29,288	31,215	30,547
Deposits	17,950	18,782	19,856	22,521	21,602
Deposits from Fin Inst.	0	0	106	26	43
Other financial obligations	1,962	1,133	1,658	2,065	2,169
Equity	2,855	3,159	3,473	3,734	3,810

Sources: Company Reports and Credicorp Capital

BCI

Rating: Buy
TP: CLP 51,000

Equity Research Chile Banks

Daniel Mora, CFA - dmoraa@credicorpcapital.com
Santiago Martinez - smartinez@credicorpcapital.com

The bullish trend does not end here

Investment Thesis

We present our 2026E TP of CLP 51,000/share and assign a BUY rating. BCI has the strongest risk-return profile among banks in Chile, considering its positive financial results and valuation multiples that still provide upside potential for shareholders, despite the significant rally in the past 12 months. The stock trades at 1.3x P/BV and 9.4x P/E 2025E, while Banco de Chile and Santander trade at ~2.5x P/BV and ~12x P/E 2025E. Therefore, we expect BCI to capture the positive sentiment toward banking shares, given the limited upside of the largest banks. Additionally, we prefer BCI with CNB exposure over Itaú's exposure in Colombia. As a result, BCI is our favorite in Chile and our top pick.

An attractive combination of resilient results in Chile and recovery at CNB. In Chile, BCI has shown positive results with an ROAE close to 18% in 1H25, supported by inflation, double-digit growth in net fees, and an unusually low cost of risk of 0.8%. Although inflation and the cost of risk are expected to normalize, we forecast stable ROAE figures of 16% in Chile over the long term. Meanwhile, the cycle favors CNB. After a successful restructuring of the bank's balance sheet that helped the NIM recover, we've seen ROAE nearing 10% compared to 3.7% in 2024. We expect sequential quarterly increases in net profits and a long-term ROAE around 10%. Our model does not include potential positive impacts from the WIN project, which aims for a better funding mix, higher loan growth, and increased fees. We see these as upside risks, as CNB's ROAE could rise from 10% to 12%.

Elections could help boost valuations. If a positive scenario materializes, BCI could return to pre-pandemic multiples of 1.4x-1.5x P/BV, similar to the re-rating of the largest banks.

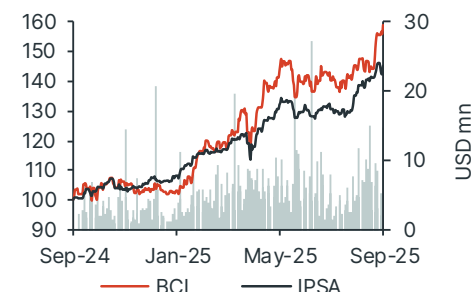
Valuation

Our 2026E TP is based on a ten-year residual income model assuming a nominal K_e of 12.2% in CLP and perpetuity growth of 4.0%. Our TP implies a 1.4x P/BV and an 10.5x P/E 2026E, while shares are currently trading at 1.2x P/BV and 8.9x P/E 2026E. The industry's median multiples from Andean peers are 1.1x P/BV and 7.3x P/E 2026E. **We are incorporating a long-term ROAE of 13.9% in our valuation model.**

Stock Data

Ticker	bci ci
Price (CLP)	43,100
Target (CLP)	51,000
Total Return	21.6%
LTM Range	27,001 - 43,100
M. Cap (USD mn)	9,884
Shares Outs. (mn)	218.6
Free Float	43.5%
ADTV (USD mn)	4.9

Price Chart (CLP) and Volumes (USD mn)

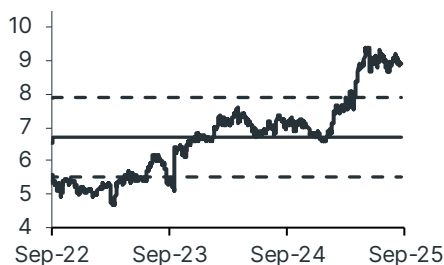


Valuation Summary

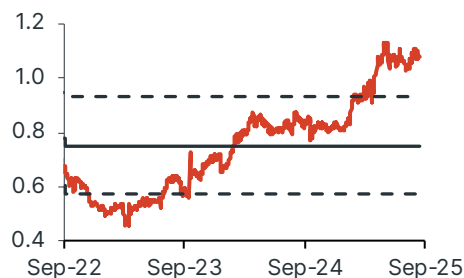
	2024	2025E	2026E	2027E
P/E	7.5	9.4	8.9	8.2
P/BV	0.9	1.3	1.2	1.1
ROAE	12.3%	13.9%	13.6%	13.6%
ROAA	1.0%	1.2%	1.2%	1.3%
Div. Yield	3.6%	2.6%	3.2%	3.4%

Sources: Company Reports and Credicorp Capital

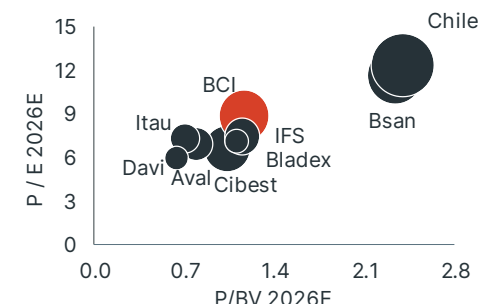
P/E 12M Forward



P/BV 12M Forward



Relative Valuation

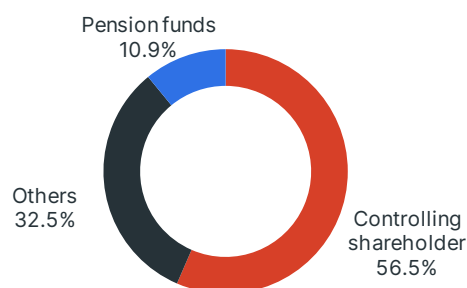


BCI

Company Description

BCI currently has ~14.7% market share in loans within Chile. In 2013, BCI announced the acquisition of City National Bank of Florida, a community bank with a presence in Miami. Furthermore, BCI announced two acquisitions in 2018; first, it purchased Totalbank in Florida (closed in Jun-18), while it also acquired Walmart Financial Services (closed in Dec-18). As of 2Q23, CNB accounts for 27% of consolidated assets. The bank is controlled by the Yarur family.

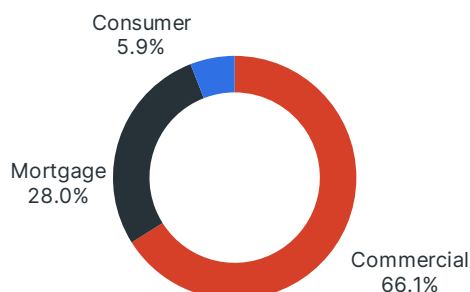
Ownership Structure



Income Statement

CLP bn	2023	2024	2025E	2026E	2027E
Net interest income	2,021	2,247	2,374	2,521	2,668
Net fee income	341	399	465	494	541
Operating income	2,520	2,737	3,049	3,219	3,424
Provision expenses	-399	-321	-339	-358	-390
Operating expenses	-1,303	-1,337	-1,513	-1,549	-1,609
Net income	682	802	1,003	1,059	1,149
EPS (CLP)	3,809	3,667	4,589	4,842	5,257
Net margin	27.1%	29.3%	32.9%	32.9%	33.6%

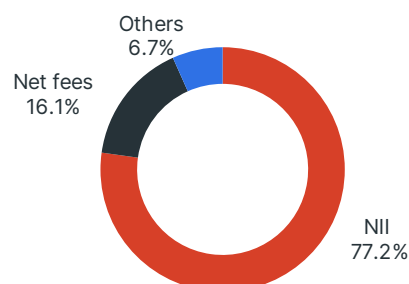
Loans by segment (2Q25)



Balance Sheet

CLP bn	2023	2024	2025E	2026E	2027E
Cash & interbank loans	4,775	5,154	6,438	6,574	7,030
Investments	14,667	13,960	13,050	13,424	14,578
Gross loans	49,407	54,398	56,108	57,927	61,846
Total assets	79,301	83,418	84,130	85,793	91,850
Total deposits	42,253	48,588	49,087	50,142	53,618
Other funding	19,666	17,742	19,095	19,714	21,048
Total liabilities	73,234	76,420	76,698	77,701	83,041
Minority interest	1,581	2,008	2,035	2,040	2,044
Shareholder's equity	6,066	6,996	7,430	8,090	8,807
Total liabilities + Equity	79,301	83,418	84,130	85,793	91,850

Revenue breakdown (2Q25)



Ratios

	2023	2024	2025E	2026E	2027E
NIM	3.3%	3.5%	3.5%	3.7%	3.7%
Fee ratio	13.5%	14.6%	15.2%	15.3%	15.8%
Cost-to-income ratio	-51.7%	-48.9%	-49.6%	-48.1%	-47.0%
NPL / loans	1.3%	1.6%	1.4%	1.4%	1.4%
LLP / loans	-1.7%	-1.7%	-1.7%	-1.7%	-1.7%
Cost of credit risk	-0.8%	-0.6%	-0.6%	-0.6%	-0.7%
LLP / NPL	-186%	-134%	-149%	-150%	-148%
LTD ratio	115%	110%	112%	114%	113%
Loan-to-funding ratio	78.4%	80.7%	80.9%	81.5%	81.4%
BIS ratio	14.4%	15.5%	15.7%	16.6%	16.9%
ROAE	12.6%	12.3%	13.9%	13.6%	13.6%
ROAA	0.9%	1.0%	1.2%	1.2%	1.3%

Management

CEO: Eugenio von Chrismar

CFO: José Luis Ibaibarriga

HIR: Andrés Atala

www.bci.cl

Sources: Company Reports and Credicorp Capital

Bladex

Equity Research Panama Banks

Rating: Buy
TP: USD 57.0

Daniel Mora, CFA - dmoraa@credicorpcapital.com
Santiago Martinez - smartinez@credicorpcapital.com

You can still join the party

Investment Thesis

We present our 2026E TP of USD 57/share and reaffirm our BUY rating. Recent quarters have shown strong results, with ROAE of about 16.4% in the last 12 months. What we expected to be a normalization of results is taking longer than anticipated due to a slower rate cut cycle by the FED, a significant increase in net fees, and substantial growth in the loan portfolio. With the new projected FED cycle, we anticipate a 16.5% ROAE in 2025 and 16.3% in 2026, up from our previous estimates of 15.3% and 14.3%, respectively. Consequently, we believe the stock still offers upside potential after approximately a 58% total return since our BUY recommendation on Sep-24, especially since the stock trades at 1.1x P/BV 2026E. Please note that Bladex aims to keep ROAE above 16%, while we expect a 14.5% long-term ROAE, indicating that the stock remains attractive to investors even under a more conservative scenario.

Navigating the challenging scenario. Focusing on foreign trade, you might think that the complex global trade environment should impact loan demand, letters of credit, and the Bladex pipeline of credits. However, the total portfolio has grown 17.6% y/y as of June 25, supported by a 15.3% y/y growth in loans and 8.2% y/y in financial guarantee contracts. The CEO's statement, "Bladex thrives with volatility," is more accurate than ever. It doesn't mean the company is free from risks, but growth has been strong despite the complex environment and competition in the capital markets. We are projecting an 11.1% y/y portfolio increase in 2025 and normalization to 7.5% in 2026. Additionally, we highlight that the bank's two new platforms—foreign trade (launched this year) and treasury (launch in 2026)—will diversify the revenue streams and should support ROAE amid the expected normalization of margins.

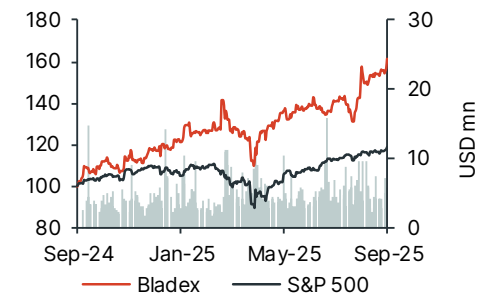
Valuation

Our 2026E TP is based on a ten-year residual income model, assuming a nominal K_e of 12.6% in COP and perpetuity growth of 4.0%. Our TP implies a 1.3x P/BV and 8.4x P/E 2026E, while shares are currently trading at 1.1x P/BV and 7.0x P/E 2026E. The industry's median multiples from Andean peers are 1.1x P/BV and 7.3x P/E 2026E. **We are incorporating a long-term ROAE of 14.5% in our valuation model.**

Stock Data

Ticker	blx us
Price (USD)	48.3
Target (USD)	57.0
Total Return	23.8%
LTM Range	30 - 48
M. Cap (USD mn)	1,777
Shares Outs. (mn)	37.2
Free Float	78%
ADTV (USD mn)	4.8

Price Chart (USD) and Volumes (USD mn)



Valuation Summary

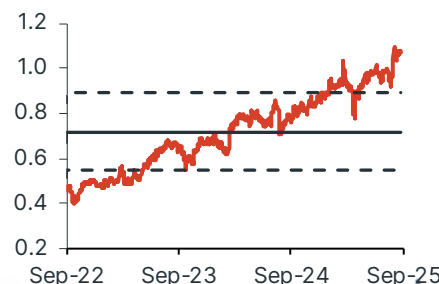
	2024	2025E	2026E	2027E
P/E	6.3	7.7	7.0	6.6
P/BV	1.0	1.2	1.1	1.0
ROAE	16.2%	16.5%	16.3%	15.8%
ROAA	1.8%	1.8%	1.8%	1.7%
Div. Yield	6.0%	5.2%	5.8%	6.4%

Sources: Company Reports and Credicorp Capital

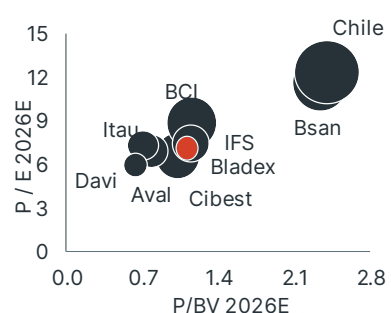
P/E 12M Forward



P/BV 12M Forward

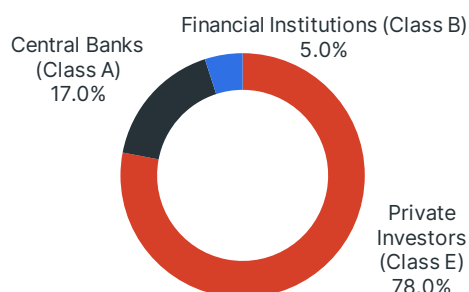


Relative Valuation

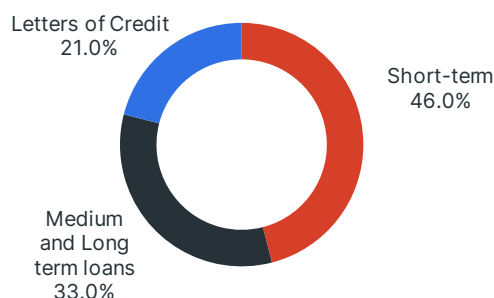


Bladex

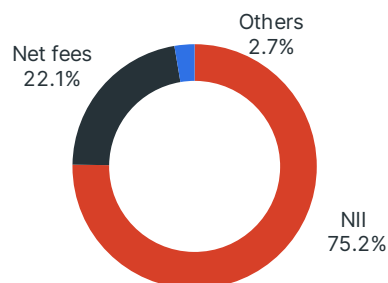
Ownership Structure



Loans by product (2Q25)



Revenue breakdown (2Q25)



Management

CEO: Jorge Salas

CFO: Annette Solis

HIR: Carlos Raad

<https://www.bladex.com/en>

Company Description

Bladex, a multinational bank originally established by the central banks of Latin-American and Caribbean countries, began operations in 1979 to promote foreign trade and economic integration in the Region. The Bank, headquartered in Panama, also has offices in Argentina, Brazil, Colombia, Mexico, and the United States of America, and a Representative License in Peru, supporting the regional expansion and servicing its customer base, which includes financial institutions and corporations. Bladex is listed on the NYSE in the United States of America (NYSE: BLX), since 1992.

Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Net interest income	233.2	259.2	273.8	299.7	318.0
Net fee income	32.5	44.4	57.8	59.5	64.8
Operating income	266.1	303.6	339.2	367.0	392.2
Provision expenses	-27.5	-17.3	-21.1	-20.7	-22.6
Operating expenses	-72.5	-80.5	-84.4	-90.8	-97.8
Net income	166.2	205.9	233.6	255.6	271.7
EPS (COP)	4.5	5.6	6.2	6.8	7.1
Net margin	62.4%	67.8%	68.9%	69.6%	69.3%

Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & interbank loans	2,047	1,964	2,031	2,183	2,337
Investments	1,022	1,202	1,966	2,647	2,875
Gross loans	7,196	8,375	9,025	9,704	10,384
Total assets	10,744	11,859	13,527	15,077	16,177
Total deposits	4,408	5,413	6,904	7,724	8,266
Other funding	4,679	4,584	4,278	4,786	5,122
Total liabilities	9,540	10,521	12,040	13,433	14,375
Minority interest	0	0	0	0	0
Shareholder's equity	1,204	1,337	1,487	1,643	1,801
Total liabilities + Equity	10,744	11,859	13,527	15,077	16,177

Ratios

	2023	2024	2025E	2026E	2027E
NIM	2.4%	2.4%	2.2%	2.2%	2.1%
Fee ratio	12.2%	14.6%	17.0%	16.2%	16.5%
Cost-to-income ratio	-27.2%	-26.5%	-24.9%	-24.7%	-24.9%
NPL / loans	0.1%	0.2%	0.2%	0.2%	0.2%
LLP / loans	-0.8%	-0.9%	-1.0%	-1.0%	-1.0%
Cost of credit risk	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%
LLP / NPL	-826%	-467%	-476%	-476%	-476%
LTD ratio	161.9%	153.3%	129.5%	124.4%	124.4%
Loan-to-funding ratio	78.5%	83.0%	79.9%	76.8%	76.8%
BIS ratio	15.5%	15.6%	14.9%	14.7%	15.1%
ROAE	14.6%	16.2%	16.5%	16.3%	15.8%
ROAA	1.7%	1.8%	1.8%	1.8%	1.7%

Sources: Company Reports and Credicorp Capital

COFIDE

Fixed Income Research Peru Banks

NR / BBB- / BBB

Josefina Valdivia - jvaldivia@credicorpcapital.com

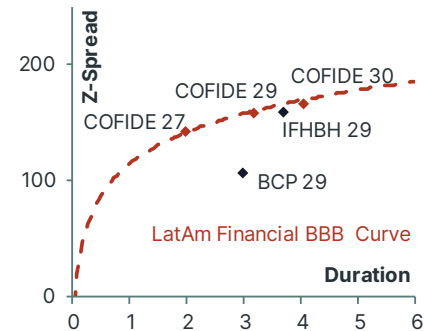
Outlook: nr / s / s

Weaker relative metrics due to its development mandate but with a high likelihood of government support

Investment Thesis

We remain positive on this name due to its social mandate, which makes COFIDE a strategic asset for Peru's development interests. Thus, we believe that there is a high likelihood of government support. Given its nature as a development bank, COFIDE has low profitability levels (NIM 0.8%) and a high NPL ratio (7.5%). Nevertheless, this is counterbalanced by very high capitalization metrics and coverage (CET1 39.3%, coverage 287%), well above the industry average, which makes for a robust financial profile. Plus, access to local and international funding is sound. We are OW COFIDE 29, where we see an attractive pick up to the sovereign.

COFIDE Bonds and comparables



Credit Data

REG-S Notes	3
Outstanding Senior Notes	USD 1,200mn
Closest Call Date	28-Jul-27
Closest Maturity Date	28-Sep-27

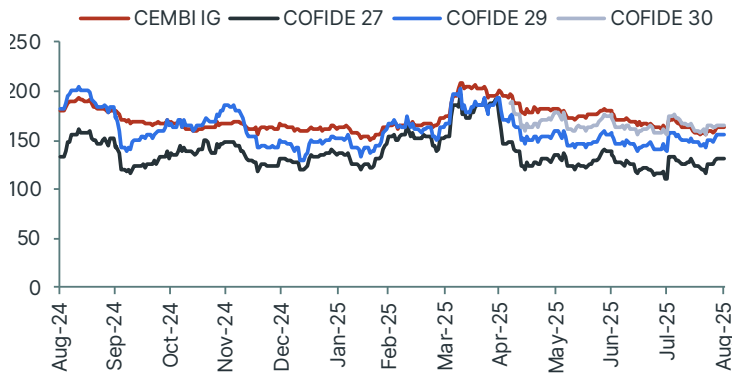
Concerns

- Credit concentration by customer and sector
- Volatile credit metrics and elevated NPLs due to its development mandate
- Directly mirrors any rating action to the sovereign

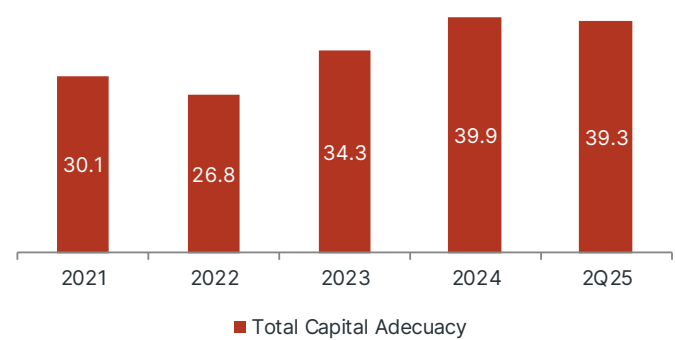
Strengths

- High likelihood of government support and key strategic role as a development bank
- Good access to long-term funding in local and international markets
- High capitalization and coverage

Z- Spread evolution



Solvency



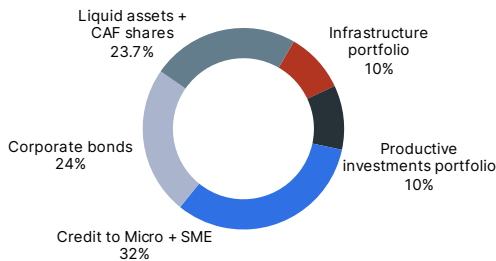
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
COFIDE 27	USD 500mn	2.40%	NR / BBB- / BBB	142	2.0	95.3	0.2%	4.7%	Neutral
COFIDE 29	USD 300mn	5.95%	NR / BBB- / BBB	157	3.2	103.6	0.5%	4.8%	Overweight
COFIDE 30	USD 400mn	5.50%	NR / BBB- / BBB	160	4.0	102.6	0.4%	4.8%	Neutral

COFIDE

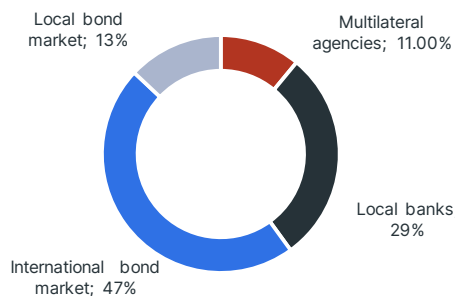
Company Description

Corporación Financiera de Desarrollo is a Peruvian state-owned financial institution that operates as a subsidiary of the Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado since 1971. It operates as a development bank and offers financing and technical assistance to micro, small and medium-sized companies. The bank also manages several trusts for economic reactivation through financial institutions, such as Reactiva, FAE, and Impulso Myperu.

Interest bearing assets



Funding Structure



Maturity Profile



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
NIM	0.2%	0.3%	0.8%	0.9%	0.8%
Cost of Risk	5.5%	0.2%	0.3%	0.1%	-0.5%
NPL	6.6%	5.6%	8.0%	7.5%	7.5%
Coverage	349%	361%	279%	285%	287%
Net Fees / Loans	1.7%	1.4%	1.0%	1.0%	0.9%
Efficiency	52%	50%	50%	52%	58%
ROE (%)	1.9%	1.5%	3.3%	3.2%	4.8%
ROA (%)	0.3%	0.3%	0.6%	0.6%	0.9%
BIS Ratio	30.1%	26.8%	34.3%	39.9%	39.3%

Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Interest Income	112	127	153	158	41
Interest Exp. (-)	-106	-116	-129	-131	-30
Net Interest Margin	6	11	24	27	11
Provision Exp. (-)	-97	-4	-5	-2	-5
Net Fee Income	31	26	18	16	4
ROF and others	121	-3	11	9	7
Operating Exp. (-)	-19	-18	-21	-23	-5
Net Profit	11	9	20	19	9
Net Int Mg (%)	5.2%	8.5%	15.7%	17.1%	27.3%
Net Prof/Net Int Mg (%)	192.1%	84.7%	81.5%	71.5%	80.2%

Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash	675	270	195	136	192
Investments	1,156	1,124	1,121	1,189	1,217
Net Loans	1,337	1,561	1,273	1,355	1,283
Gross Loans	1,738	1,957	1,636	1,721	1,642
Allowances (-)	-400	-396	-363	-366	-359
Total Assets	3,408	3,224	2,944	3,027	3,090
Trusts and programs under Management	11,967	12,195	13,866	13,321	13,683
Deposits	7	63	14	4	5
Deposits from Fin Inst.	661	823	645	859	974
Other financial obligations	1,843	1,602	1,562	1,507	1,445
Equity	607	576	600	604	598

Sources: Company Reports and Credicorp Capital

Davivienda

**Equity Research Colombia
Banks**
Rating: Hold
TP: COP 27,000

 Daniel Mora, CFA - dmoraa@credicorpcapital.com
 Santiago Martinez - smartinez@credicorpcapital.com

Only time will tell

Investment Thesis

We present our 2026E TP of COP 27,000/share and set a HOLD recommendation. Our investment has two parts: our view on Davivienda's individual operations and on Davivienda Group merged with Scotiabank. Overall, while Davivienda is expected to continue posting quarterly improvements in net profits and ROAE, supported by a reduction in the cost of risk, the current visibility of the Davivienda Group merged with Scotiabank remains low. Additionally, a high Ke of 16.5%, amid a challenging fiscal and political environment, along with the new proposed fiscal reform that aims to increase the tax surcharge for banks from 5% to 15%, prevents us from being more optimistic about the bank.

Davivienda Group: The potential exists, but more clarity is needed. First, the operations being merged in Colombia, Panama, and Costa Rica show mixed results. Colombia (+50% of the Scotiabank operations) accumulated USD 7.7 bn in net losses and a -2.2% ROAE in 1H25. Costa Rica has a 2.2% ROAE, while Panama is at 12.8%. Second, the visibility of synergies and integration costs is still uncertain. Although the company states that synergies could reach up to COP 1 tn annually from 2028, these benefits will take time to realize. Additionally, the company expects integration costs over the next two years, albeit the amount is yet to be confirmed. Thus, 2026 and 2027 will be transition years. Third, the structure involves exchanging Davivienda shares for Davivienda Group shares at a 1:1 ratio. However, this process is not mandatory, so initially there could be two preferred stocks listed on the market with the liquidity fractioned. The timeline for the share exchange remains unclear, though incentives suggest remaining in Davivienda (local operations) to benefit from results recovery and wait for more clarity on the Scotiabank integration.

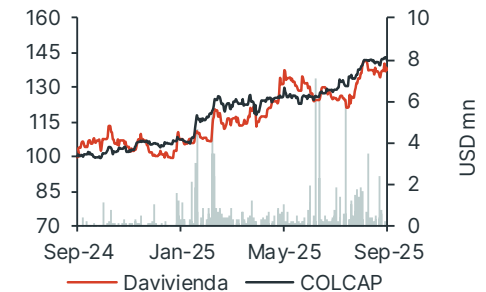
Valuation

Our 2026E TP is based on a ten-year residual income model, assuming a nominal Ke of 16.5% in COP and perpetuity growth of 5.0%. Our TP implies a 0.7x P/BV and a 6.7x P/E 2026E, while shares are currently trading at 0.6x P/BV and 6.0x P/E 2026E. The industry's median multiples from Andean peers are 1.1x P/BV and 7.3x P/E 2026E. **We are incorporating a long-term ROAE of 13.2% in our valuation model.**

Stock Data

Ticker	pfdavvnd cb
Price (COP)	24,300
Target (COP)	27,000
Total Return	15.0%
LTM Range	17,560 - 25,000
M. Cap (USD mn)	2,869
Shares Outs. (mn)	487.7
Free Float	23.1%
ADTV (USD mn)	0.6

Price Chart (COP) and Volumes (USD mn)



Valuation Summary

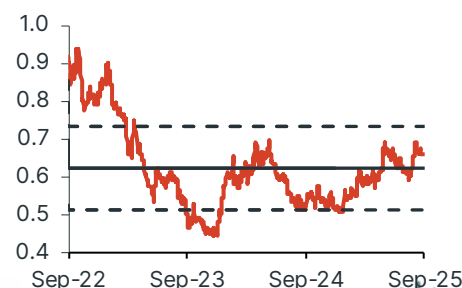
	2024	2025E	2026E	2027E
P/E	nm	8.9	6.0	4.5
P/BV	0.5	0.7	0.6	0.6
ROAE	-0.8%	8.1%	11.2%	13.6%
ROAA	-0.1%	0.7%	1.0%	1.2%
Div. Yield	0.0%	0.0%	3.9%	5.8%

Sources: Company Reports and Credicorp Capital

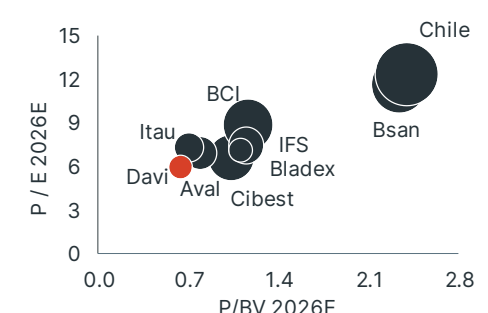
P/E 12M Forward



P/BV 12M Forward

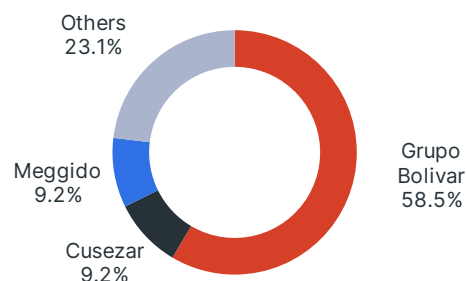


Relative Valuation

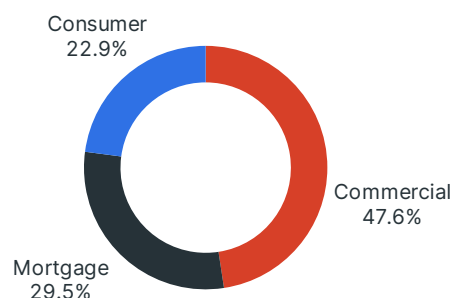


Davivienda

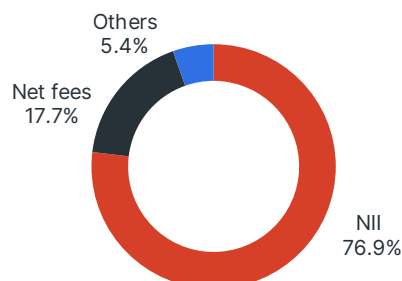
Ownership Structure



Loans by segment (2Q25)



Revenue breakdown (2Q25)



Management

CEO: Javier Suárez
CFO: Ricardo León
HIR: Paula Botia
www.davivienda.com

Company Description

Davivienda has consolidated its position as the third largest bank in Colombia (~15.4% market share in loans - only Colombia) as a result of M&A activity: Banco Superior (2006), Granbanco-Bancafé (2007) and HSBC's assets in Costa Rica, El Salvador and Honduras (2012). It offers a wide portfolio of financial services, with strong presence in retail and mortgage loans. Its main shareholder is Grupo Bolívar, one of the most relevant conglomerates in Colombia. Recently, it was announced the creation of the holding Davivienda Group S.A to facilitate the integration with Scotiabank.

Income Statement

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Net interest income	9,292	8,675	9,222	10,418	11,697
Net fee income	1,894	1,976	2,174	2,383	2,553
Operating income	10,864	11,305	12,059	13,566	15,088
Provision expenses	-5,917	-5,196	-3,717	-3,788	-3,912
Operating expenses	-5,940	-6,173	-6,606	-7,014	-7,484
Net income	-396	-116	1,328	1,968	2,628
EPS (COP)	-876	-238	2,724	4,035	5,390
Net margin	-3.6%	-1.0%	11.0%	14.5%	17.4%

Balance Sheet

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Cash & interbank loans	17,939	17,953	17,781	19,087	20,333
Investments	19,334	21,707	21,885	23,863	26,253
Gross loans	135,975	145,458	152,760	163,975	174,678
Total assets	178,218	191,327	198,327	213,144	227,782
Total deposits	124,737	137,584	147,497	158,352	168,658
Other funding	33,058	31,945	28,953	31,057	33,108
Total liabilities	163,466	175,166	181,299	194,613	207,311
Minority interest	164	196	199	199	199
Shareholder's equity	14,589	15,965	16,829	18,332	20,272
Total liabilities + Equity	178,218	191,327	198,327	213,144	227,782

Ratios

	2023	2024	2025E	2026E	2027E
NIM	6.0%	5.5%	5.5%	5.9%	6.1%
Fee ratio	17.4%	17.5%	18.0%	17.6%	16.9%
Cost-to-income ratio	-54.7%	-54.6%	-54.8%	-51.7%	-49.6%
NPL / loans	4.9%	4.4%	3.5%	3.5%	3.5%
LLP / loans	-4.5%	-3.8%	-3.8%	-3.8%	-3.8%
Cost of credit risk	-4.22%	-3.69%	-2.49%	-2.39%	-2.31%
LLP / NPL	-90%	-86%	-110%	-111%	-111%
LTD ratio	104.1%	101.7%	99.6%	99.6%	99.6%
Loan-to-funding ratio	82.3%	82.5%	83.2%	83.2%	83.2%
BIS ratio	14.6%	15.6%	15.8%	16.1%	16.9%
ROAE	-2.6%	-0.8%	8.1%	11.2%	13.6%
ROAA	-0.2%	-0.1%	0.7%	1.0%	1.2%

Sources: Company Reports and Credicorp Capital

Davivienda

Fixed Income Research Colombia Banks

Baa3 / BB / BB+
Outlook: n / n / n

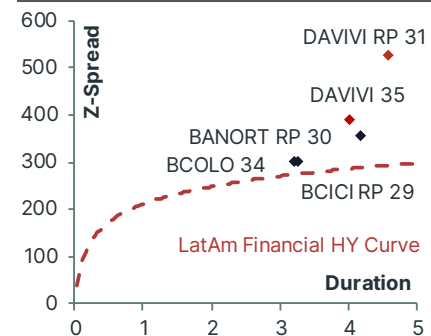
Josefina Valdivia - jvaldivia@credicorpcapital.com

Davivienda recovery on track. DAVIVI Perp still screens cheap

Investment Thesis

Davivienda's recovery appears on track, supported by lower funding costs, disciplined cost control, and a meaningful reduction in provisioning levels versus last year. Solvency has also improved following the issuance of a new Tier 2 bond, creating headroom for organic growth ahead of a potential sentiment rebound in Colombia in 2026. That said, we will monitor asset quality trends, particularly after a sequential increase in cost of risk in 2Q25. On bonds, we continue to see relative value in the DAVIVI Perp, which offers the highest spreads in the LatAm AT1 universe—trading ~125bps over BANORT RP 31 and ~300bps over Colombia. In contrast, the DAVIVI 35 looks tight, trading 195bps over COLOM 30. For context, BCOLO 34 trades 160bps over COLOM 29. Adjusting for duration, the 35bps differential stands below our estimated fair value of 40-50bps, reflecting the one-notch rating difference and weaker fundamentals at Davivienda.

Davivienda Bonds and comparables



Credit Data

REG-S Notes	1
Outstanding Senior Notes	USD 500mn
Closest Call Date	2/07/2030
Closest Maturity Date	2/07/2035

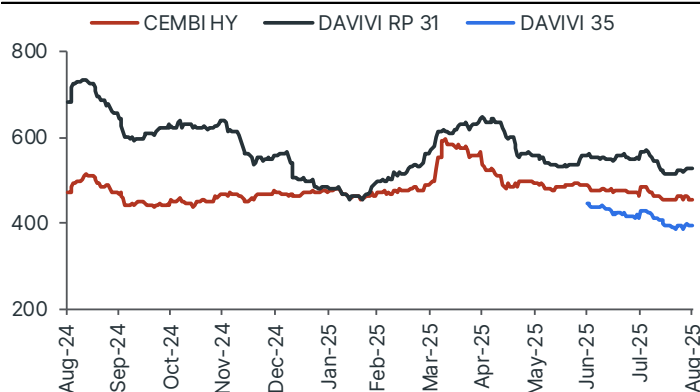
Concerns

- Asset quality showing signs of recovery, though still under pressure
- Ability to return to historical profitability levels
- Increasing funding cost for Colombian banks
- New tax reform proposal includes potential increase of the tax surcharge

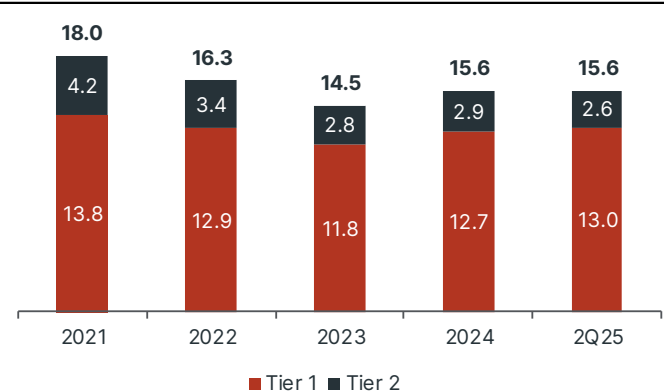
Strengths

- Diversified and ample access to funding
- Systemic relevance in the Colombian banking system
- Adequate capitalization levels

Z- Spread evolution



Solvency



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
DAVIVI RP 31	USD 500mn	6.65%	B2 / NR / B	524	4.6	91.7	0.6%	8.5%	Neutral
DAVIVI 35	USD 500mn	8.13%	B1 / NR / BB-	389	4.0	103.9	0.7%	7.1%	Overweight

GNB Sudameris

Fixed Income Research Colombia Banks

Ba1 / NR / BB

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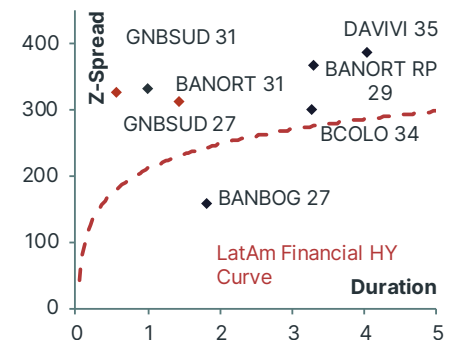
Outlook: s / nr / s

Call outlook for 31s improving, but market conditions next year will be key

Investment Thesis

Fundamentally, we are comfortable with GNB Sudameris' strong asset quality and liquidity position. However, we note that its Tier 1 capital ratio remains below peers, making its total capital more reliant on access to Tier 2 funding. We remain Neutral on GNBSUD 27, as we see more attractive relative value in BANORT 31. In contrast, we maintain an Overweight stance on GNBSUD 31, given its attractive carry-to-call and compelling yield-to-maturity should the call not be exercised. While the bank's solid fundamentals provide a supportive backdrop, the call decision on GNBSUD 31 will ultimately hinge on GNB Sudameris' ability to issue new Tier 2 instruments next year. That said, given current trading levels, we believe the probability of the call being exercised has increased, although execution will remain subject to market conditions at the time.

GNB Sudameris Bonds and comparables

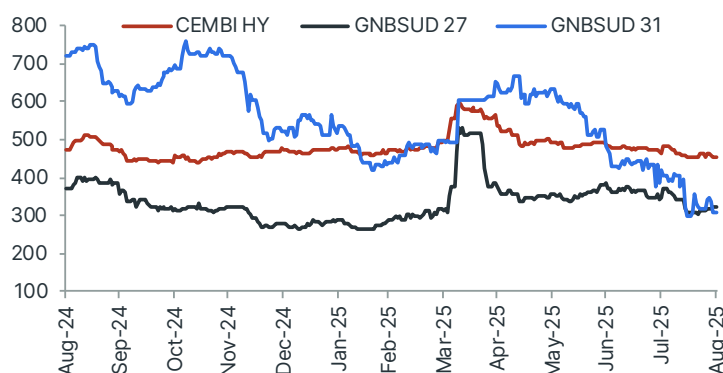


Credit Data	
REG-S Notes	2
Outstanding Senior Notes	USD 700mn
Closest Call Date	16-Apr-26
Closest Maturity Date	03-Apr-27

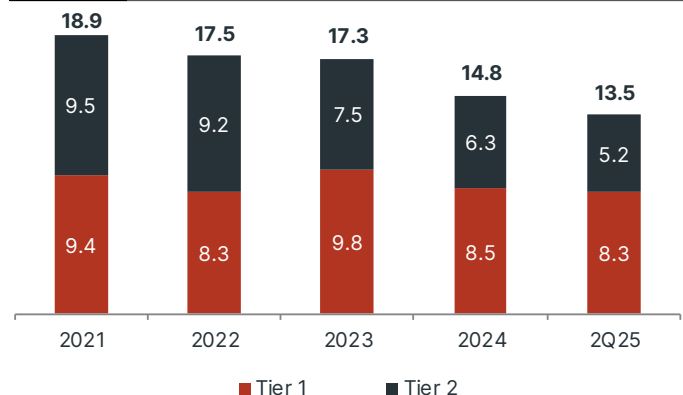
Concerns	
- Modest core capital position, with a significant reliance on Tier 2 instruments to meet regulatory capital requirements	
- Below-average profitability metrics relative to industry peers	
- Elevated funding costs	

Strengths	
- Robust liquidity position, supported by a significant proportion of liquid assets	
- Strong asset quality indicators, outperforming the average among Colombian peers	

Z- Spread evolution



Solvency



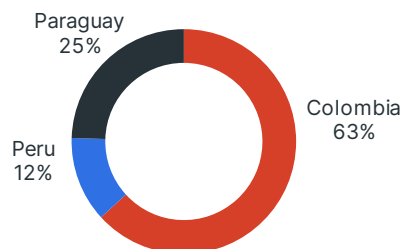
Ticker	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
GNBSUD 27	USD 300mn	7.05%	B1 / NR / B+	313	1.5	100.6	0.6%	6.5%	Neutral
GNBSUD 31	USD 400mn	7.50%	B2 / NR / B+	325	0.6	100.0	0.6%	7.2%	Overweight

GNB Sudameris

Company Description

GNB Sudameris is a Colombian bank with operations in Peru and Paraguay. In Colombia, it ranks as the sixth-largest bank by assets, holding approximately 4% of the market. The bank focuses on commercial and personal banking, with a strong position in payroll loans. It is controlled by the Gilinski family.

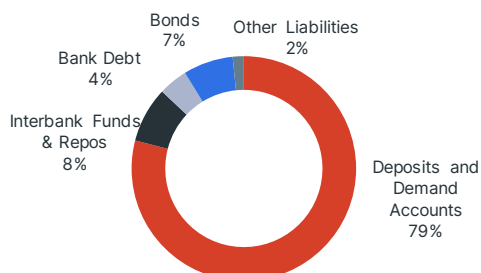
Assets by Country



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
NPL / Total Loans	1.9%	2.1%	1.8%	1.6%	1.7%
Provisions / NPL	175.0%	169.6%	168.3%	187.7%	178.4%
NIM	2.7%	2.7%	2.6%	3.6%	4.6%
Efficiency	55.7%	61.6%	59.6%	55.7%	47.0%
Tier I Ratio	9.4%	8.3%	9.8%	8.5%	8.3%
Tier 2 Ratio	9.5%	9.2%	7.5%	6.3%	5.2%
BIS Ratio	18.9%	17.5%	17.3%	14.8%	13.5%

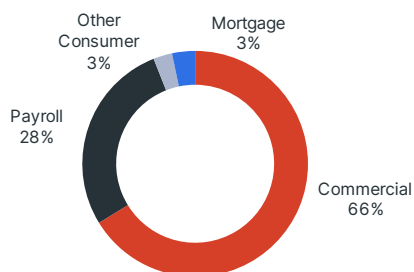
Funding Sources



Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Interest Income	495	700	992	931	872
Interest Exp. (-)	-264	-567	-929	-850	-764
Net Interest Income	230	133	63	81	108
Provision Exp. (-)	-109	-108	-103	-168	-202
Net Fee Income	50	54	58	58	57
Operating Exp. (-)	-207	-246	-269	-288	-304
Net Income	62	72	89	92	135

Loan Portfolio



Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash	4,330	3,936	3,537	2,932	2,774
Investments	2,666	2,751	2,434	2,913	2,937
Gross Loans	5,658	6,617	6,488	7,084	7,107
Allowances (-)	-183	-236	-192	-211	-216
Total Assets	13,264	13,994	13,162	13,736	13,551
Deposits	8,673	8,936	8,751	9,799	9,832
Interbank Loans	443	774	633	614	519
Bonds	996	943	765	885	898
Equity	873	961	948	1,065	1,073
ROE (%)	8.3%	7.8%	9.3%	9.1%	13.2%
ROA (%)	0.5%	0.5%	0.7%	0.7%	1.0%

Sources: Company Reports and Credicorp Capital

Grupo Aval

**Equity Research Colombia
Banks**
Rating: Hold
TP: COP 730 (loc) / USD 3.7 (ADR)

Daniel Mora, CFA - dmoraa@credicorpcapital.com

Santiago Martinez - smartinez@credicorpcapital.com

Patience is a virtue

Investment Thesis

We present our 2026E TP of COP 730/share (USD 3.7 ADR) and update our recommendation to HOLD. We see Grupo Aval in a recovery phase, considering the reduction of interest rates and the improvement of funding costs at banks and Corficolombiana. Even though the pace of interest rate cuts is slower than initially expected, and the fiscal noise in the country should prevail in the upcoming months, the direction of Aval's recovery is clear. Thus, we see sequential ROAE improvements in the next two years to reach figures close to 14.0% in the long term. In addition, the current valuation of 0.8x P/BV 2026E offers investors upside potential.

However, the recent fiscal reform proposal that seeks to increase the tax surcharge to banks from 5% to 15% adds uncertainty. The chances of this reform being approved are low, but we cannot guarantee that a reform not affecting banks would be approved. Our initial estimates suggest the additional taxes could result in approximately a ~15% impact on net profits and our target price. If no tax reform is approved and we see a positive outcome in elections, **we see a TP of COP 890/share and a BUY rating.**

Grupo Aval's investment thesis is based on i) A recovery of the banking segment due to a reduction of the cost of funding and the building of a more retail-oriented loan mix, ii) a gradual improvement at Corficolombiana mainly related to the reduction of interest expenses despite the negative outlook in the income front, and iii) a pension business that should not be impacted in the short-term. **We expect an ROAE of 9.9% in 2025, further recovering to 12.2% in 2026, and reaching a long-term target of ROAE of ~14.0%.**

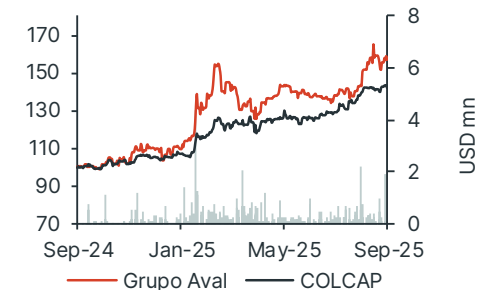
Valuation

Our 2026E TP is based on a ten-year residual income model, assuming a nominal K_e of 15.9% in COP and perpetuity growth of 5.0%. Our TP implies a 0.9x P/BV and a 7.7x P/E 2026E, while shares are currently trading at 0.8x P/BV and 6.9x P/E 2026E. The industry's median multiples from Andean peers are 1.1x P/BV and 7.3x P/E 2026E. **We are incorporating a long-term ROAE of 14.2% in our valuation model.**

Stock Data

Ticker	pfaval cb / aval us
Price (COP)	656 (loc) / 3.4 (ADR)
Target (COP)	730 (loc) / 3.7 (ADR)
Total Return	18.4%
LTM Range	413 - 690
M. Cap (USD mn)	3,941
Shares Outs. (mn)	23,743
Free Float	19.2%
ADTV (USD mn)	0.3

Price Chart (COP) and Volumes (USD mn)

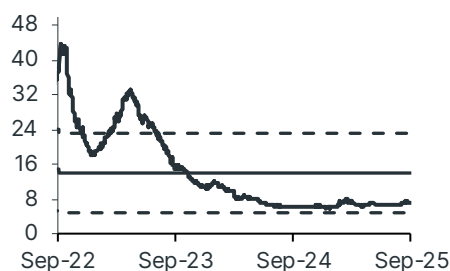


Valuation Summary

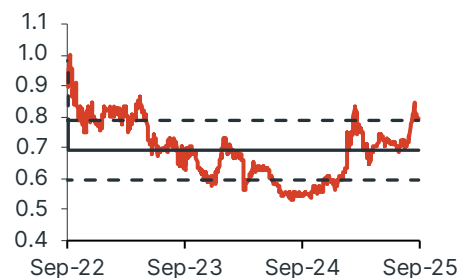
	2024	2025E	2026E	2027E
P/E	10.5	8.8	6.9	5.6
P/BV	0.6	0.8	0.8	0.7
ROAE	5.9%	9.9%	11.8%	13.6%
ROAA	0.3%	0.5%	0.6%	0.7%
Div. Yield	6.4%	3.9%	5.8%	7.7%

Sources: Company Reports and Credicorp Capital

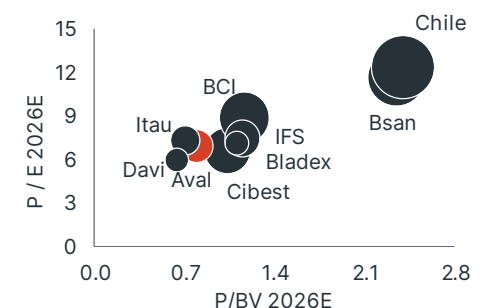
P/E 12M Forward



P/BV 12M Forward

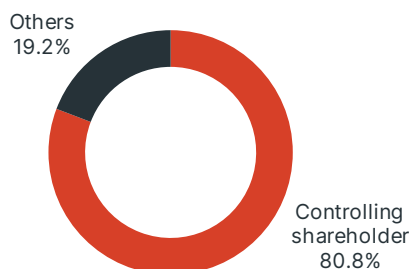


Relative Valuation

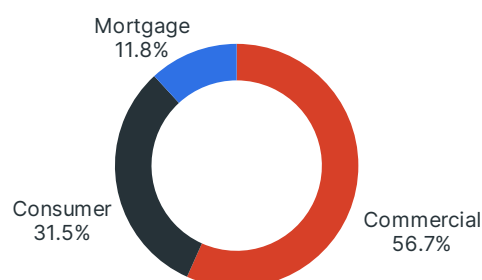


Grupo Aval

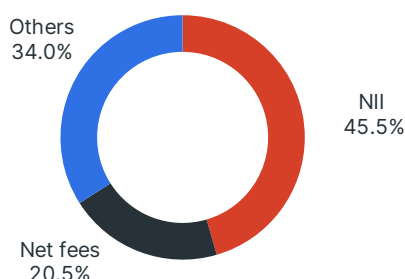
Ownership Structure



Loans by segment (2Q25)



Revenue breakdown (2Q25)



Management

CEO: María Lorena Gutiérrez

CFO: Diego Solano

HIR: Nicolás Noreña Trujillo

www.grupoaval.com

Company Description

Grupo Aval is a leading financial conglomerate in Colombia through its four banks (Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas), developing a multi-brand strategy. It is also the leader in the merchant bank businesses through Corficolombiana. On Mar-22, Banco de Bogotá executed a spin-off of a 75% stake in BAC Holding International (BHI) to its shareholders and, on Dec-22, a vehicle of the Sarmiento's family made a tender offer for the remaining 25% in control of Banco de Bogotá.

Income Statement

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Net interest income	6,287	7,268	8,558	10,819	12,787
Net fee income	3,353	3,584	3,685	4,040	4,412
Operating income	16,016	15,975	18,041	20,446	23,024
Provision expenses	-4,182	-4,185	-3,852	-4,279	-4,607
Operating expenses	-8,346	-8,652	-9,430	-10,204	-10,912
Net income	739	1,015	1,768	2,248	2,780
EPS (COP)	31.1	42.8	74.5	94.7	117.1
Net margin	4.6%	6.4%	9.8%	11.0%	12.1%

Balance Sheet

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Cash & interbank loans	18,990	17,704	21,213	22,853	24,372
Investments	47,799	58,357	66,299	72,234	78,845
Gross loans	185,811	199,431	208,363	223,582	238,436
Total assets	301,182	327,859	351,362	378,281	403,802
Total deposits	181,987	200,872	222,120	238,388	254,207
Other funding	67,696	73,836	73,399	80,086	85,424
Total liabilities	269,661	294,696	316,732	341,335	364,011
Minority interest	14,738	15,712	16,287	17,263	18,522
Shareholder's equity	16,783	17,451	18,343	19,683	21,269
Total liabilities + Equity	301,182	327,859	351,362	378,281	403,802

Ratios

	2023	2024	2025E	2026E	2027E
NIM	2.9%	3.2%	3.4%	4.0%	4.4%
Fee ratio	20.9%	22.4%	20.4%	19.8%	19.2%
Cost-to-income ratio	-52.1%	-54.2%	-52.3%	-49.9%	-47.4%
NPL / loans	4.0%	4.0%	2.7%	2.4%	2.4%
LLP / loans	-5.4%	-5.0%	-4.3%	-3.9%	-3.9%
Cost of credit risk	-2.3%	-2.2%	-1.9%	-2.0%	-2.0%
LLP / NPL	-136%	-125%	-159%	-159%	-159%
LTD ratio	96.6%	94.3%	89.8%	90.2%	90.2%
Loan-to-funding ratio	70.4%	69.0%	67.5%	67.5%	67.5%
Leverage	17.9	18.4	19.0	19.2	19.1
ROAE	4.4%	5.9%	9.9%	11.8%	13.6%
ROAA	0.2%	0.3%	0.5%	0.6%	0.7%

Sources: Company Reports and Credicorp Capital

Grupo Aval

Fixed Income Research Colombia Banks

Ba2 / NR / BB+
Outlook: s / nr / n

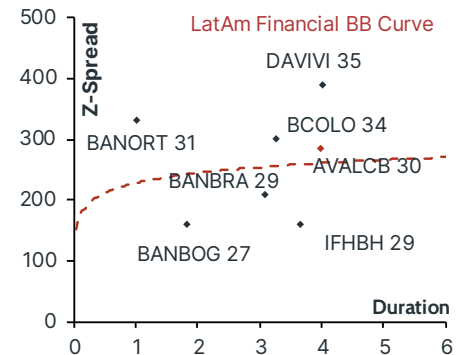
Josefina Valdivia - jvaldivia@credicorpcapital.com

Attractive Carry Supports OW Stance

Investment Thesis

We remain constructive on Aval's recovery story, supported by declining funding costs and continued relief in provisioning expenses. While a slower monetary easing cycle in Colombia could moderate the pace of recovery, recent results indicate improving asset quality across all segments, reinforcing our positive outlook. From a valuation perspective, bonds have widened to the sovereign and are looking attractive trading ~80bps over Colombia from a carry perspective. We maintain our Overweight.

Grupo Aval Bonds and comparables



Credit Data

REG-S Notes	1
Outstanding Senior Notes	USD 1,000mn
Closest Call Date	04-Nov-29
Closest Maturity Date	04-Feb-30

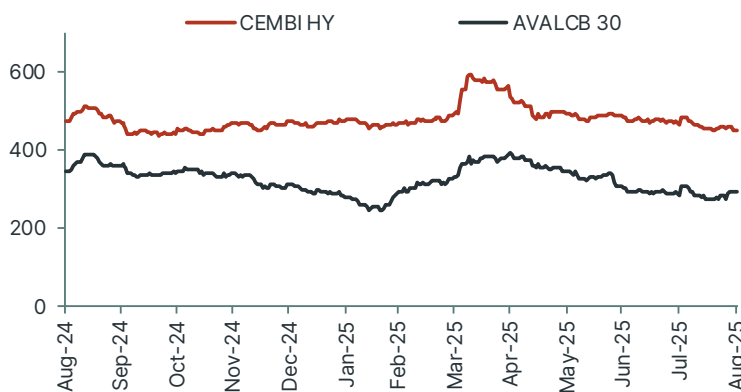
Concerns

- Structural subordination of debt to subsidiaries
- Relatively high double leverage
- Exposure to regulatory changes
- Increasing funding cost for Colombian companies

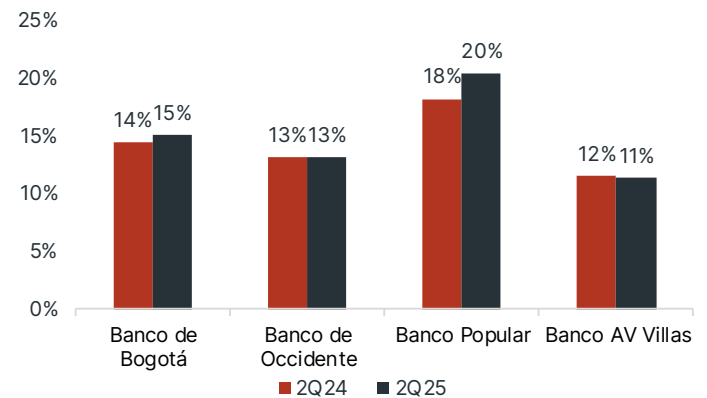
Strengths

- Diversified sources of income and funding
- Strong regional position

Z- Spread evolution



Solvency Ratio by Subsidiary



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
AVALCB 30	USD 1,000mn	4.38%	Ba2 / NR / BB+	283	4.0	93.6	0.4%	6.0%	Overweight

Grupo Cibest

**Equity Research Colombia
Banks**
Rating: Hold
TP: COP 54,000 (1oc) / USD 55.5 (ADR)

Daniel Mora, CFA - dmoraa@credicorpcapital.com

Santiago Martinez - smartinez@credicorpcapital.com

It is not about the company; it is about the country

Investment Thesis

We present our 2026E TP of COP 54,000/share (USD 55.5 ADR) and set a HOLD recommendation. Grupo Cibest has been the most solid bank amid the challenging environment of high interest rates and inflation that pressured margins and worsened asset quality metrics. While most banks faced difficulties and posted low profitability figures, the company exhibited ROAEs of 19.0% in 2022, 15.9% in 2023, and 15.4% in 2024. We expect an ROAE of 16% in 2025, while key peers, in a sector recovery phase, would be approaching mid-to-high single-digit figures. Thus, the company moved from 0.8x P/BV in 2023 and 2024 to 1.1x P/BV in 2025E. However, given Colombia's current uncertain political and fiscal landscape and the high-risk premium embedded in local assets, supporting higher valuations remains challenging. We maintain a HOLD recommendation, recognizing it as the best bank in Colombia and expecting results to stay positive in the coming quarters.

It is not about the bank; it is about the country. With local debt (10-year bonds) yielding between 11% and 12% and a CDS hovering above 300 bps, it is difficult to justify the cost of equity (Ke) being well below 16%. Using this Ke and an expected long-term ROAE of 16% a valuation of 1.1x P/BV 2026E is fair. In addition, the recently proposed tax reform, which aims to increase the tax surcharge on banks from 5% to 15%, introduces uncertainty and could result in approximately a 10% impact on net profits and on our target price. The chances of this reform being approved are low, but we cannot guarantee that a reform not affecting banks would be approved. As a result, we prefer to take a wait-and-see approach. **If no tax reform is approved and we see a positive election outcome that reduces the Ke in the country (to 14%), we see a TP for Grupo Cibest of COP 62,000/share.**

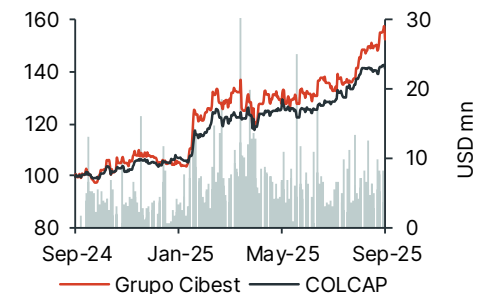
Valuation

Our 2026E TP is based on a ten-year residual income model, assuming a nominal Ke of 15.7% in COP and perpetuity growth of 5.7%. Our TP implies a 1.1x P/BV and a 7.0x P/E 2026E, while shares are currently trading at 1.1x P/BV and 6.8x P/E 2026E. The industry's median multiples from Andean peers are 1.1x P/BV and 7.3x P/E 2026E. **We are incorporating a long-term ROAE of 16.0% in our valuation model.**

Stock Data

Ticker	pfcibest cb / cib us	
Price (COP)	51,140 (1oc)	52.4(ADR)
Target (COP)	54,000 (1oc)	55.5(ADR)
Total Return	14.9%	
LTM Range	32,580 - 52,800	
M. Cap (USD mn)	13,671	
Shares Outs. (mn)	961.8	
Free Float	75.5%	
ADTV (USD mn)	6.0	

Price Chart (COP) and Volumes (USD mn)



Valuation Summary

	2024	2025E	2026E	2027E
P/E	5.6	7.0	6.8	6.6
P/BV	0.8	1.1	1.1	1.0
ROAE	15.4%	16.0%	16.0%	15.5%
ROAA	1.8%	1.8%	1.8%	1.7%
Div. Yield	9.7%	8.8%	9.3%	9.6%

Sources: Company Reports and Credicorp Capital

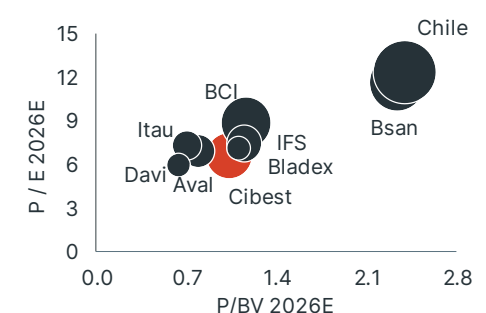
P/E 12M Forward



P/BV 12M Forward

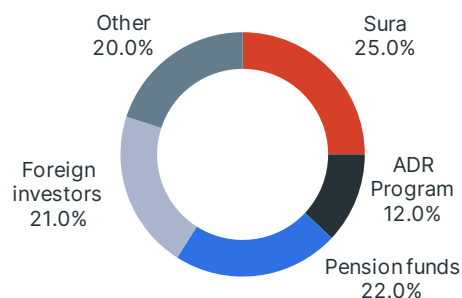


Relative Valuation

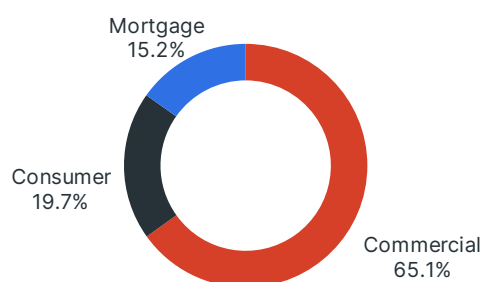


Grupo Cibest

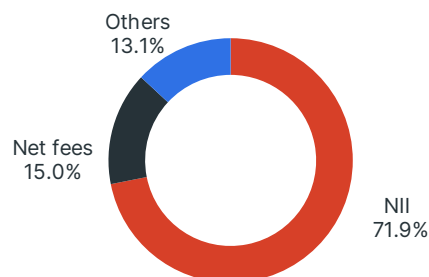
Ownership Structure



Loans by segment (2Q25)



Revenue breakdown (2Q25)



Management

CEO: Juan Carlos Mora
CFO: Mauricio Botero Wolff
HIR: Catalina Tobón Rivera
www.grupocibest.com

Company Description

Grupo Cibest with Bancolombia is the largest (individual bank) in Colombia in terms of loans, offering a wide range of financial products and services. In Colombia, the Group has a ~27.5% market share in loans. The bank also has a presence in Panama through Banistmo (~11.8% market share), in El Salvador through Banagrícola (~24.6% market share), and in Guatemala through Agromercantil (~9.6% market share). The company recently transitioned to Grupo Cibest, a holding company that consolidates the operations in the region.

Income Statement

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Net interest income	20,378	20,520	21,029	22,226	23,452
Net fee income	3,984	4,153	4,351	4,781	5,155
Operating income	28,551	27,820	29,272	31,174	33,093
Provision expenses	-7,462	-5,452	-4,624	-5,530	-6,275
Operating expenses	-12,942	-13,610	-14,717	-15,282	-16,262
Net income	6,117	6,268	7,023	7,267	7,403
EPS (COP)	6,360	6,516	7,336	7,736	7,893
Net margin	21.4%	22.5%	24.0%	23.3%	22.4%

Balance Sheet

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Cash & interbank loans	39,800	32,844	32,818	35,647	38,013
Investments	28,672	40,499	48,528	52,262	56,591
Gross loans	253,952	279,454	291,861	315,127	336,043
Total assets	342,929	372,215	393,830	426,140	454,061
Total deposits	247,941	279,059	295,834	321,341	342,670
Other funding	31,973	29,326	28,392	30,840	32,887
Total liabilities	303,879	327,631	348,396	378,435	403,553
Minority interest	960	1,042	1,134	1,226	1,319
Shareholder's equity	38,090	43,542	44,299	46,479	49,189
Total liabilities + Equity	342,929	372,215	393,830	426,140	454,061

Ratios

	2023	2024	2025E	2026E	2027E
NIM	7.2%	7.0%	6.6%	6.4%	6.2%
Fee ratio	14.0%	14.9%	14.9%	15.3%	15.6%
Cost-to-income ratio	-45.3%	-48.9%	-50.3%	-49.0%	-49.1%
NPL / loans	3.3%	3.4%	3.1%	2.5%	2.5%
LLP / loans	-6.4%	-5.8%	-5.0%	-4.4%	-4.4%
Cost of credit risk	-2.8%	-2.0%	-1.6%	-1.8%	-1.9%
LLP / NPL	-195%	-172%	-159%	-173%	-176%
LTD ratio	95.9%	94.3%	93.8%	93.8%	93.8%
Loan-to-funding ratio	84.9%	85.4%	85.5%	85.5%	85.5%
BIS ratio	13.4%	13.8%	13.8%	13.4%	13.3%
ROAE	15.9%	15.4%	16.0%	16.0%	15.5%
ROAA	1.8%	1.8%	1.8%	1.8%	1.7%

Sources: Company Reports and Credicorp Capital

Bancolombia

Baa3 / BB / BB+

Outlook: s / n / n

Fixed Income Research Colombia Banks

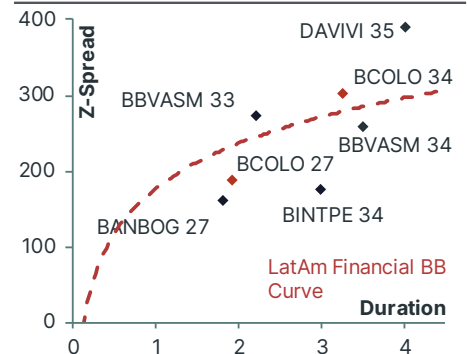
Josefina Valdivia - jvaldivia@credicorpcapital.com

Best performer among Colombian banks

Investment Thesis

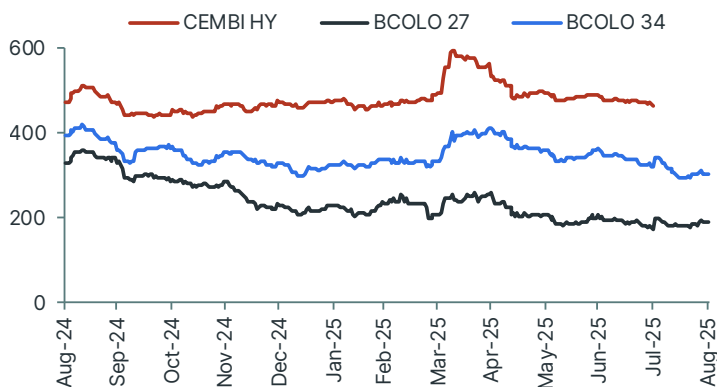
Bancolombia's performance over the past few years highlights its resilience, underpinned by a competitive funding structure that has supported stronger profitability relative to peers. Looking ahead, we expect the bank to continue benefiting from a slower easing cycle in Colombia and improving asset quality trends. While capitalization levels remain below regional peers, we believe it is adequate, especially considering lower FX volatility now that group exposure to Central America is under Grupo Cibest. We don't rule out a new subordinated issuance next year if portfolio growth accelerates. We are OW BCOLO 34 as we like the carry and upside potential if sentiment toward Colombia improves in 2026. BCOLO 27 appears less attractive, trading tight to peers with similar duration, such as BBVASM 33.

Bancolombia Bonds and comparables

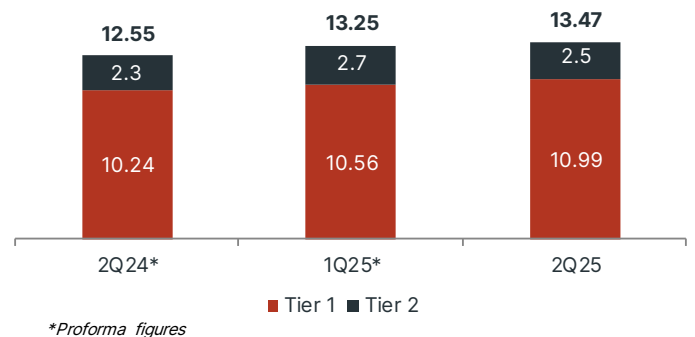


Credit Data		Concerns	Strengths
REG-S Notes	2	<ul style="list-style-type: none"> - Low capitalization levels relative to regional peers - Potential ratings downgrades triggered by the sovereign - Uncertain fiscal backdrop in Colombia could weigh on credit demand. - New tax reform proposal includes potential increase of the tax surcharge 	<ul style="list-style-type: none"> - Strategic importance within its economic group and systemic role in Colombia, providing implicit support expectations - Dominant market position - Competitive and diversified funding structure, with a stable deposit base and strong franchise
Outstanding Senior Notes	USD 1,262mn		
Closest Call Date	24-Jun-29		
Closest Maturity Date	18-Oct-27		

Z- Spread evolution



Solvency



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
BCOLO 27	USD 462mn	6.91%	Ba3 / NR / BB-	186	1.9	103.3	0.6%	5.2%	Neutral
BCOLO 34	USD 800mn	8.63%	Ba3 / NR / BB-	301	3.3	107.7	0.7%	6.3%	Overweight

IFS

Rating: Buy
TP: USD 53.0

Equity Research Peru Banks

Daniel Mora, CFA - dmoraa@credicorpcapital.com
Santiago Martinez - smartinez@credicorpcapital.com

Trust in the recovery

Investment Thesis

We present our 2026E TP of USD 53/share and reaffirm our BUY recommendation. IFS has been in a recovery phase supported by a significant reduction in provisions amid a cycle of improving risk metrics. With the cost of risk decreasing from 4.3% in 2023 to 3.6% in 2024, we forecast a 2.6% in 2025. As a result, we expect the ROAE to reach 16.6% after two consecutive years of ~12%. We still see room for upside given the current valuation of 1.2x P/BV2026E, especially since ROAE should stay above 16%, and incorporating a Ke of 13.2%. We don't need to be overly optimistic about the company to recognize its value, as our model still considers ROAE figures well below the long-term guidance of 18%. The company needs to accomplish several steps to reach those levels, which could take some time. Therefore, we are comfortable with an average future ROAE of 16.7%.

After a roughly 70.1% total return in the last 12 months, what's next for IFS? The initial boost came from a recovery in profitability. Besides a valuation model with significant upside, we recognize that investors need a clear catalyst to support another bullish trend. That catalyst is the rebuilding of the credit card portfolio. While there are mild signs of acceleration (+0.2% YTD), it remains about 20% below the portfolio's peak over the past three years. With inflation and interest rates under control and more active economic growth, we expect this to pick up in the coming quarters. However, it won't be easy, as i) other banks like BBVA and BCP have grown faster in recent years (revolving loans), and ii) liquidity from past pension fund withdrawals still impacts loan demand. If IFS successfully rebuilds its credit card portfolio, the banking NIM could rise from 5.2% to between 5.8% and 6.0%, potentially increasing ROAE from around 16% to 18%.

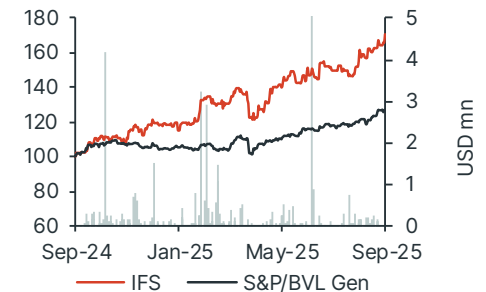
Valuation

Our 2026E TP is based on a ten-year residual income model, assuming a nominal Ke of 13.2% in COP and perpetuity growth of 5.0%. Our TP implies a 1.5x P/BV and 9.5x P/E 2026E, while shares are currently trading at 1.2x P/BV and 7.9x P/E 2026E. The industry's median multiples from Andean peers are 1.1x P/BV and 7.3x P/E 2026E. **We are incorporating a long-term ROAE of 16.7% in our valuation model.**

Stock Data

Ticker	ifs pe
Price (USD)	41.9
Target (USD)	53.0
Total Return	30.3%
LTM Range	24.5 - 41.9
M. Cap (USD mn)	4,834
Shares Outs. (mn)	115.4
Free Float	29.4%
ADTV (USD mn)	0.2

Price Chart (USD) and Volumes (USD mn)

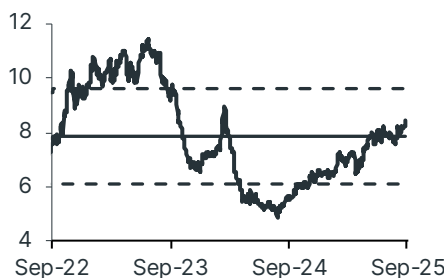


Valuation Summary

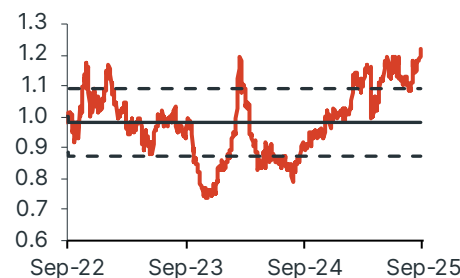
	2024	2025E	2026E	2027E
P/E	9.6	8.7	7.9	6.9
P/BV	1.1	1.4	1.2	1.1
ROAE	12.5%	16.6%	16.3%	16.9%
ROAA	1.4%	2.0%	2.0%	2.1%
Div. Yield	3.4%	2.5%	3.7%	6.3%

Sources: Company Reports and Credicorp Capital

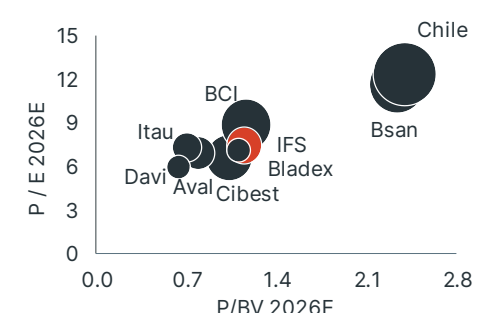
P/E 12M Forward



P/BV 12M Forward



Relative Valuation

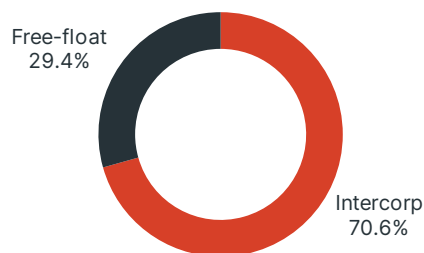


IFS

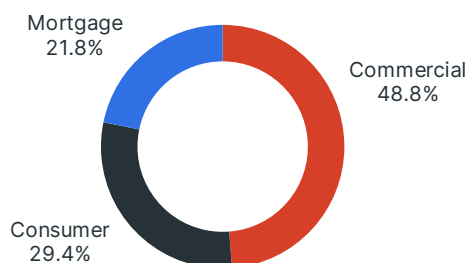
Company Description

Intercorp Financial Services (IFS) provides financial products through its subsidiaries Interbank, Interseguro and Inteligo. Interbank is the 4th bank in Peru by market share in loans, with a strong presence in consumer lending. Interseguro is a leading L&H insurance company in Peru focused on annuities. Inteligo is a company in the AM and broker dealer business. IFS is controlled by Intercorp Peru whose largest shareholder is the Rodríguez-Pastor family.

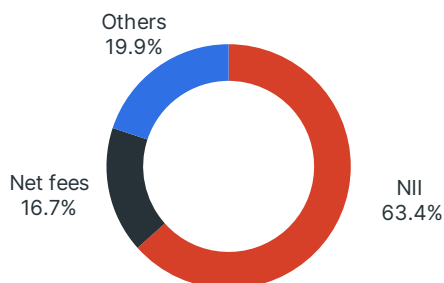
Ownership Structure



Loans by segment (2Q25)



Revenue breakdown (2Q25)



Management

CEO: Luis Felipe Castellanos
CFO: Michela Casassa Ramat
HIR: Cecilia Ramírez Riesco
www.ifs.com.pe

Income Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Net interest income	4,545	4,549	4,677	5,380	5,996
Net fee income	1,178	1,143	1,232	1,393	1,542
Operating income	6,096	6,270	6,857	7,579	8,419
Provision expenses	-1,982	-1,720	-1,328	-1,498	-1,715
Operating expenses	-2,750	-2,903	-3,099	-3,322	-3,549
Net income	1,073	1,300	1,930	2,134	2,462
EPS (PEN)	9.3	11.3	16.7	18.5	21.3
Net margin	17.6%	20.7%	28.2%	28.2%	29.2%

Balance Sheet

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Cash & interbank loans	10,344	12,709	13,651	14,867	16,061
Investments	26,722	26,858	29,445	32,446	35,379
Gross loans	46,770	48,831	52,187	56,854	61,411
Total assets	89,625	95,378	102,172	111,646	120,911
Total deposits	49,188	53,768	57,088	62,194	67,179
Other funding	14,697	13,637	15,207	16,566	17,895
Total liabilities	79,617	84,399	89,768	97,724	105,586
Minority interest	58	63	70	77	86
Shareholder's equity	9,950	10,915	12,334	13,844	15,239
Total liabilities + Equity	89,625	95,378	102,172	111,646	120,911

Ratios

	2023	2024	2025E	2026E	2027E
NIM	5.5%	5.3%	5.1%	5.4%	5.5%
Fee ratio	19.3%	18.2%	18.0%	18.4%	18.3%
Cost-to-income ratio	-45.1%	-46.3%	-45.2%	-43.8%	-42.2%
NPL / loans	3.1%	2.5%	2.3%	2.3%	2.3%
LLP / loans	-3.8%	-2.5%	-2.4%	-2.4%	-2.4%
Cost of credit risk	-4.3%	-3.6%	-2.6%	-2.7%	-2.9%
LLP / NPL	-123%	-101%	-103%	-103%	-103%
LTD ratio	91.5%	88.5%	89.2%	89.2%	89.2%
Loan-to-funding ratio	70.4%	70.6%	70.4%	70.4%	70.4%
Leverage	9.2	8.9	8.5	8.2	8.0
ROAE	11.1%	12.5%	16.6%	16.3%	16.9%
ROAA	1.2%	1.4%	2.0%	2.0%	2.1%

Sources: Company Reports and Credicorp Capital

IFS

NR / BB+ / BBB

Outlook: nr / s / s

Fixed Income Research Peru Banks

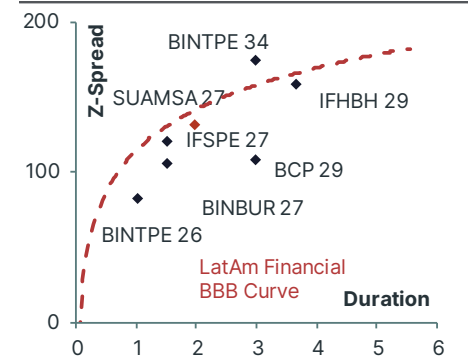
Josefina Valdivia - jvaldivia@credicorpcapital.com

Gradual improvement to support valuations

Investment Thesis

We're seeing a positive recovery for IFS, supported by lower provisions and improved retail loan risk metrics. However, a key missing element remains: a faster pickup in consumer loan growth, which will be crucial to monitor in 2H25. Currently, NIM is slightly contracting versus 1Q25. With limited room to improve funding costs, any meaningful NIM expansion—and a path to the 18% ROAE target—would likely depend on stronger consumer loan growth. From a valuation standpoint, we remain Neutral on IFSPE 27, as the bond has rallied following its rising star event (Fitch upgraded IFS to BBB in June, lifting the composite to IG). At current levels, it appears fairly priced, trading ~20 bps over the BCP 29.

IFS Bonds and comparables



Credit Data	
REG-S Notes	1
Outstanding Senior Notes	USD 300mn
Closest Call Date	19-Jul-27
Closest Maturity Date	19-Oct-27

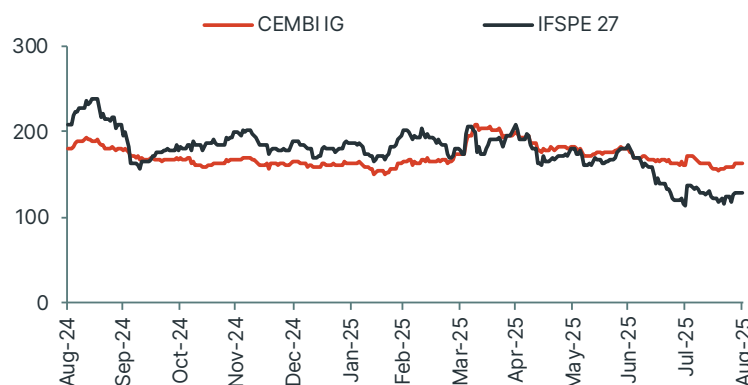
Concerns

- Relatively higher exposure to the retail segment, which is more sensitive to income cycles

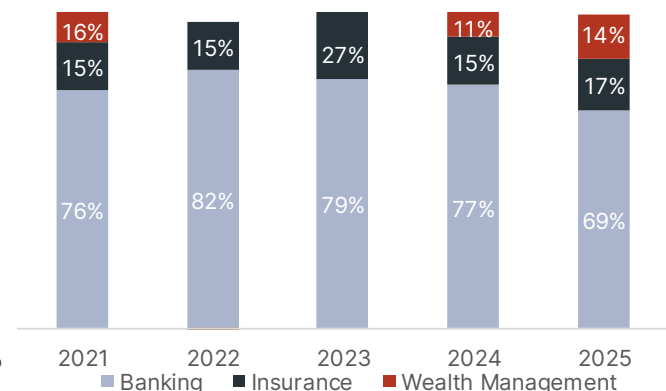
Strengths

- Strategic relevance for Intercorp and good positioning within the financial sector
- Good revenue diversification within the financial business
- Sound liquidity at the holding level

Z- Spread evolution



Contribution by Segment



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
IFSPE 27	USD 300mn	4.13%	NR / BB+ / BBB	131	2.0	98.9	0.3%	4.6%	Neutral

Interbank

Baa1 / BBB- / BBB
Outlook: s / s / s

Fixed Income Research Peru Banks

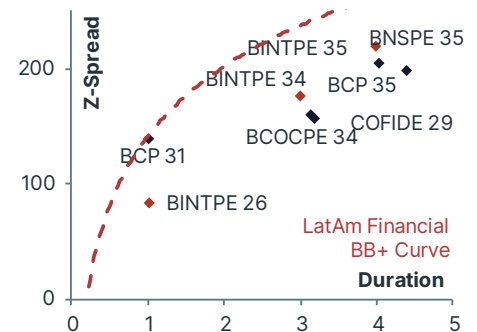
Josefina Valdivia - jvaldivia@credicorpcapital.com

Gearing up for recovery

Investment Thesis

We expect the recovery in profitability to continue, supported by stronger topline growth and a controlled cost of risk, within a stable macroeconomic environment. While the bank anticipates a gradual return in appetite for the consumer segment, this should support an eventual improvement in loan yields and NIM. However, we note some uncertainty regarding the timing of this shift back to IBK's core specialty segment. Capitalization remains solid, with ratios continuing to show a comfortable buffer above regulatory requirements. On the bond side, we are Neutral on BINTPE 26, trading tight versus the sovereign, at 20 bp. We view BINTPE 35 as fairly priced relative to BCP 35s and BNSPE 35, while spreads to BCOCPE 34 remain wide, largely due to the latest tight valuation. Finally, we are UW BINTPE 34, trading tight to with COFIDE Seniors, which we believe overstates its relative value.

Interbank Bonds and comparables

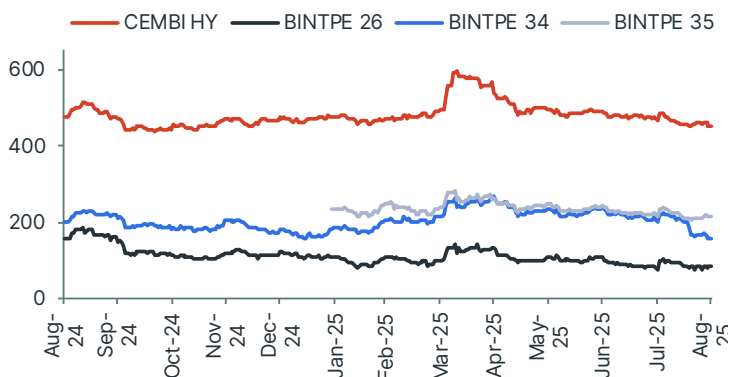


Credit Data	
REG-S Notes	3
Outstanding Senior Notes	USD 1,050mn
Closest Call Date	04-Aug-26
Closest Maturity Date	04-Oct-26

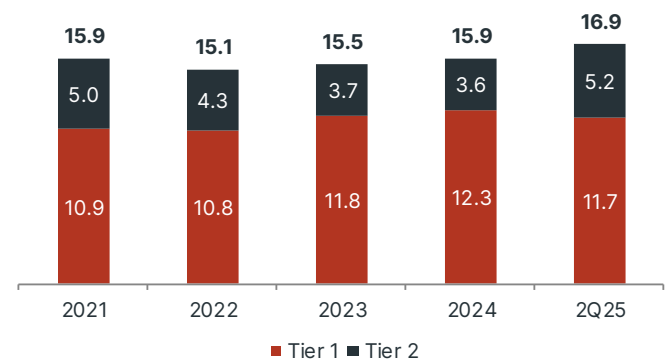
Concerns	
-	Relative higher exposure to riskier segments in comparison to peers
-	Upcoming updates to capitalization requirements

Strengths	
-	Systemic importance in Peru and strategic asset for Intercorp
-	Strong know-how and positioning in the consumer segment
-	Dynamic and conservative risk management practices

Z- Spread evolution



Solvency



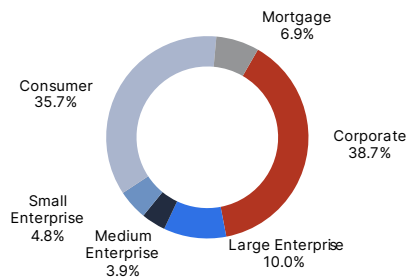
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
BINTPE 26	USD 400mn	3.25%	Baa1 / BBB- / NR	82	1.0	98.7	0.3%	4.4%	Neutral
BINTPE 34	USD 300mn	7.63%	Baa3 / BB+ / NR	175	3.0	107.8	0.6%	5.0%	Underweight
BINTPE 35	USD 350mn	6.40%	Baa3 / BB+ / NR	219	4.0	103.8	0.5%	5.4%	Neutral

Interbank

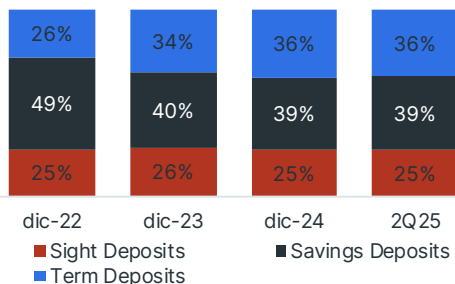
Company Description

It is the fourth largest bank in Peru with a market share of 13.6%, and the second in consumer loans (market share 21.8%). The bank provides universal banking and related financial services to retail, enterprise and corporate customers. It was founded in 1897 and operates in Peru with a branch in Panama. Interbank is a subsidiary of IFS and its ultimate parent is Intercorp Peru.

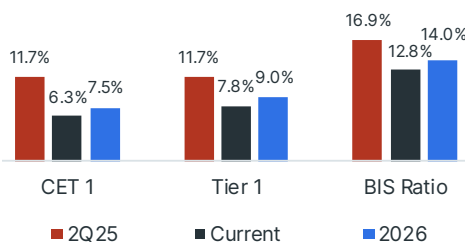
Loan Portfolio



Deposits Breakdown



Capitalization vs Requirements



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
NIM	4.0%	4.9%	5.5%	5.3%	5.2%
Cost of Risk	0.9%	1.9%	4.2%	3.6%	2.7%
NPL (+90 days)	3.1%	2.6%	3.2%	2.5%	2.5%
Coverage (+90 days)	160.2%	193.3%	172.3%	167.4%	161.2%
NPL (Stage 3)	3.0%	2.6%	3.1%	2.5%	2.4%
Coverage (Stage 3)	160.2%	193.3%	172.3%	167.4%	161.2%
Net Fees / Loans	1.6%	1.7%	1.7%	1.6%	1.7%
Efficiency	45.0%	42.2%	38.8%	40.7%	41.0%
ROE (%)	21.0%	19.8%	11.2%	12.2%	15.1%
ROA (%)	2.0%	2.0%	1.3%	1.4%	1.8%
CET 1	10.9%	10.8%	11.8%	12.3%	11.7%
BIS Ratio	15.9%	15.1%	15.5%	15.9%	16.9%

*90-day NPL, SBS

Income Statement

USD MN - IFRS	2021	2022	2023	2024	LTM2Q25
Interest Income	1,021	1,340	1,706	1,676	1,647
Interest Exp. (-)	-251	-415	-664	-622	-581
Net Interest Margin	770	926	1,042	1,053	1,066
Provision Exp. (-)	-107	-234	-556	-483	-379
Net Fee Income	190	224	228	222	238
ROF and others	155	133	139	144	160
Operating Exp. (-)	-502	-542	-547	-577	-601
Net Profit	382	386	240	283	370
Net Int Mg (%)	75.4%	69.1%	61.1%	62.9%	64.7%
Net Prof/Net Int Mg (%)	49.6%	41.7%	23.1%	26.9%	34.7%

Balance Sheet

USD MN - IFRS	2021	2022	2023	2024	LTM2Q25
Cash	4,049	3,186	2,561	3,302	3,335
Investments	2,825	2,691	3,359	3,141	3,393
Net Loans	11,597	12,276	12,635	13,366	13,712
Gross Loans	12,176	12,845	13,294	13,851	14,193
Allowances (-)	-579	-569	-660	-486	-481
Total Assets	19,254	18,803	19,213	20,635	21,242
Deposits	12,624	12,520	12,929	14,358	14,609
Deposits from Fin Inst.	2,278	1,897	2,467	1,955	1,986
Other financial obligations	1,948	1,845	1,194	1,311	1,573
Equity	1,966	2,100	2,262	2,491	2,622

Sources: Company Reports and Credicorp Capital

Intercorp Peru

NR / BBB- / BBB-
nr / s / s

Fixed Income Research Peru Banks

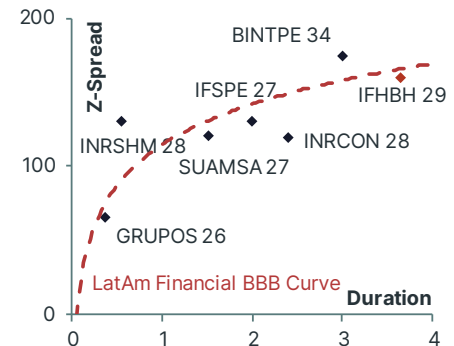
Josefina Valdivia - jvaldivia@credicorpcapital.com

The goods of diversification for a fair risk reward

Investment Thesis

We feel comfortable with IFH's business diversification and growth strategy, which supports the dividend stream through the economic cycles. The financial division IFS (Interbank, Interseguro, Intelligo, and Izipay) business is recovering quickly amid an improving macro environment, declining local rates, lower inflation, and a positive outlook for investment and consumption in 2025. Meanwhile, the retail division, which has most flows from Food and Pharma, should remain resilient to adverse economic cycles. We like the company's defensiveness, its positive correlation to the current economic recovery trend, recent positive surprises in Interbank's metrics, and IFH's outlook revision from negative to stable, consolidating its IG status. Bonds spreads to IFSPE 27 stands around 25bp difference, showing little room for further spread compression. Thus our Neutral.

Intercorp Peru Bonds and comparables



Credit Data

REG-S Notes	1
Outstanding Senior Notes	USD 325mn
Closest Call Date	15-May-29
Closest Maturity Date	15-Aug-29

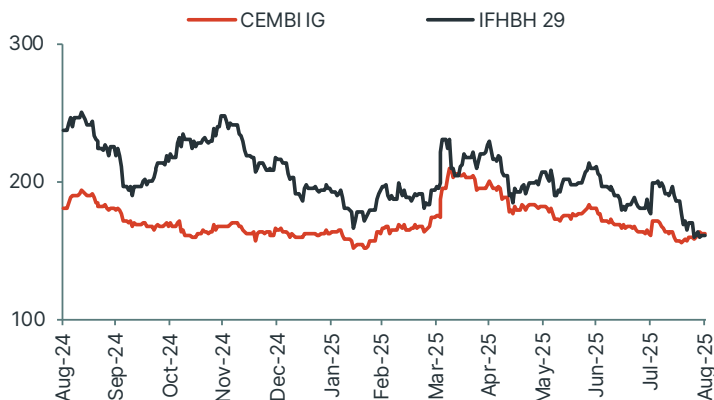
Concerns

- Potential Investment Requirements for Business Development
- Regulatory risks
- Exposure to economic cycles
- Execution of potential internationalization

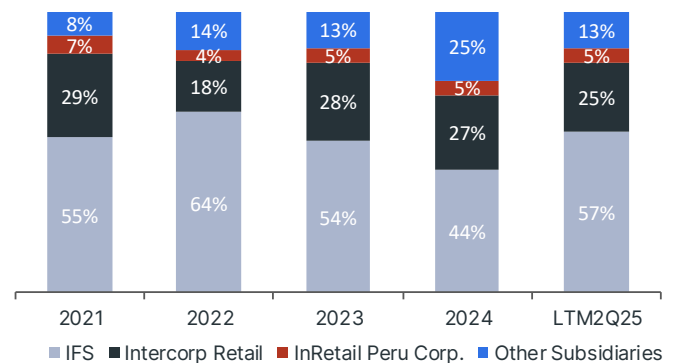
Strengths

- Solid market positioning and diversification
- Growth potential in the Retail division
- Steady dividend income from IFS, Intercorp Retail and other subsidiaries
- Comfortable debt maturity profile

Z- Spread evolution



Dividends received from subsidiaries



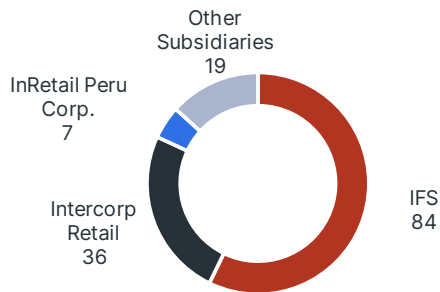
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
IFHBH 29	USD 325mn	3.88%	NR / BBB- / BBB-	159	3.7	96.5	0.3%	4.8%	Neutral

Intercorp

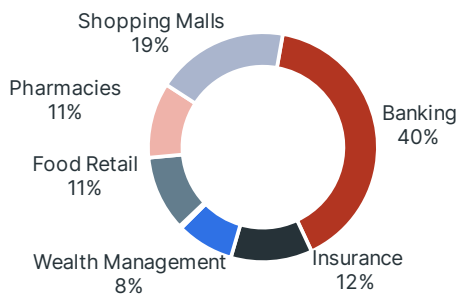
Company Description

Intercorp is a holding company for one of Peru's largest business groups. Through its subsidiaries, the company operates in the banking, insurance, wealth management, supermarkets, pharmacies, shopping malls, department and home improvement stores, education, and healthcare segments in Peru and other Latin American countries. Formerly known as IFH Peru Ltd., the company was incorporated in 1997 and is based in Bahamas.

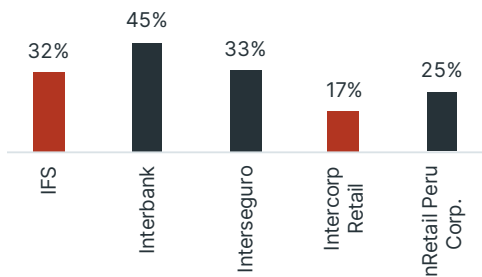
Dividends Received by Subsidiary YTD



Net Profits by subsidiary YTD



Subsidiaries Payout Ratio



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
Holding's debt / Intercorp's	92.5%	63.3%	126.7%	90.3%	67.7%
IFS's ROE	19.3%	19.1%	19.1%	8.4%	18.4%
Banking ROE	21.0%	19.8%	11.2%	9.1%	14.9%
Insurance ROE	9.1%	92.4%	13.0%	28.6%	54.2%
Wealth ROE	23.0%	-	4.0%	3.4%	14.6%
Retail EBITDA Mg	11.3%	12.2%	11.7%	11.6%	11.4%
Food EBITDA Mg	9.4%	9.7%	9.8%	9.2%	8.1%
Pharma EBITDA Mg	14.1%	13.8%	15.5%	16.0%	16.6%
Malls EBITDA Mg	76.8%	81.2%	82.0%	82.5%	65.2%

Income Statement

	2021	2022	2023	2024	LTM2Q25
Net profits:					
Banking	269	272	170	203	265
Insurance	65	61	69	52	75
Wealth Management	57	-27	8	28	53
Payments	0	46	0	-1	-2
Others Financial	-33	-22	-33	-20	-8
- Total IFS	358	329	214	261	383
Food Retail	29	61	55	51	70
Pharmacies	39	61	55	51	70
Shopping Malls	28	78	97	109	123
Others Retail	28	43	59	49	42
- Total Intercorp Retail	38	175	146	164	127
Other subsidiaries	29	13	-12	11	-11
Net profit attributable to Intercorp	426	517	349	436	499
Holding expenses	-74	-4	-92	-76	-19
Intercorp Net Profits	351	514	257	360	480

Dividends received from subsidiaries

USD MN	2021	2022	2023	2024	LTM2Q25
IFS	126	150	102	85	84
Intercorp Retail	67	43	52	53	36
InRetail Peru Corp.	15	9	10	10	7
Other Subsidiaries	19	32	24	48	19
Total	228	233	188	195	146

Itau Chile

Rating: Buy
TP: CLP 17,000

Equity Research Chile Banks

Daniel Mora, CFA - dmoraa@credicorpcapital.com
Santiago Martinez - smartinez@credicorpcapital.com

BUY Itaú just for Chile. The recovery in Colombia is in doubt

Investment Thesis

We present our 2026E TP of CLP 17,000/share and maintain our BUY rating. The Chilean operation is valued at CLP 18,800/share based on our model, using ROATE figures that remain at 13.0% in the long term. This estimate is below the 14.1% in 2024 and also below the company's guidance of reaching a 14%-16% ROATE in the long term. This indicates that, with a conservative model, the upside potential of the Chilean operation is significant, especially considering it trades at 0.8x P/BV 2026E, while our target price for Chile implies a 1.0x P/BV 2026E. Currently, we do not see value in Colombia, even during a recovery phase, and we recognize that it weighs on the company's overall valuation. The 10% ROAE target appears optimistic and would take several years to achieve, whereas we are considering a modest recovery from low single-digit ROATE to around 5.0%.

In Chile, we observe the evolution of the principality strategy. This involves changing the funding mix and boosting transaction activity. As of Jun-25, demand deposits grew 7.4% y/y (3.9% y/y of the industry), while interbank borrowings dropped by 62.3% y/y. The shift in funding structure will take time, but the bank is heading in the right direction. Meanwhile, Itaú achieved a 20% y/y increase in net fees driven by credits and asset management. These factors will help Itaú sustain ROATE levels above 13.0% over the long term.

In Colombia, the cycle provides support, but the challenge remains. The decline in inflation and interest rates should help banks by reducing provisions and funding costs. However, the rate decreases are taking longer than expected. Additionally, Itaú will face restructuring charges in 2025 and 2026, which are likely to keep ROAE at low levels.

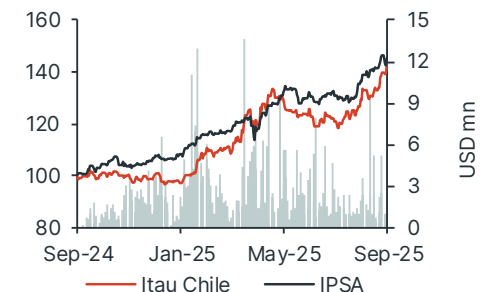
Valuation

Our 2026E TP is based on a ten-year residual income model assuming a nominal K_e of 13.2% in CLP and perpetuity growth of 5.0%. Our TP implies a 0.8x P/BV (0.9x P/TBV) and 8.3x P/E 2026E, while shares are currently trading at 0.7x P/BV (0.8x P/TBV) and 7.3x P/E 2026E. The industry's median multiples from Andean peers are 1.1x P/BV and 7.3x P/E 2026E. **Our valuation model incorporates a long-term ROAE of 11.5% (12.3% ROATE).**

Stock Data

Ticker	itaucl ci
Price (CLP)	14,900
Target (CLP)	17,000
Total Return	17.7%
LTM Range	10,048 - 14,900
M. Cap (USD mn)	3,381
Shares Outs. (mn)	216.3
Free Float	32.6%
ADTV (USD mn)	2.4

Price Chart (CLP) and Volumes (USD mn)

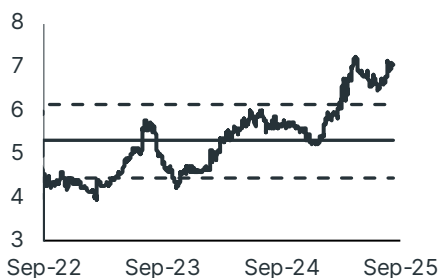


Valuation Summary

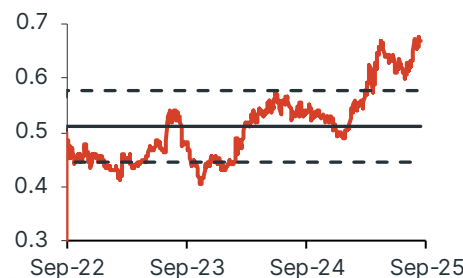
	2024	2025E	2026E	2027E
P/E	5.7	7.9	7.3	6.5
P/BV	0.6	0.8	0.7	0.7
ROAE	10.0%	9.9%	10.1%	10.6%
ROAA	0.9%	1.0%	1.0%	1.1%
Div. Yield	4.8%	3.5%	3.7%	4.0%

Sources: Company Reports and Credicorp Capital

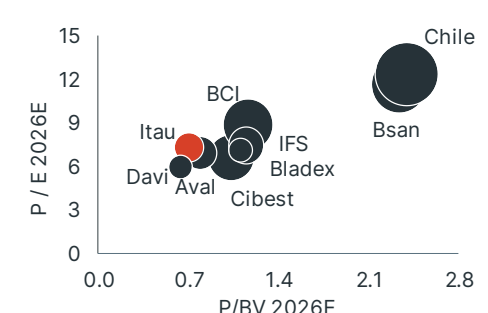
P/E 12M Forward



P/BV 12M Forward



Relative Valuation

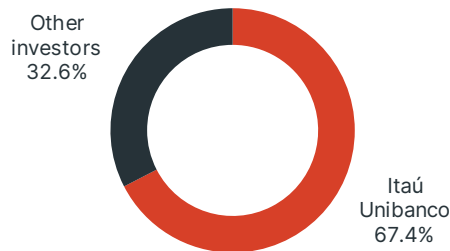


Itau Chile

Company Description

Banco Itau Chile is the entity resulting from the merger of Banco Itau Chile (Itau Chile) and CorpBanca on Apr-16. It is currently the fifth largest private bank in Chile with a market share of ~9.4% in terms of total loans. Recall that the bank also operates in Colombia with a ~2.6% market share. Itaú Unibanco from Brazil controls the bank and it is the largest shareholder (67.4%) after a tender offer executed in 2023. Recently, the company made a reverse stock split of 4,500:1.

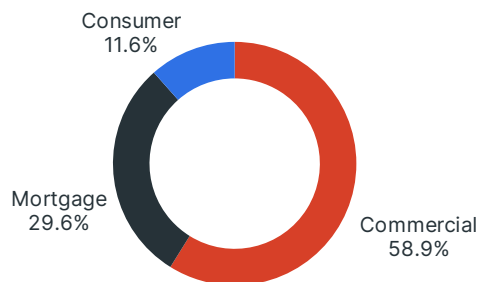
Ownership Structure



Income Statement

CLP bn	2023	2024	2025E	2026E	2027E
Net interest income	1,260	1,385	1,359	1,422	1,510
Net fee income	242	197	212	224	235
Operating income	1,502	1,582	1,571	1,647	1,745
Provision expenses	-351	-377	-318	-326	-342
Operating expenses	-710	-758	-778	-794	-816
Net income	385	385	407	441	498
EPS (CLP)	1,779.7	1,777.8	1,883	2,040	2,302
Net margin	25.6%	24.3%	25.9%	26.8%	28.5%

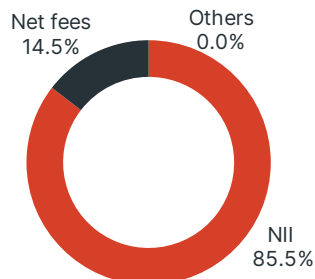
Loans by segment (2Q25)



Balance Sheet

CLP bn	2023	2024	2025E	2026E	2027E
Cash & interbank loans	2,875	3,694	2,332	2,435	2,589
Investments	7,355	5,244	6,773	7,077	7,636
Gross loans	27,570	27,890	28,178	29,362	31,221
Total assets	41,970	42,532	42,176	43,983	46,829
Total deposits	19,791	20,827	20,282	21,083	22,423
Other funding	13,773	11,212	11,467	11,900	12,650
Total liabilities	38,234	38,557	37,935	39,433	41,931
Minority interest	3.5	3.5	3.9	4.6	5.4
Shareholder's equity	3,733	3,971	4,236	4,545	4,892
Total liabilities + Equity	41,970	42,532	42,176	43,983	46,829

Revenue breakdown (2Q25)



Ratios

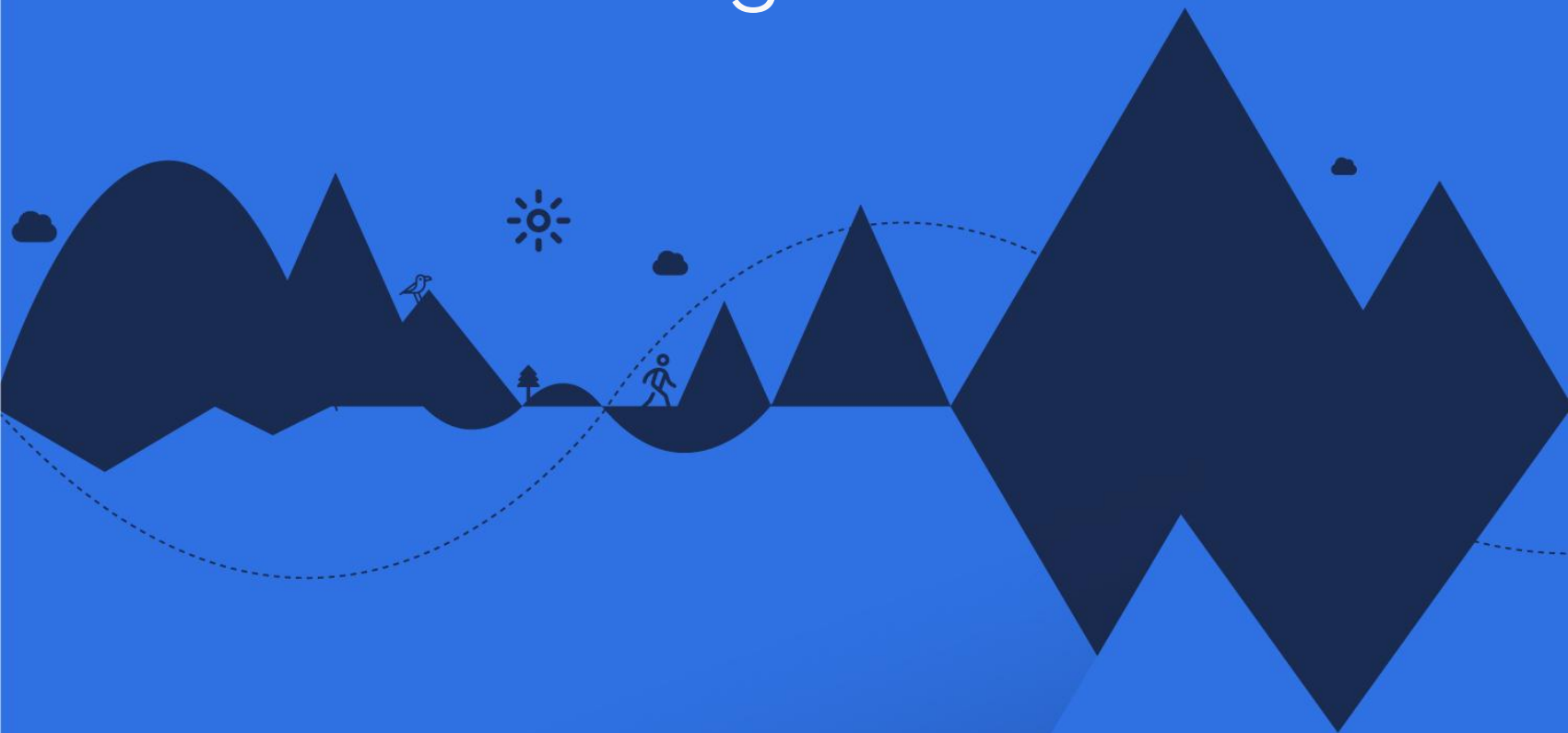
	2023	2024	2025E	2026E	2027E
NIM	3.6%	3.9%	3.9%	4.0%	4.0%
Fee ratio	16.1%	12.5%	13.5%	13.6%	13.4%
Cost-to-income ratio	-47.3%	-47.9%	-49.5%	-48.2%	-46.8%
NPL / loans	2.3%	2.2%	2.3%	2.2%	2.2%
LLP / loans	-3.0%	-3.0%	-2.8%	-2.7%	-2.7%
Cost of credit risk	-1.3%	-1.4%	-1.1%	-1.1%	-1.1%
LLP / NPL	-157%	-151%	-136%	-141%	-140%
LTD ratio	135.1%	129.9%	135.1%	135.5%	135.4%
Loan-to-funding ratio	79.7%	84.4%	86.3%	86.6%	86.6%
BIS ratio	15.6%	15.8%	17.7%	18.2%	18.5%
ROAE	10.9%	10.0%	9.9%	10.1%	10.6%
ROAA	0.9%	0.9%	1.0%	1.0%	1.1%

Management

CEO: André Gailey
CFO: Emiliano Muratore
HIR: Matias Valenzuela
www.itau.cl

Sources: Company Reports and Credicorp Capital

4.2 / Cement, Construction & Conglomerates



Chilean Construction Sector

Mining momentum and housing relief to shape Chile's construction sector

Infrastructure investment remains strong, driven by the mining sector and public works, with construction growth closely tied to the commodity cycle.

In Chile, the construction sector is set to remain closely tied to the mining cycle, as new project announcements and ongoing expansions sustain demand for engineering and construction services. Furthermore, the residential sector should start stabilizing, driven by the social housing segment.

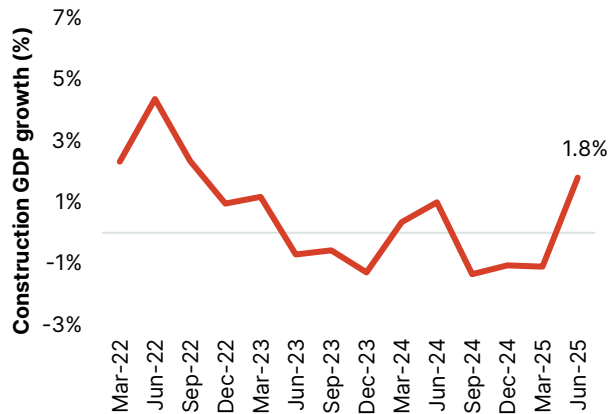
Regarding infrastructure, the mining industry continues to anchor the country's investment momentum. According to the CBC project cadaster for 2025-2029, projects worth USD 67.6 bn are expected to materialize, as of 1Q25. For 2025, the entity anticipates an investment of USD 22.1 bn, while for 2026, the investment could reach USD 17.1 bn, mainly from the mining sector. Public works also represent the segment with the highest contribution to this pipeline, alongside the energy sector. That said, we highlight the main projects in the portfolio (USD 17.9 bn), of which 40.6% are in the construction stage and 78.2% are in the mining sector. Overall, this trend reinforces the idea that construction growth in Chile over the medium term will be highly leveraged to the commodity cycle.

Despite ongoing challenges in residential demand, government programs and subsidies are expected to support a neutral-to-positive outlook for 2026.

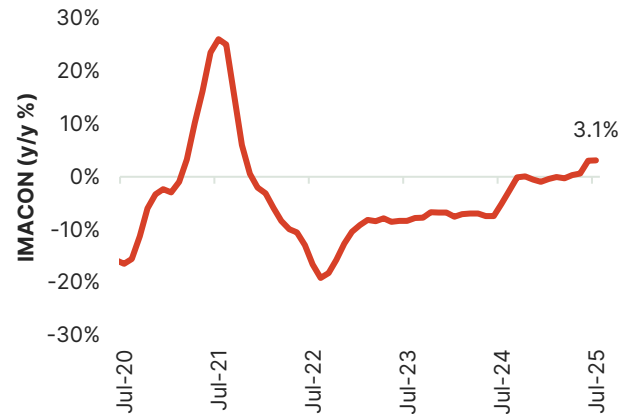
On the residential side, the sector continues to face headwinds. Elevated interest rates, weak household purchasing power, and stringent credit conditions have weighed on housing demand, resulting in a 9.4% y/y decline in home sales for 2024. Meanwhile, in 1Q25, a modest recovery of 3.8% y/y was observed, although activity remains at low levels. **However, social housing programs promoted by the government should provide some relief in 2026.** That said, the Chilean Chamber of Commerce expects 47k housing units to be completed in 2025, representing an 8.0% increase compared to the average in the 2020-2024 period. There are programs such as DS1, DS19, and DS49, each targeting a different audience, aiming to improve access to housing. In particular, we highlight those that support the purchase of new homes or the construction of housing on owned land, as well as subsidies that allow families to acquire property without relying on mortgage loans. Moreover, this year the Finance Minister announced mortgage rate subsidies (up to 60 bps, for a maximum UF 4k house value) and a guarantee program (60% of property value), which aims to reduce the cost of mortgage financing and help lower the housing inventory. Hence, our outlook for 2026 is neutral-positive, as these initiatives are expected to be the most dynamic driver within residential construction and help offset weak private demand.

Chile

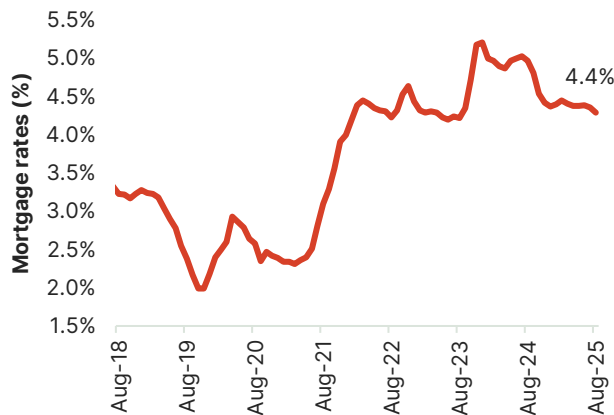
Construction GDP growth (%)



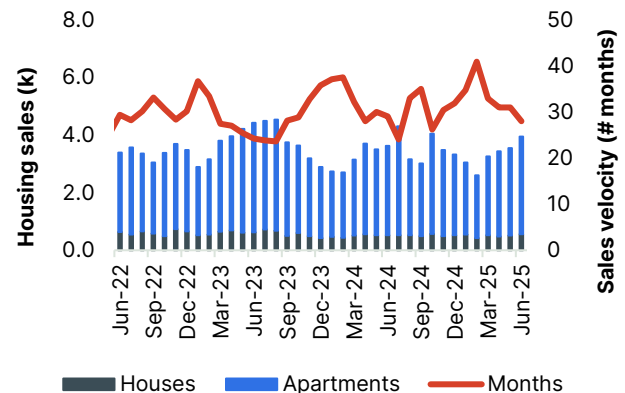
Construction Activity Index growth (%)



Mortgage rates (UF loans)



Housing sales overview



Five-year plan projects

Projects of the 2025-2029 period	Initial amount (USD bn)	Remaining amount (USD bn)
Development of Minera Centinela - Second Concentrator Stage 1	4.0	2.8
Los Bronces integrado	3.5	2.3
Santo Domingo Project	2.4	2.3
Modifications to Minera Escondida concentrator	2.4	1.9
Infrastructure development of Collahuasi	3.3	1.7
Operational Adaptation Project (OAP) - Los Pelambres Mining	2.0	1.6
Operational Adjustment Spence	1.7	1.5
Transmission line LO Aguirre	1.5	1.4
Construction of Metro Line 7 S.A.	2.5	1.2
Volta I Project	1.3	1.2
Total	24.6	17.9

Colombian Construction Sector

Colombia's construction outlook improves with housing recovery and key infrastructure progress

After a challenging 2024, housing construction is gradually recovering in 2025, with stronger momentum expected in 2026 as sales improve and new project launches begin to rebound.

After a challenging 2024, the construction sector has shown mildly positive signs in 2025, though a full recovery is not expected until 2026.

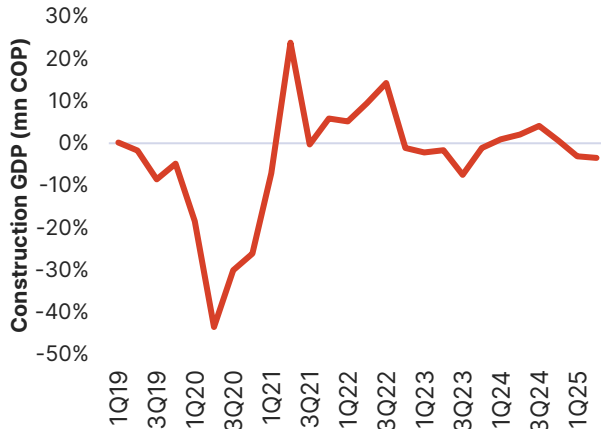
In the residential housing market, new home supply continues to decline, driven by strong sales supported by lower interest rates. However, new project launches have dropped sharply, with a 36.2% y/y decrease. For the rest of 2025, we expect stable to moderately positive results. In 2026, we anticipate a stronger recovery, with sustained sales growth and a gradual rebound in project launches. This supply-side pressure could help boost housing construction starts. An additional upside risk is the 2026 elections, where a potential change in government could improve confidence among developers and buyers, accelerating new project initiations.

Key infrastructure projects are progressing in 2025, but fiscal constraints and political uncertainty limit short-term upside, with 2026 elections posing both risks and potential catalysts.

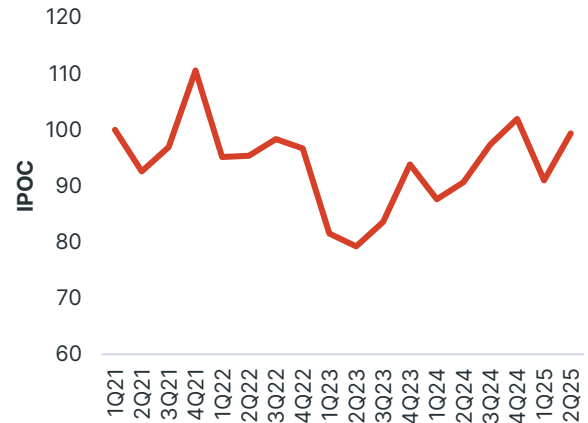
In infrastructure, 2025 has seen meaningful progress in key regional projects, including Bogotá's Metro Line 1 and Avenida 68 Transmilenio, Cali's Tren de Cercanías, and Medellín's Calle 80 Metro. **Execution levels in 4G projects remain strong. Despite these advances, our short-term outlook remains neutral due to fiscal deficit concerns.** Given current constraints, new project launches are unlikely, and ongoing execution may face risks. As part of the 2026 National Budget, the government is considering a decree to postpone cash flows for projects under construction, financed through future allocations. The draft allows rescheduling of approved allocations, provided the total amount in constant pesos remains unchanged. Officials have clarified that no unilateral changes will be made to contracts; instead, adjustments will be negotiated with concessions. Additionally, the Bogotá Mayor's Office and the National Government agreed to defer remaining 2025 contributions for Metro Line 1 and Line 2, expecting the next administration to cover them. This increases uncertainty in an already politically unstable environment. The Colombian Chamber of Infrastructure warned that such decisions could jeopardize key programs like 4G and 5G. A notable case is the Mulaló-Loboguerrero project, stalled between ANI and Covimar, which has accumulated resources for years without entering construction and remains in pre-construction with no significant progress. Nonetheless, developments such as the expansion of El Dorado Airport, the Toyo Tunnel, Cartagena Airport, and the start of Regiotram construction could act as positive catalysts. We also see the 2026 elections as an upside risk, with a potential change in government.

Colombia

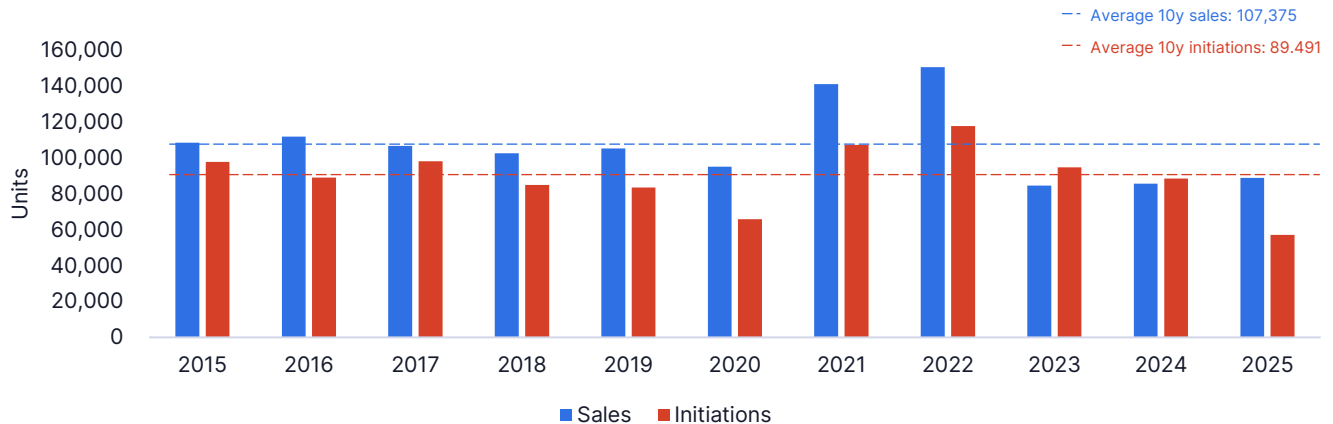
Construction GDP growth (%)



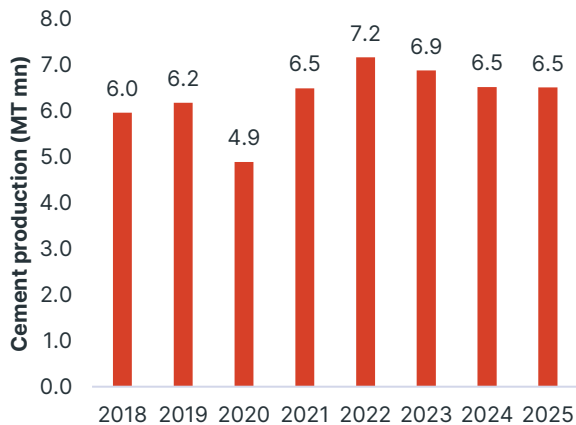
IPOC (Civil Works Production Index)



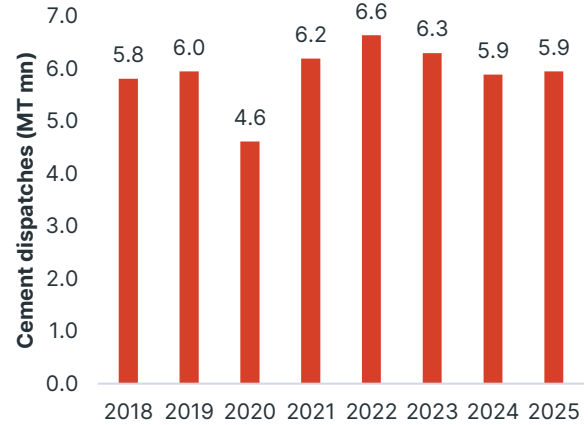
Housing Market (units started vs units initiated)



Cement production (mn MT)

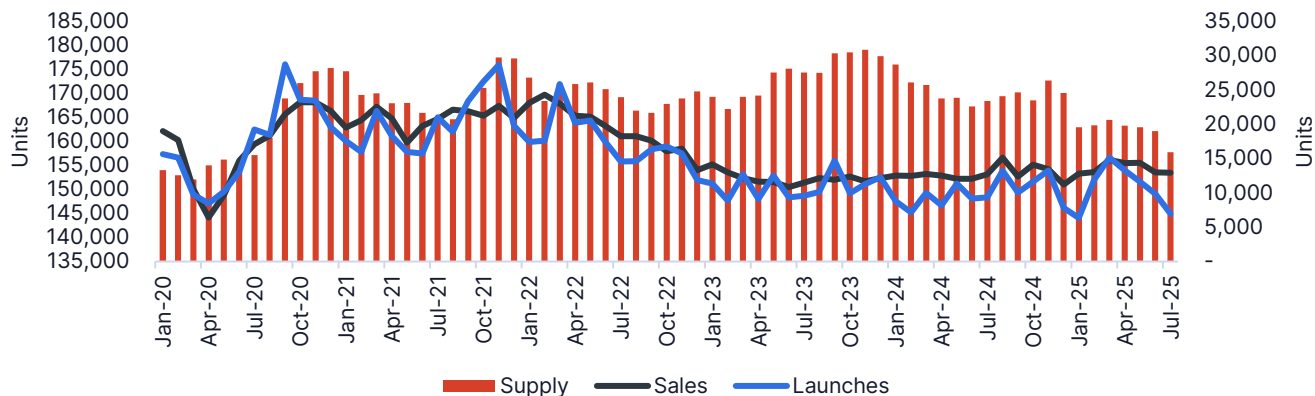


Cement dispatches (mn MT)



Colombia

Housing supply



Infrastructure projects

Name	Department	% of execution/stage
Regional transportation		
Regio Tram de Occidente	Bogotá - Cundinamarca	28.0%
Tren de Cercanías del Valle del Cauca	Valle del Cauca	TBD
Metro de Bogotá línea 1	Bogota	55.4%
Metro de Bogotá línea 2	Bogota	International public bidding
Transmilenio Av 68	Bogota	61.0%
Transmilenio Soacha	Soacha - Cundinamarca	55.0%
Metro de la 80	Antioquia	34.2%
Cables de San Cristobal, Potosí	Bogota	75.1%
4G Roads		
Santana-Mocoa-Neiva	Huila, Putumayo, Caqueta	71.1%
Proyecto Nueva Calle 13	Bogota	Preconstruction
Popayán - Santander de Quilichao	Cauca - Valle del Cauca	36.8%
Bucaramanga - Barrancabermeja - Yondó	Santander, Antioquia	98.9%
Pacifico 1	Antioquia	97.0%
Antioquia - Bolívar	Antioquia - Bolívar	94.2%
Villavicencio - Yopal	Meta - Casanare	93.2%
Tercer carril Bogotá - Girardot	Bogotá - Cundinamarca	78.7%
5G Roads		
Malla Vial del Valle del Cauca	Valle del Cauca	8.6%
Corredor Vial Buenaventura-Buga	Valle del Cauca	12.0%
Troncal del Magdalena 1	Magdalena	Construction
Troncal del Magdalena 2	Magdalena	4.24%
Accesos Norte Fase II	Bogotá - Cundinamarca	Preconstruction
ALO Sur	Bogotá - Cundinamarca	Preconstruction
Infrastructure		
Complejo Deportivo y Cultural El Campin	Bogota	Preoperative
Hidroituango	Antioquia	93.7%
Túnel del Toyo	Antioquia	91% tramo 1 - 61% tramo 2
Canal del Dique	Bolívar - Atlántico - Sucre	Preoperative
Puerto Antioquia	Antioquia	95.0%
Ciudad Mallorquín	Atlántico	

Colombian Conglomerates Sector

Grupo Argos and Grupo Sura reposition for core business growth

The recent transaction between Grupo Argos and Grupo Sura marks the conclusion of a long-standing process to unwind their cross-shareholding structure. As a result, both companies are now positioned to concentrate fully on their respective core business segments. An additional outcome of this separation is the increased transparency in each company's shareholder base, which is expected to strengthen corporate governance practices. These changes lay the foundation for a more focused strategic direction and improved operational efficiency across both organizations.

Grupo Argos has now defined its core business around three strategic sectors: cement, infrastructure, and energy. In the cement segment, its key asset is Cementos Argos, the leading cement producer in Colombia, with operations across Central America and the Caribbean. Previously, the company also operated in the U.S. market; however, following the merger of its U.S. operations with Summit Materials, an American aggregates company, and the subsequent divestment of its stake in Summit, Cemargos is now in the process of rebuilding its U.S. presence using the proceeds from that transaction. At this stage, we believe the deployment of this capital may take time, as the U.S. market currently trades at elevated valuation multiples. In the energy segment, Celsia has launched the 'EnergizarC' program, aimed at enhancing the market valuation of its stock and strengthening its positioning in the renewable energy space. The infrastructure segment is led by Odinsa, which manages a robust pipeline of transportation and airport projects. Several of these initiatives are expected to be announced in the near term, and we see meaningful upside potential in this asset. Overall, Grupo Argos is actively investing across its core sectors to expand operations and strengthen its project pipeline, which we believe will be key drivers of future performance.

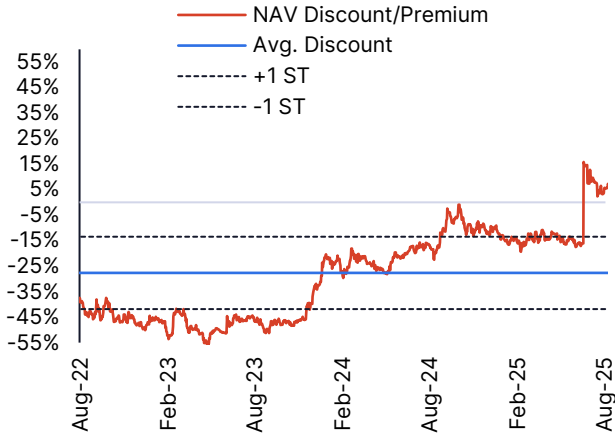
Following the separation from Grupo Sura, Grupo Argos is now focused on cement, infrastructure, and energy, actively investing to expand operations and strengthen its project pipeline.

With the renewed focus on financial services, Grupo Sura is positioned to benefit from resilient core assets, improved profitability, and strategic exits from less profitable segments.

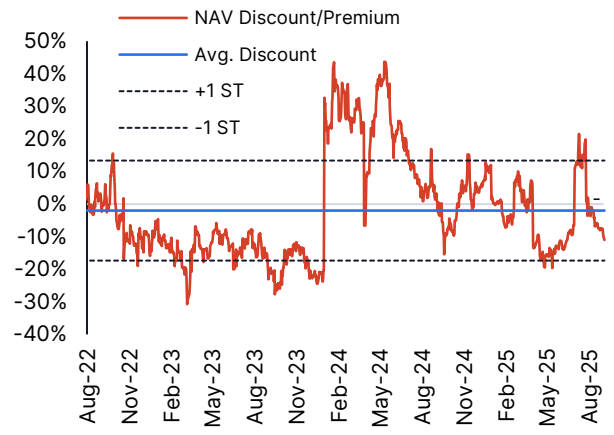
Grupo Sura is now fully focused on the financial sector. Its core asset is Cibest, in which it holds 235.6 mn ordinary shares. Cibest's performance continues to be supported by resilient fundamentals, a structural funding advantage, and strong capital flexibility under its new corporate structure. We expect these factors to sustain the positive results seen in recent quarters, which should in turn benefit Grupo Sura. Suramericana, the group's insurance subsidiary, is expected to maintain solid performance, primarily driven by its life insurance segment. Additionally, the recent exit from the obligatory healthcare segment could present upside potential for the healthcare business, as the company refocuses on more profitable areas. Lastly, we are revising our outlook on SUAM positively. The company has shown consistent improvement in profitability over recent quarters, and we believe it has the potential not only to sustain but also to enhance its financial performance going forward.

Colombia

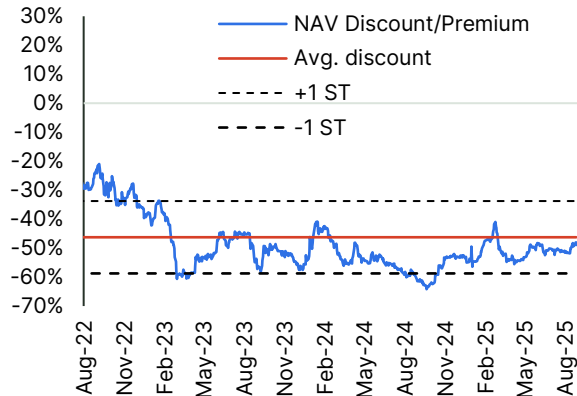
Grupo Argos NAV discount



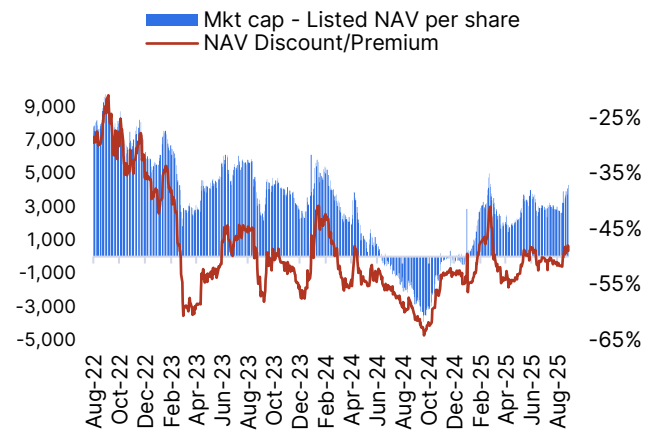
Grupo Sura NAV discount



Corficolombiana NAV discount



Market cap vs listed NAV Corficolombiana



Peruvian Construction Sector

After a recovery in 2025, Peru's construction sector heads toward moderate growth in 2026

Peru's construction sector heads into 2026 with moderate growth prospects, driven by an expected improvement in the self-construction segment, the execution of public infrastructure projects, and a steady pipeline of public-private partnerships (PPPs).

Peru's construction sector is set to grow in 2026, supported by strong 2025 momentum and increased private participation in infrastructure through PPPs and Works for Taxes.

We expect the self-construction segment to sustain the positive momentum observed through 2025. National cement dispatches showed sequential improvement, with a 3.4% y/y increase until Aug-25, while 2024 was broadly stable, reflecting a modest rebound from the self-construction segment. This recovery is being supported by a reduction in food inflation and an increase in formal income, according to the BCRP. Overall, in the residential segment, demand has continued to strengthen, with housing sales rising by 25.0% y/y in the 1S25, with a greater share coming from social housing units, according to the Confederación de Desarrolladores Inmobiliarios del Perú (CODIP). We believe the segment has benefited from an improved economic environment and mortgage rates lowering to ~7.9%, from 9.1% in Dec-23, supporting affordability.

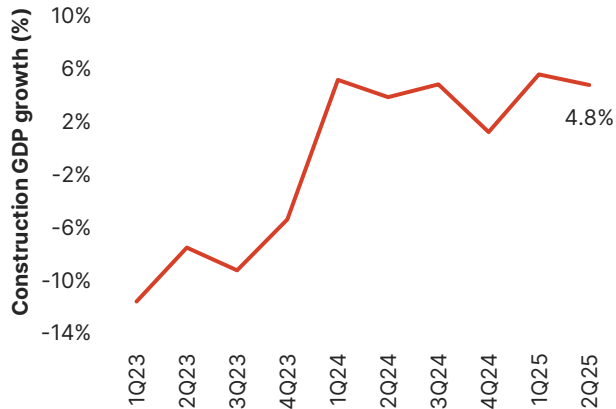
On the infrastructure front, private investment has taken a central role through Works for Taxes and PPPs, promoted by ProInversión. This trend supports execution, as private-led delivery is more efficient than state-led spending. In 2024, USD 8.1 bn in PPPs were awarded, while 2025 focused on Works for Taxes worth USD 547 mn. Although ProInversión aimed to exceed USD 7.9 bn in PPP awards this year, only a limited portion has been awarded to date, suggesting that the second half of the year will be key for advancing the infrastructure pipeline. We remain positive on 2024-awarded projects, which should show execution momentum in the medium term. The Anillo Vial Periférico (USD 3.4 bn) is in land clearance and expected to begin construction in 2026. Further, the Nueva Carretera Central (USD 6.7 bn) has started property acquisition as of Jun-25. These large-scale initiatives lift construction demand, enhance productivity, and create a multiplier effect for sustained sector growth.

Residential construction should continue recovering, driven by self-construction activity, lower mortgage rates, and stronger demand for social housing amid improving economic conditions.

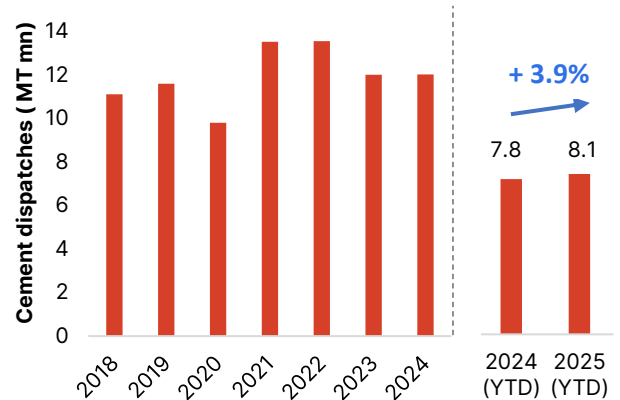
Overall, we expect the construction sector in Peru to grow in 2026, driven by the self-construction recovery and the development of infrastructure projects. While execution risks remain, the increasing involvement of the private sector in infrastructure delivery, together with ongoing efforts to streamline state bureaucracy, could support more timely project implementation. Furthermore, the 2026 general elections introduce an additional layer of uncertainty. However, a right-leaning candidate could represent an upside risk for the sector by reinforcing private participation and investor confidence.

Peru

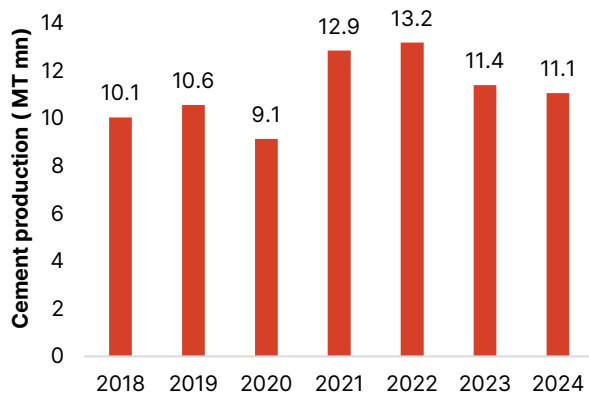
Construction GDP growth (%)



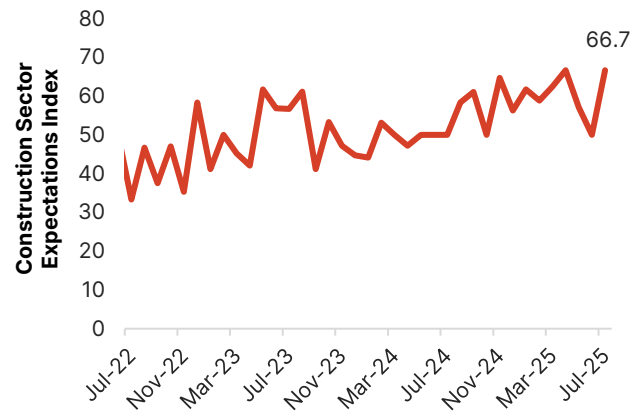
Cement Dispatches (mn MT, up to Aug-25)



Cement production (mn MT)



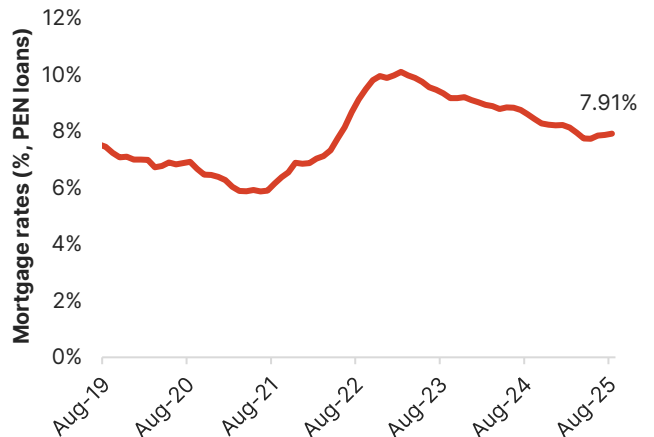
Construction sector expectations index



APP Projects (Proinversión)

Proinversion	To be awarded projects	Investment (USD bn)
2025	Longitudinal de la Sierra Section 4	1.6
	Road corridors and tunnel	1.2
	Ancón Industrial Park	1.0
	Other projects	4.1
2026	Road corridors	2.4
	Vía de evitamiento highway Cusco City	1.0
	III Stage of the Chavimochic Project	0.5
	Other projects	3.9
	Total	

Mortgage rates (% , PEN loans)



Cemargos

Rating: Uperf
TP: COP 10,400

Equity Research Colombia Cement & Construction

Gabriel Perez - gfperez@credicorpcapital.com
Mariane Goñi - marianegoni@credicorpcapital.com

Strong cash position, but strategic execution remains key

Investment thesis

We introduce our 2026E T.P. of COP 10,400/share for Cemargos and downgrade our recommendation to UPERF. Following the Summit Materials sale, we view the U.S. platform rebuild as a medium- to long-term goal. While the cash position yields attractive returns, uncertainty around its deployment adds risk. Furthermore, although we remain constructive on SPRINT 3.0, short-term upside appears limited, particularly after the company distributed its Grupo Sura stake as part of the Grupo Argos-Grupo Sura transaction.

Operationally, we expect 2025 to be challenging in Colombia, with cement volumes down 9.0% y/y and a modest 2.5% rebound in 2026E. Long term, we forecast a +2.6% CAGR (2026E-2036E) in Colombian revenues, supported by a +2.2% CAGR in cement demand and a 2.3% y/y price increase in 2026, followed by price stability. In CCA, revenues should rise at a 1.6% CAGR (2026E-2036E), driven by almost stable cement volume and a 4.1% price increase in 2026E.

We estimate a 4.0% annual USD financial return on cash proceeds from the Summit transaction. Capital deployment remains limited: COP 500 bn was allocated to an extraordinary dividend, and USD 120 mn will fund the announced aggregates platform acquisition in Central America.

We remain constructive on SPRINT 3.0. The potential inclusion in the MSCI Standard Index, following recent additions to the MSCI Small Cap Index, presents potential upside. Achieving the 25.0% EBITDA margin target outlined in SPRINT 3.0 is another catalyst. However, we expect a 21.6% margin in 2025E, gradually improving to 23.5% over the long term.

Valuation

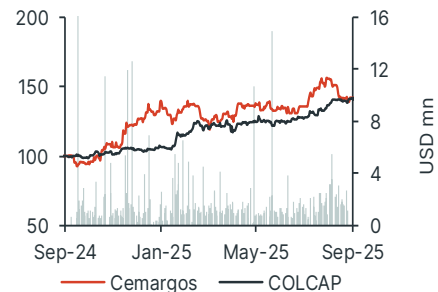
Our valuation includes the EV of Colombia and CCA, based on a 10-year DCF at a 16.1% WACC, resulting in a 4.9x EV/EBITDA multiple for both segments. While the discount rate may appear elevated, it reflects Colombia's current political and fiscal risks. We also incorporate the remaining cash from the Summit Materials sale (COP 11,327 bn), net of the COP 500 bn already paid as an extraordinary dividend.

Note that the EV/EBITDA is adjusted for the value of the Summit sale to ensure comparability.

Stock Data

Ticker	cemargos cb
Price (COP)	9,980
Target (COP)	10,400
Total Return	8.1%
LTM Range	6,532 - 11,000
M. Cap (USD mn)	3,303
Shares Outs. (mn)	1,290
Free Float	45%
ADTV (USD mn)	1.9

Price Chart (COP) and Volumes (USD mn)

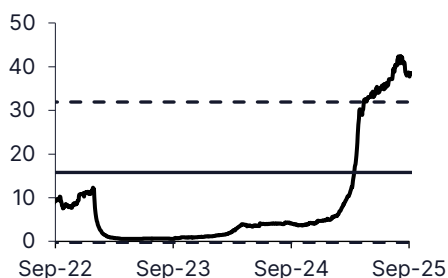


Valuation Summary

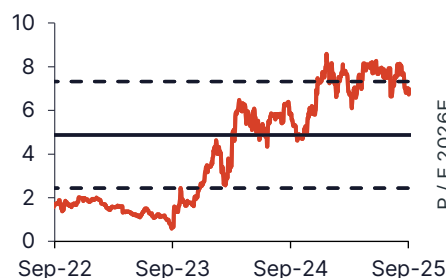
	2024	2025E	2026E	2027E
EV/EBITDA	7.7	7.0	6.6	6.2
P/E	2.4	5.3	38.0	35.2
P/CF	1.6	8.6	13.7	12.8
P/BV	1.0	0.9	0.9	0.9
Div. Yield	4.2%	7.8%	3.9%	3.1%

Sources: Company Reports and Credicorp Capital

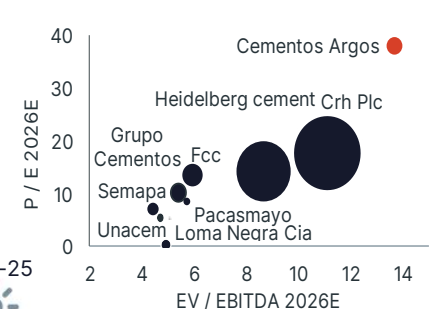
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

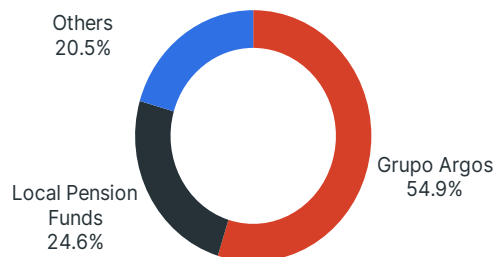


Cemargos

Company Description

Cemargos is a cement and ready-mix producer with operations in Colombia and the Caribbean. In Colombia, the company leads with a cement capacity of 8.5 Mt/year. In CCA, the cement installed capacity reached 5.9 Mt/year. The company also benefits from having ports and terminals. Finally, Cemargos recently sold its 31% stake in Summit Materials and plans to use the proceeds to rebuild its previously integrated U.S. platform.

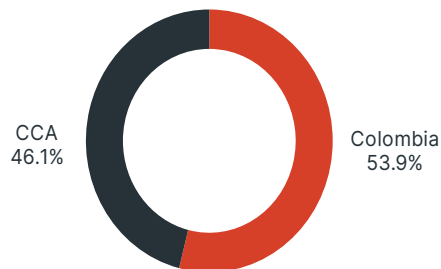
Ownership Structure



Income Statement

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Revenues	12,717	5,299	5,082	5,263	5,364
Gross Profit	2,901	1,332	1,330	1,395	1,441
EBITDA	2,562	1,121	1,100	1,174	1,247
Net Income	313	5,560	2,445	338	366
EPS (COP)	240	4,271	1,878	260	281
Gross Margin	22.8%	25.1%	26.2%	26.5%	26.9%
EBITDA Margin	20.1%	21.2%	21.6%	22.3%	23.2%
Net Margin	2.5%	104.9%	48.1%	6.4%	6.8%

Revenue breakdown by region (2Q25)



Balance Sheet

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,009	1,065	926	953	1,026
Total Current Assets	3,983	11,645	14,886	13,711	13,799
Total Assets	19,511	19,944	21,686	20,431	20,427
Current Liabilities	4,232	2,366	2,683	2,724	2,619
Financial Debt	7,273	3,895	3,384	3,387	3,275
Total Liabilities	10,436	5,997	7,212	6,007	5,903
Minority Interest	720	811	738	800	867
Shareholders Equity	8,355	13,136	13,735	13,624	13,657
Total Liabilities + Equity	19,511	19,944	21,686	20,431	20,427
Net Debt /EBITDA	2.4	2.5	2.2	2.1	1.8
Financial Debt /EBITDA	2.8	3.5	3.1	2.9	2.6
Financial Debt /Equity	0.9	0.3	0.2	0.2	0.2
ROAE	3.2%	51.7%	18.2%	2.5%	2.7%
ROAA	1.5%	28.2%	11.7%	1.6%	1.8%
ROIC	14.1%	5.4%	4.7%	5.4%	5.7%

EBITDA breakdown by region (2Q25)



Cash Flow Statement

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	790	1,009	1,065	926	953
Operating Cash Flow	1,991	7,181	3,425	942	1,006
CAPEX	1,106	6,196	-199	-393	-416
Changes in Debt	-243	-3,378	-512	3	-112
Dividends	-445	-557	-1,002	-512	-400
Other CFI & CFF Items	-2,191	-9,385	-1,851	-14	-5
Changes in Equity	-	-	-	-	-
Final Cash	1,009	1,065	926	953	1,026
Change in Cash Position	218	57	-139	26	73

Management

CEO: Juan Esteban Calle
 CFO: Felipe Aristizábal
 HIR: Carolina Velasquez
<https://ir.argos.co/>

Sources: Company Reports and Credicorp Capital

Cementos Pacasmayo

Rating: Buy
TP: PEN 5.56 (loc) / USD 7.61 (ADR)
**Equity Research Peru
Cement & Construction**

 Gabriel Perez - gfperez@credicorpcapital.com
 Mariane Goñi - marianegoni@credicorpcapital.com

Operational strength and market recovery highlight attractive valuation

Investment Thesis

We reiterate our **BUY** recommendation for **Cementos Pacasmayo** and raise our **2026 T.P. to PEN 5.56/share**. Despite the uncertainty surrounding the pre-election period, the stock remains undervalued compared to historical trading levels. Furthermore, we anticipate a substantial dividend toward year-end (2025E DY: 10.1%), presenting an attractive opportunity for investors.

Cement demand is projected to grow modestly, reflecting the potential uncertainty associated with Peru's presidential election period. While the political transition may pose headwinds for private investment and infrastructure, lower mortgage rates and rising formal income should support self-construction. We expect 2025 revenue to increase 3.2% y/y, with a more modest growth of 1.9% y/y in 2026E. Furthermore, cement dispatches should reach 2.9 mn MT in 2026E, rising 1.1% y/y.

Toward the end of 2025, we anticipate Pacasmayo to distribute an attractive dividend with a 10.1% yield. Assuming a full dividend payout aligned with its eight-year track record and the upper end of its policy, the company is expected to distribute PEN 199 mn in dividends this year. This trend should continue into 2026, with a projected yield of 11.1%.

The risk related to Pacasmayo's limited revenue diversification and its strong dependence on the Peruvian market remains a concern. However, in the short term, this is partly offset by the stock's attractive valuation compared to previous years and the expected year-end dividend, which adds appeal from a total return perspective.

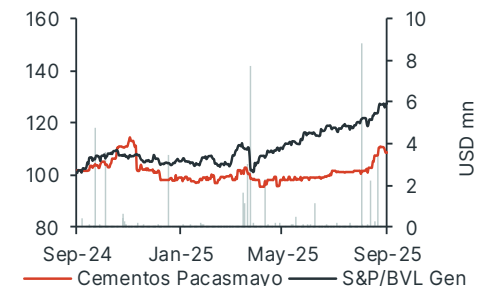
Valuation

Pacasmayo's valuation appears attractive when compared to its historical averages. We are updating our 10-year DCF valuation model for Pacasmayo, including a WACC of 10.6% and a cost of debt of 6.1%. For 2026E, we forecast an EV/EBITDA of 5.8x for Pacasmayo, higher than Unacem (4.5x EV/EBITDA) but lower than Cementos Argos (6.2x EV/EBITDA). Currently, Pacasmayo trades at 6.4x, versus a 2015–2024 average of 7.6x, which we believe could continue to appeal to investors.

Stock Data

Ticker	cpacasc1 pe / cpac us
Price (PEN)	4.65 (loc) / 6.60 (ADR)
Target (PEN)	5.56 (loc) / 7.61 (ADR)
Total Return	30.5%
LTM Range	4.09 - 4.90
M. Cap (USD mn)	617
Shares Outs. (mn)	424
Free Float	50%
ADTV (USD mn)	0.2

Price Chart (PEN) and Volumes (USD mn)

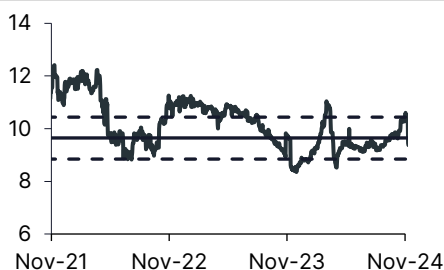


Valuation Summary

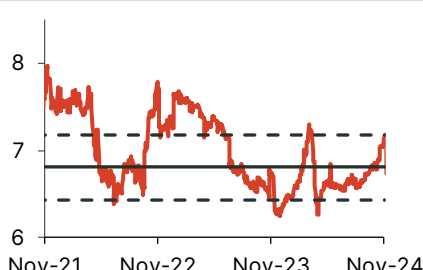
	2024	2025E	2026E	2027E
EV/EBITDA	6.2	6.0	5.8	5.6
P/E	9.9	9.0	8.6	8.2
P/CF	5.4	5.9	5.8	6.1
P/BV	1.6	1.6	1.6	1.6
Div. Yield	8.9%	10.1%	11.1%	11.7%

Sources: Company Reports and Credicorp Capital

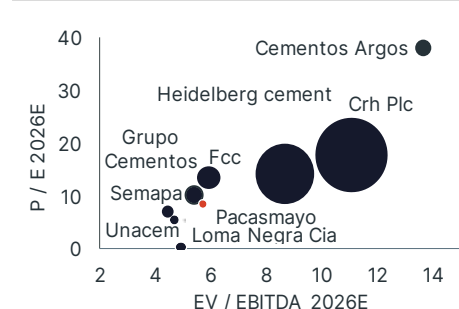
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

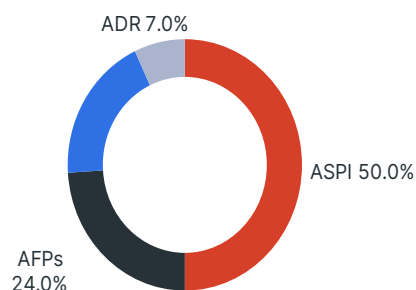


C. Pacasmayo

Company Description

Pacasmayo is one of the largest cement producers in Peru and the only one in the northern part of the country (33% of the population and 20% of GDP). The company is part of the Hochschild group (mining and industrial businesses) and has been listed on the Lima Stock Exchange since 1995 and on the NYSE since Feb-12. It has production plants in Pacasmayo, Piura and Rioja with annual cement installed capacities of 2.9 mn MT, 1.6mn MT and 0.4 mn MT, respectively.

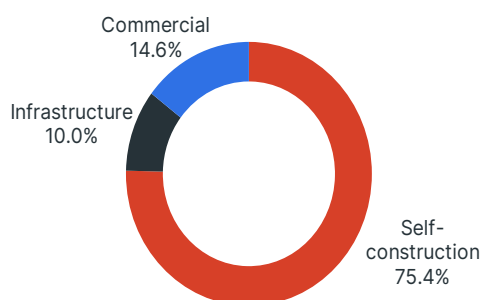
Ownership Structure



Income Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Revenues	1,950	1,978	2,042	2,080	2,150
Gross Profit	689	729	766	787	808
EBITDA	482	549	558	579	593
Net Income	169	199	218	230	241
EPS (PEN)	0.39	0.46	0.51	0.56	0.58
Gross Margin	35.4%	36.8%	37.5%	37.8%	37.6%
EBITDA Margin	24.7%	27.8%	27.3%	27.8%	27.6%
Net Margin	8.7%	10.1%	10.7%	11.1%	11.2%

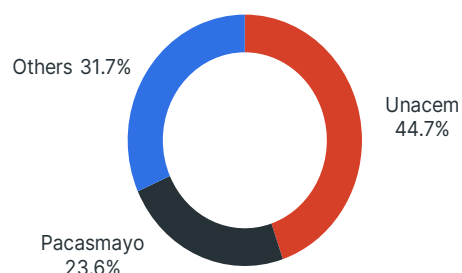
Revenue breakdown (2026E)



Balance Sheet

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	90	73	90	90	93
Total Current Assets	992	992	1,033	1,037	1,078
Total Assets	3,222	3,166	3,178	3,144	3,150
Current Liabilities	689	766	815	814	814
Financial Debt	1,581	1,503	1,464	1,420	1,393
Total Liabilities	2,032	1,953	1,946	1,900	1,883
Minority Interest	0	0	0	0	0
Shareholders Equity	1,190	1,213	1,232	1,244	1,267
Total Liabilities + Equity	3,222	3,166	3,178	3,144	3,150
Net Debt /EBITDA	3.1	2.6	2.5	2.3	2.2
Financial Debt /EBITDA	3.3	2.7	2.6	2.5	2.3
Financial Debt /Equity	1.3	1.2	1.2	1.1	1.1
ROAE	14.2%	16.6%	17.8%	18.6%	19.2%
ROAA	5.2%	6.2%	6.9%	7.3%	7.7%
ROIC	8.7%	9.9%	10.5%	11.1%	11.5%

Peruvian cement market share (2026E)



Management

CEO: Humberto Nadal
 CFO: Ely Hayashi
 IR Manager: Claudia Bustamante
www.cementospacasmayo.com.pe

Cash Flow Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	169	90	73	90	90
Cash Flow From Operations	360	339	383	382	370
CAPEX	-289	-81	-124	-126	-129
Changes in Financial Debt	-16	-79	-39	-44	-27
Dividends (Paid) Received	-175	-175	-199	-218	-230
Other CFI & CFF Items	42	-22	-4	6	19
Changes in Equity	0	0	0	0	0
Final Cash	90	73	90	90	93
Change in Cash Position	-78	-17	17	0	3

Sources: Company Reports and Credicorp Capital

Corficolombiana

**Equity Research Colombia
Conglomerates**
Rating: Hold
TP: COP 19,900

 Gabriel Perez - gfperez@credicorpcapital.com
 Mariane Gofii - marianegoni@credicorpcapital.com

Low valuation, stabilizing fundamentals, and election-driven upside

Investment thesis

We maintain our HOLD recommendation for Corficolombiana and introduce a new 2026 T.P. of COP 19,900/share. Although the stock trades at a historically low 0.42x P/BV, the listed portfolio, mainly Promigas and GEB, is valued 25.8% below market cap. This implies the unlisted portfolio, including infrastructure and tourism assets, is being valued at just ~20% of total market cap. Beyond the discount, we revise our operational outlook from negative to neutral, reflecting the completion of key concessions and slower infrastructure activity, partially compensated by improved energy dynamics and lower financial costs.

Energy outlook remains positive. Corficolombiana's exposure through Promigas has driven strong revenue growth. We expect 2026 to maintain favorable pricing, supported by the internal gas deficit. The company could also benefit from the SPEC expansion.

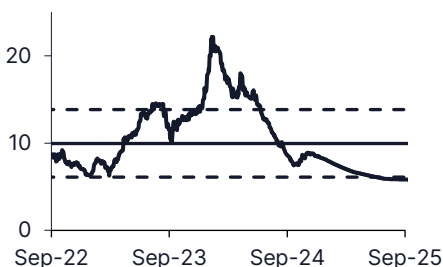
Infrastructure remains a drag. Earnings continue to decline in 2024 due to: i) reduced construction as 4G projects conclude, and ii) Coviandina amortization. Fiscal constraints make new projects unlikely, and ongoing execution could be at risk.

2026 presidential elections could be a positive catalyst. The infrastructure sector has faced political headwinds under the current administration, including the toll freeze and reduced construction activity. Hence, a shift in political dynamics could improve sector conditions and support a more favorable environment.

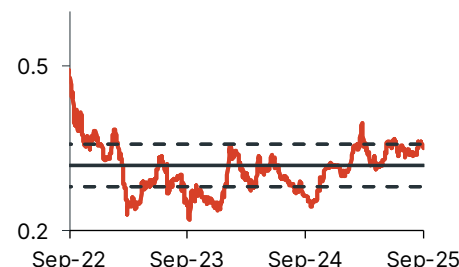
Valuation

Our valuation is based on an SOTP model. We value road concessions (Coviandina, Covipacifico, Covioriente) using the present value of cash flows. Promigas is included at market price, while GEB is valued at its target price. Agribusiness assets are valued at 1.0x P/BV, and the hotel segment using EV/EBITDA multiples. From this, we subtract the holding company's net debt and the present value of its expenses, applying a 15% holding discount.

P/E 12M Forward



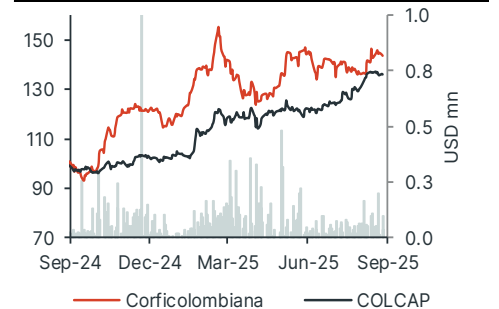
P/BV 12M Forward



Stock Data

Ticker	corficol cb
Price (COP)	17,860
Target (COP)	19,900
Total Return	11.6%
LTM Range	11,800 - 19,700
M. Cap (USD mn)	1,671
Shares Outs. (mn)	346
Free Float	36%
ADTV (USD mn)	0.3

Price Chart (COP) and Volumes (USD mn)

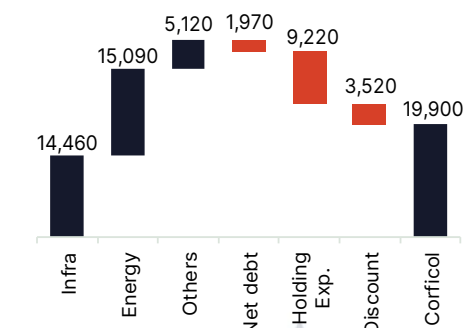


Valuation Summary

	2024	2025E	2026E	2027E
P/E	27.0	8.9	6.3	9.1
P/BV	0.5	0.5	0.4	0.4
ROAE	1.6%	5.4%	7.2%	4.8%
ROAA	0.3%	1.1%	1.6%	1.2%
Div. Yield	0.1%	0.1%	0.1%	0.2%

Sources: Company Reports and Credicorp Capital

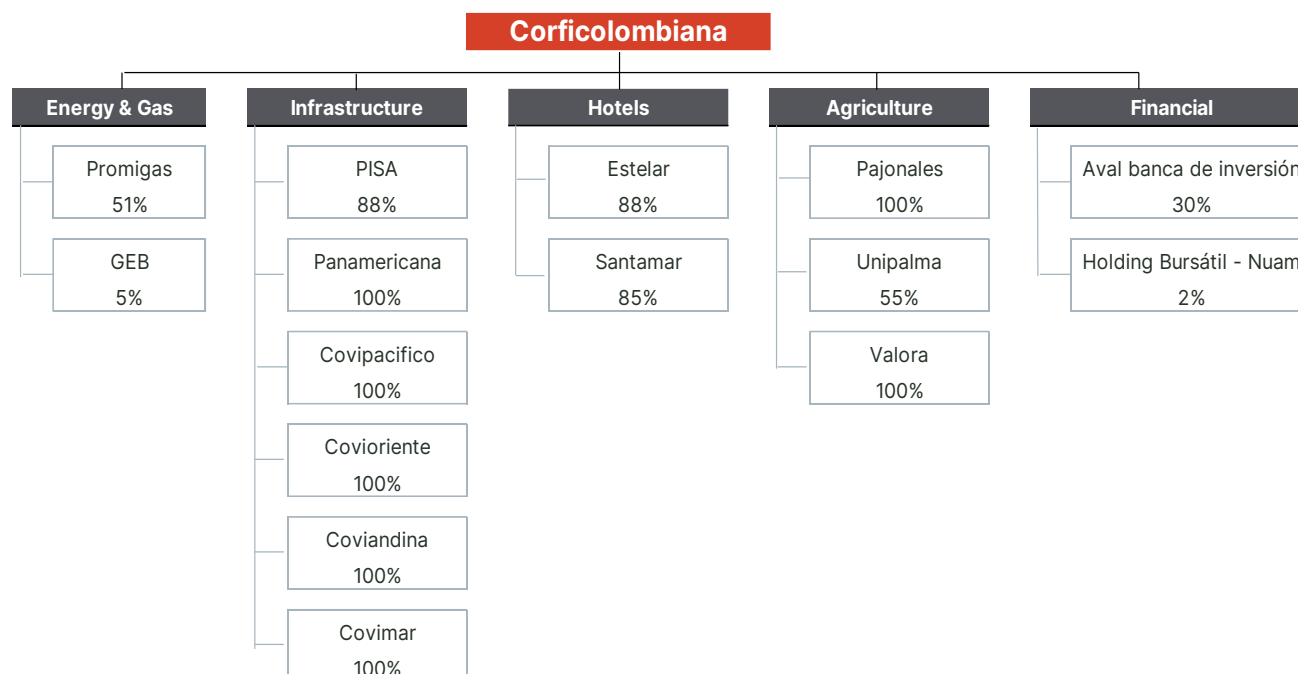
2026E TP Breakdown



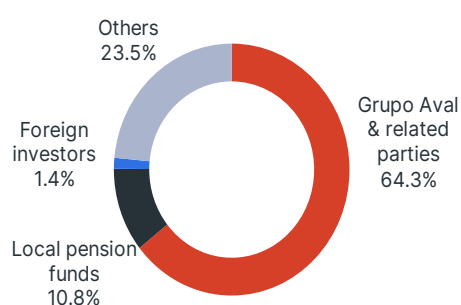
Corficol

Company Description

Corficolombiana is a merchant bank that invests in strategic sectors of the Colombian economy, including infrastructure, power and gas, hotels and finance. It also provides treasury, investment banking and private banking services. It is considered the real sector investment vehicle of Grupo Aval, the largest financial conglomerate in Colombia.



Ownership Structure



Management

CEO: Milena López Rocha
CFO: Gustavo Ramírez
HIR: Diego Buitrago
www.corficolombiana.com

Income Statement

<i>COP mn</i>	2023	2024	2025E	2026E	2027E
Revenues	3,549	2,863	2,577	2,889	2,427
Controlling Net Income	883	198	694	990	683
Holding	-833	-823	-850	-790	-790
Energy	514	544	712	804	823
Infrastructure	1,268	643	780	923	605
Hotels	35	36	33	32	24
EPS (COP)	2,550	572	2,004	2,857	1,973
Net Margin	24.9%	6.9%	26.9%	34.3%	28.2%

Balance Sheet

<i>COP mn</i>	2023	2024	2025E	2026E	2027E
Total Assets	57,286	60,639	61,058	60,333	57,153
Total Liabilities	41,764	44,312	44,260	42,510	39,332
Minority Interest	3,446	3,783	3,466	3,502	3,394
Shareholders Equity	12,076	12,543	13,332	14,322	14,428
Total Liabilities + Equity	57,286	60,639	61,058	60,333	57,153
ROAE	7.5%	1.6%	5.4%	7.2%	4.8%
ROAA	1.6%	0.3%	1.1%	1.6%	1.2%

Sources: Company Reports and Credicorp Capital

Ferreycorp

Rating: Buy
TP: PEN 4.36
**Equity Research Peru
Materials**

 Gabriel Perez - gfperez@credicorpcapital.com
 Mariane Goñi - marianegoni@credicorpcapital.com

Dividends remain the core of our thesis

Investment Thesis

We reiterate our BUY recommendation for Ferreycorp and raise our 2026E T.P. to PEN 4.36/share. Ferreycorp remains our top pick within coverage, with our investment thesis broadly unchanged. The company's resilient top line positions it well to navigate the typical volatility associated with a pre-electoral year. We also maintain a positive outlook on profitability, expecting attractive margins to persist. Furthermore, we believe the company's solid track record of dividend distributions will remain a key component of its investment appeal.

The SP&S segment will provide the revenue resilience we anticipate while supporting elevated profitability levels. We expect revenues to grow at a 4.6% CAGR (2026E-2036E), driven by sales growth in both SP&S (+4.6% y/y) and machinery from the mining and non-mining sectors (+4.9% y/y). That said, we expect SP&S to remain at ~55.8% of total revenues for 2026E-2036E. Additionally, we see upside potential in revenues from Ferreycorp's opportunity to supply machinery to new mining projects such as Tía María (announcement expected in 2S25), Zafranal, and Cuajone expansion.

Despite the recent price rally, we forecast an attractive 2026E dividend yield of 9.4%. While 2024 has been a capex-intensive year and 2025 is expected to follow a similar pattern, the company has sufficient financial flexibility to continue delivering attractive dividends to shareholders. Ferreycorp has distributed dividends with an average yield above 9.0% for ten consecutive years, a trend we expect to continue for 2026 (expected dividend payout: 60%).

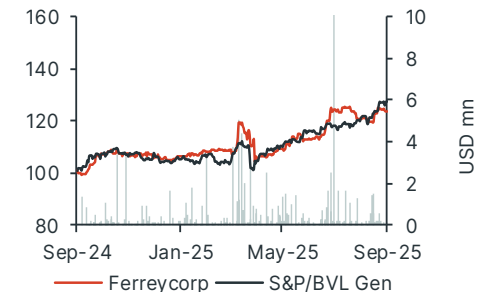
Valuation

Valuation remains attractive on both relative and historical basis. We are valuing Ferreycorp with a DDM and a 10-year DCF model, with a 2.6% long-term growth, a 9.8% WACC and a 33.1% tax rate. For 2026E, we forecast an EV/EBITDA multiple of 4.8x and a P/E multiple of 6.3x. These valuations appear attractive relative to historical averages (EV/EBITDA 2017–2024: 5.6x) and significantly discounted compared to peers in the Americas (13.1x) and Europe (9.5x).

Stock Data

Ticker	ferreyc1 pe
Price (PEN)	3.45
Target (PEN)	4.36
Total Return	35.8%
LTM Range	2.77 - 3.50
M. Cap (USD mn)	938
Shares Outs. (mn)	946
Free Float	96%
ADTV (USD mn)	0.4

Price Chart (PEN) and Volumes (USD mn)

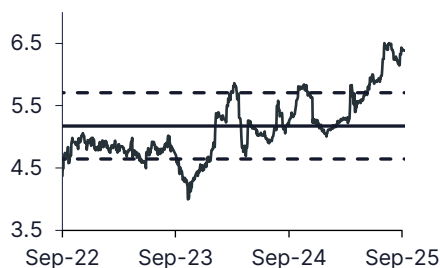


Valuation Summary

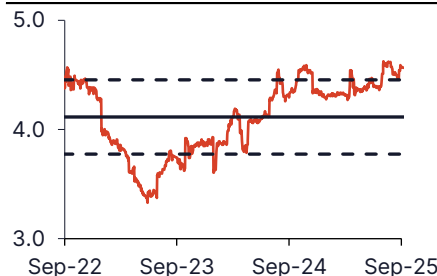
	2024	2025E	2026E	2027E
EV/EBITDA	4.4	5.3	4.8	4.7
P/E	5.6	6.4	6.3	6.0
P/CF	17.3	40.3	8.5	8.3
P/BV	0.9	1.0	1.0	0.9
Div. Yield	9.4%	9.0%	9.4%	9.6%

Sources: Company Reports and Credicorp Capital

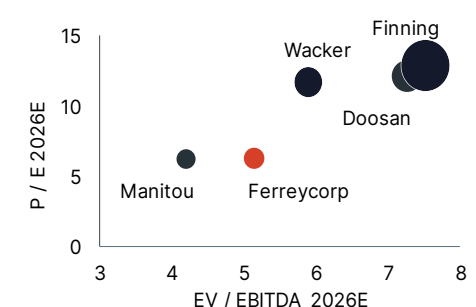
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

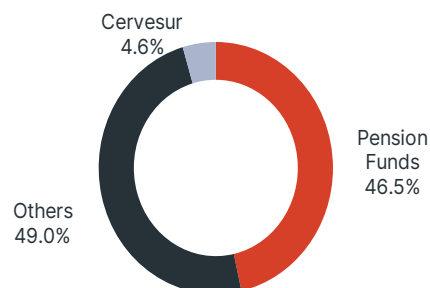


Ferreycorp

Company Description

Ferreycorp is the largest capital goods distributor in Peru and the only Caterpillar distributor in Peru (since 1942). The company also has a presence in Guatemala, El Salvador and Belize, as well as businesses in Chile and Ecuador. Ferreycorp offers products and services in six main business lines: mining trucks and Caterpillar machines for mines, machines and engines for other sectors, rental and used equipment, allied equipment, spare parts and services and others.

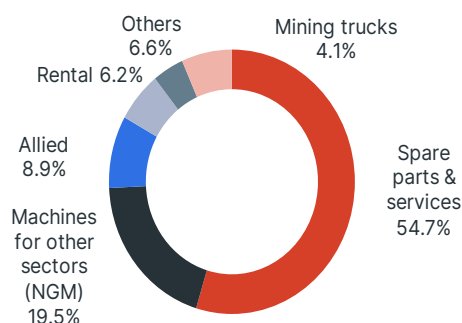
Ownership Structure



Income Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Revenues	6,945	7,583	7,756	7,984	8,258
Gross Profit	1,807	1,996	1,983	2,096	2,164
EBITDA	919	1,092	1,024	1,125	1,159
Net Income	434	489	513	520	540
EPS (PEN)	0.46	0.52	0.54	0.57	0.59
Gross Margin	26.0%	26.3%	25.6%	26.3%	26.2%
EBITDA Margin	13.2%	14.4%	13.2%	14.1%	14.0%
Net Margin	6.2%	6.4%	6.6%	6.5%	6.5%

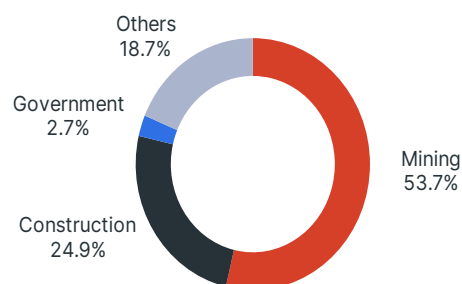
Revenues by business line (2Q25)



Balance Sheet

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	219	248	240	246	255
Total Current Assets	4,057	4,174	4,248	4,365	4,509
Total Assets	6,525	6,868	7,247	7,484	7,754
Current Liabilities	2,959	2,744	2,852	2,882	2,935
Financial Debt	2,315	2,334	2,427	2,413	2,406
Total Liabilities	3,860	3,935	4,060	4,085	4,127
Minority Interest	0	0	0	0	0
Shareholders Equity	2,665	2,933	3,187	3,399	3,627
Total Liabilities + Equity	6,525	6,868	7,247	7,484	7,754
Net Debt /EBITDA	2.3	1.9	2.1	1.9	1.9
Financial Debt /EBITDA	2.5	2.1	2.4	2.1	2.1
Financial Debt /Equity	0.9	0.8	0.8	0.7	0.7
ROAE	16.8%	17.5%	16.8%	15.8%	15.4%
ROAA	6.8%	7.3%	7.3%	7.1%	7.1%
ROIC	10.0%	11.7%	9.9%	10.7%	10.6%

Revenues by economic sector (2Q25)



Cash Flow Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	192	219	248	240	246
Cash Flow From Operations	520	691	718	699	712
CAPEX	-179	-595	-653	-372	-383
Changes in Financial Debt	155	18	93	-14	-7
Dividends (Paid) Received	-231	-260	-293	-308	-312
Other CFI & CFF Items	-224	150	127	0	0
Changes in Equity	-15	25	0	0	0
Final Cash	219	248	240	246	255
Change in Cash Position	27	29	-8	6	9

Management

CEO: Mariela Garcia
 CFO: Patricia Gastelumendi
 IRO: Jimena de Vinatea
www.ferreycorp.com

Sources: Company Reports and Credicorp Capital

Grupo Argos

Rating: Uperf
TP: COP 17,500

Equity Research Colombia Conglomerates

Gabriel Perez - gfperez@credicorpcapital.com
Mariane Goñi - marianegoni@credicorpcapital.com

Limited upside after strategic pivot

Investment Thesis

We are introducing our 2026E T.P. of COP 17,500/share for Grupo Argos while downgrading our recommendation to UPERF. Following our positive assessment of the Grupo Argos – Grupo Sura transaction, we now see limited upside potential in Grupo Argos's fundamentals, which are now focused on the cement, energy, and infrastructure segments. Our revised outlook on Cemargos adds to our cautious stance, and the strong price momentum post-transaction appears to have already priced in much of the potential upside.

Focus on strategic assets. With the new capital structure, Grupo Argos will focus on its core segments. For **Cemargos (UPERF; T.P.: COP 10,400)**, following the divestment of its stake in Summit Materials, the reconstruction of the U.S. platform is expected to be a medium- to long-term initiative. While the current cash position is generating attractive returns, uncertainty around its deployment introduces risk. Operationally, 2025 is expected to be a challenging year in Colombia, with cement volumes projected to decline 9.0% y/y. Over the long term, revenue is forecast to grow at a 2.6% 2026-2036 CAGR. In the CCA region, cement volumes are expected to grow 0.2% in 2025E, with long-term revenue expanding at a 1.6% 2026-2036 CAGR. Regarding **Celsia**, we maintain a constructive view on the EnergizarC program, which aims to enhance the company's market value by focusing on six strategic pillars designed to support future share price appreciation. Finally, we see **Odinsa's** project pipeline as promising, with the potential to drive a revaluation of its stake over time.

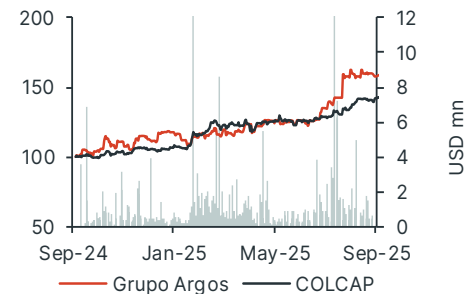
Valuation

Our target price is based on a SOTP model. Cemargos is incorporated at our target price, while Celsia is valued using a simple average of its market price over the past month. Pactia and land assets are included at 0.9x book value, while Odinsa's road and airport concessions are included at book value. The model also reflects the updated capital structure, which accounts for the reduced number of outstanding shares. Moreover, we have removed the previously applied 5.0% holding discount and assumed a zero long term growth rate when calculating the present value of expenses.

Stock Data

Ticker	grupoargos cb
Price (COP)	16,840
Target (COP)	17,500
Total Return	10.9%
LTM Range	16,800 - 24,800
M. Cap (USD mn)	2,595
Shares Outs. (mn)	403
Free Float	100%
ADTV (USD mn)	1.1

Price Chart (COP) and Volumes (USD mn)

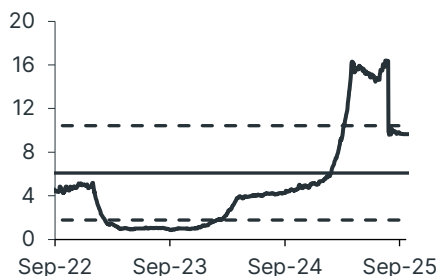


Valuation Summary

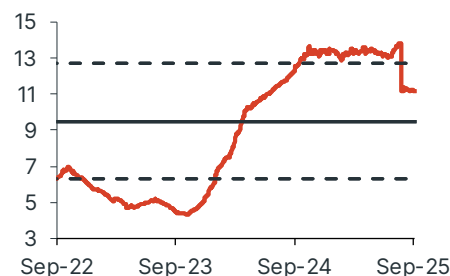
	2024	2025E	2026E	2027E
EV/EBITDA	7.3	11.7	10.9	10.5
P/E	3.6	4.1	8.6	8.1
P/CF	3.2	2.3	2.2	2.1
P/BV	0.8	0.3	0.3	0.3
Div. Yield	3.3%	8.4%	7.0%	7.3%

Sources: Company Reports and Credicorp Capital

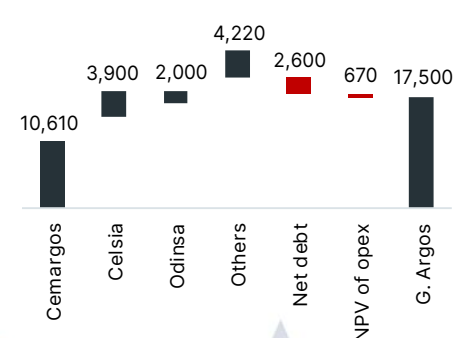
P/E 12M Forward



EV/EBITDA 12M Forward



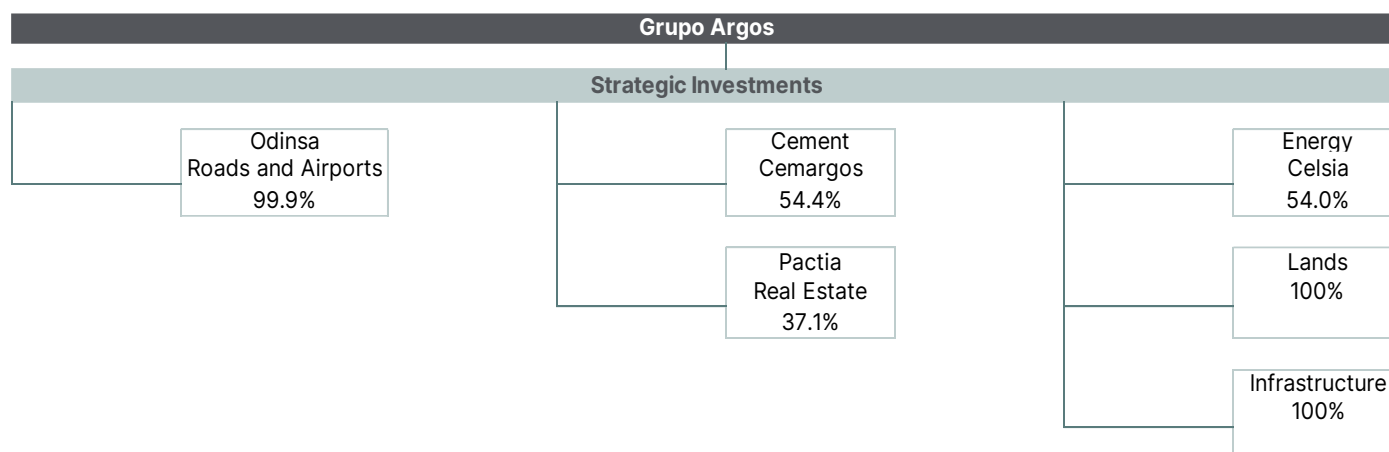
2026E TP Breakdown



Grupo Argos

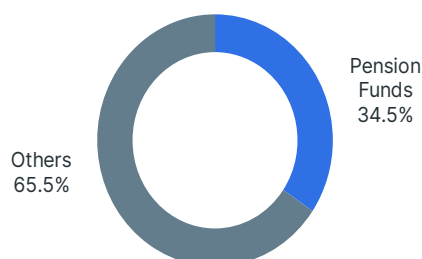
Company Description

Grupo Argos is an infrastructure holding company with controlling interests in Cemargos (cement) and Celsia (power generation), and substantial investments in infrastructure (Odinsa) and real estate (Pactia).



* After Grupo Sura's divestment

Ownership Structure



Income Statement

<i>COP mn</i>	2023	2024	2025	2026	2027
Revenues	22,593	15,156	11,359	11,865	12,453
EBITDA	5,503	5,112	2,942	3,139	3,285
Cement	2,631	1,132	1,086	1,169	1,187
Energy	1,726	1,442	1,731	1,866	1,986
Portfolio	266	2,380	-60	0	0
Others	880	157	185	104	112
Net Income	916	4,544	1,636	786	833
Cement	173	2,844	1,496	518	534
Energy	93	120	154	165	191
Portfolio	81	1,507	-161	0	0
EBITDA Margin	24.4%	33.7%	25.9%	26.5%	26.4%
Net Margin	4.1%	30.0%	14.4%	6.6%	6.7%

Management

CEO: Jorge Mario Velásquez
 CFO: Alejandro Piedrahita
 IRO: Juan Esteban Mejía
www.grupoargos.com

Balance Sheet

<i>COP mn</i>	2023	2024	2025E	2026E	2027E
Total Assets	49,402	51,853	50,644	51,559	51,315
Total Liabilities	21,613	19,298	17,619	17,879	17,530
Minority Interest	8,902	10,778	10,703	11,144	11,257
Shareholders Equity	18,887	21,777	22,322	22,536	22,528
Total Liabilities + Equity	49,402	51,853	50,644	51,559	51,315
ROAE	4.6%	22.4%	7.4%	3.5%	3.7%
ROAA	1.7%	9.0%	3.2%	1.5%	1.6%

Sources: Company Reports and Credicorp Capital

Grupo Sura

Rating: Buy
TP: COP 57,000

Equity Research Colombia Conglomerates

Gabriel Perez - gfperez@credicorpcapital.com
Mariane Goñi - marianegoni@credicorpcapital.com

We maintain our positive view supported on solid fundamentals and ROE recovery

Investment thesis

We update our **2026E T.P.** for **Grupo Sura** to **COP 57,000/share** and reiterate our **BUY** rating. After the completion of the Grupo Argos–Grupo Sura transaction, we continue to see attractive fundamental value in Grupo Sura, supported by its financial sector assets.

CIBEST participation. Grupo Cibest's performance is backed by resilient fundamentals, a structural funding advantage, and strong capital flexibility under its new structure. Despite macro volatility and fiscal uncertainty, the bank has delivered industry-leading returns (16.3% ROAE in 1Q25 and 17.5% in 2Q25). Following its 2Q25 call, management revised its 2025 ROAE guidance to ~16% (vs. 14.5%–15.0%), reflecting stronger-than-expected profitability across Colombia, Panama, and El Salvador. Additionally, the COP 1.35 tn (~USD 334 mn) share buyback program over the next 12 months should support the stock.

Recovering ROEs. In our 2025 AIG, we had already flagged visible ROE improvements, especially in SUAM. Recent results exceeded expectations, prompting upward revisions. We now expect the voluntary business to drive SUAM's recovery, with the segment sustaining its positive trend. Long-term ROE is projected at ~10.6% for SUAM and ~12.7% for Suramericana, mainly supported by the life insurance segment. The healthcare business is also expected to improve, now focused solely on IPS and diagnostic services.

Debt service reduction. Under the new capital structure, Grupo Sura no longer receives dividends from Grupo Argos and has fewer outstanding shares. Still, strong results from Cibest and improving profitability in SUAM and Suramericana should drive dividend growth. These inflows should help sustain current debt levels and enable gradual deleveraging.

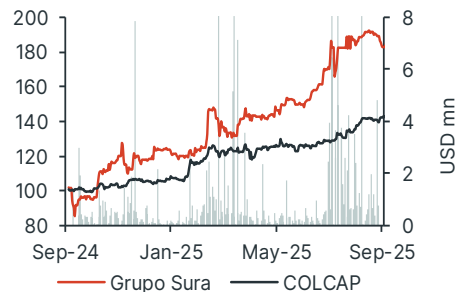
Valuation

Our valuation is a SOTP, which factors in Cibest at a simple average of its target price and market price. We use residual income models for Suramericana and SUAM. Implied P/BV valuations for these subsidiaries stand at 1.0x and 0.7x, respectively. Moreover, we have removed the previously applied 5.0% holding discount and assumed a zero growth rate ($g = 0$) when calculating the present value of expenses.

Stock Data

Ticker	gruposur cb
Price (COP)	44,820
Target (COP)	57,000
Total Return	34.8%
LTM Range	25,600 - 55,860
M. Cap (USD mn)	3,414
Shares Outs. (mn)	166
Free Float	100%
ADTV (USD mn)	1.1

Price Chart (COP) and Volumes (USD mn)

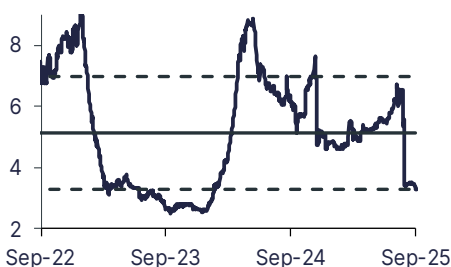


Valuation Summary

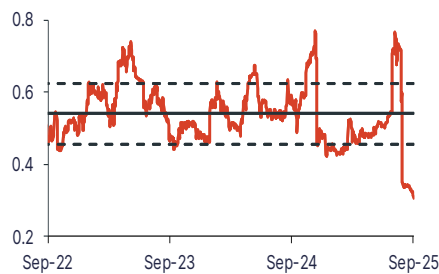
	2024	2025E	2026E	2027E
P/E	2.2	3.5	3.0	2.7
P/BV	0.5	0.4	0.3	0.3
ROAE	21.3%	8.9%	11.5%	11.8%
ROAA	6.4%	2.2%	2.6%	2.9%
Div. Yield	4.7%	6.6%	7.7%	7.9%

Sources: Company Reports and Credicorp Capital

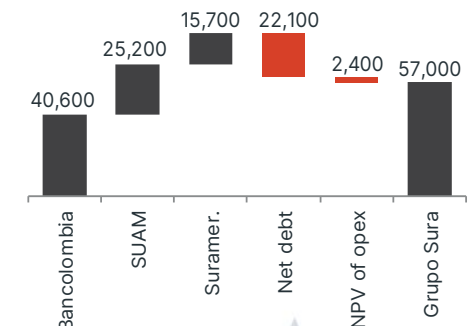
P/E 12M Forward



P/BV 12M Forward



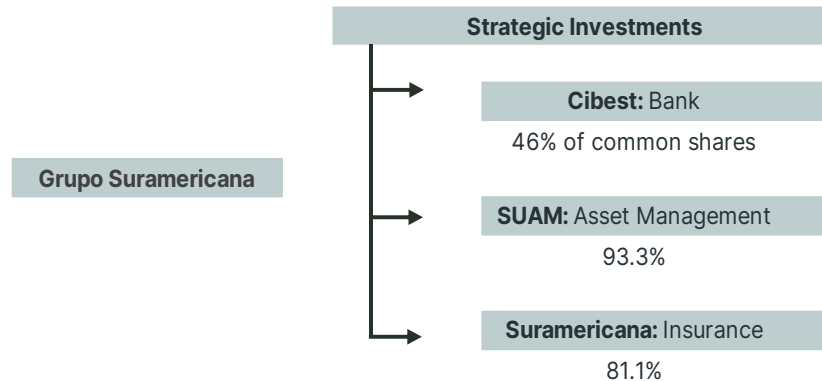
2026E TP Breakdown



Grupo Sura

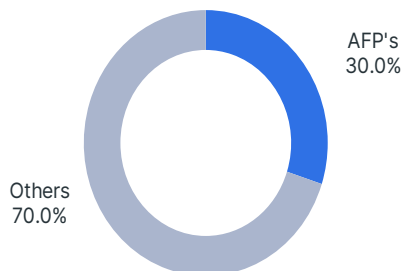
Company Description

Grupo Suramericana is a financial holding that controls local and regional leading companies in the asset management (Sura Asset Management) and insurance business (Suramericana) in Latin America.



**After Grupo Argos' divestment*

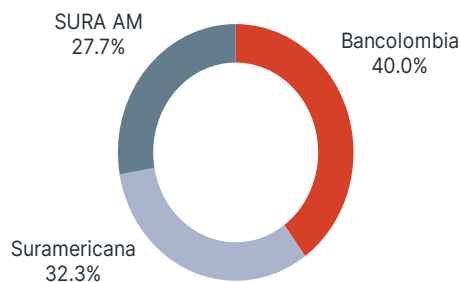
Ownership Structure



Income Statement

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Revenues	26,871	33,291	28,454	28,798	30,184
Net Income	1,540	6,074	2,103	2,477	2,792
Suramericana	677	648	743	808	803
P&C	339	350	187	342	360
Life	776	776	776	776	776
SUAM	902	885	1,000	1,223	1,268
Mandatory	1,428	1,479	1,537	1,642	1,672
Voluntary	-2	55	5	-18	1
EPS (COP)	6,451	19,551	7,368	8,306	9,276
Net Margin	5.7%	18.2%	7.4%	8.6%	9.2%

Dividend breakdown 2026E



Balance Sheet

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Total Assets	93,505	96,296	95,074	96,486	97,774
Total Liabilities	61,070	67,700	71,243	70,571	69,507
Minority Interest	2,033	2,055	3,218	3,396	3,525
Shareholders Equity	30,402	26,541	20,612	22,519	24,742
Total Liabilities + Equity	93,505	96,296	95,074	96,486	97,774
ROAE	4.8%	21.3%	8.9%	11.5%	11.8%
ROAA	1.6%	6.4%	2.2%	2.6%	2.9%

Management

CEO: Ricardo Jaramillo
CFO: Juan Esteban Toro
IRO: Daniel Mesa
www.gruposura.com

Sources: Company Reports and Credicorp Capital

Grupo SURA

NR / BB / BB+
Outlook: nr / n / n

Fixed Income Research Colombia Conglomerates

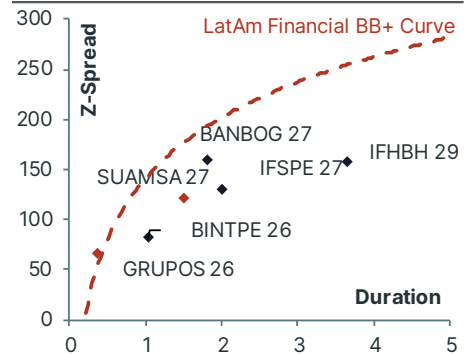
Josefina Valdivia - jvaldivia@credicorpcapital.com

Neutral on fair valuations

Investment Thesis

Grupo Sura's credit profile benefits from a relatively stable dividend flow and solid access to bank funding and capital markets. The company completed the unwind of its cross-holding structure with Grupo Argos, a positive development in our view, as now the company will be entirely focused on its three main businesses: Sura AM, Suramericana, and Grupo Cibest. The transaction will deteriorate its LTV ratio, but in terms of liquidity, the ratio of net debt to dividends remains adequate in our view, closing at 3.7x last year. The company expects it to decrease to 3.2x in 2025. Moreover, the company executed this year a partial tender of GRUPOS 26 to improve its liquidity profile. We remain Neutral.

Grupo SURA Bonds and comparables

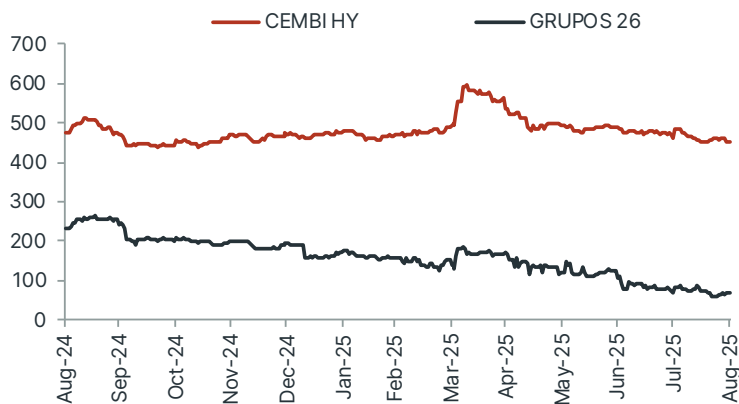


Credit Data	
REG-S Notes	1
Outstanding Senior Notes	USD 300mn
Closest Call Date	29-Jan-26
Closest Maturity Date	29-Apr-26

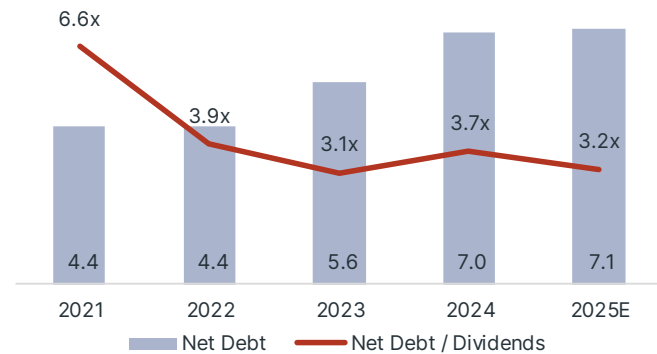
Concerns	
- Exposure to potential regulatory changes across LatAm	
- Recent transaction reduced the company business diversification while pressuring leverage levels	
- Exposure to variations in subsidiaries market value and dividends payments	

Strengths	
- Large scale and high quality of the investment portfolio	
- Business and geographic diversification through subsidiaries	

Z- Spread evolution



Net Debt & Dividends received



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
GRUPOS 26	USD 300mn	5.50%	NR / BB / BB+	66	0.4	100.3	0.5%	4.4%	Neutral

SURA AM

Baa2 / NR / BBB
Outlook: s / nr / s

Fixed Income Research Colombia Conglomerates

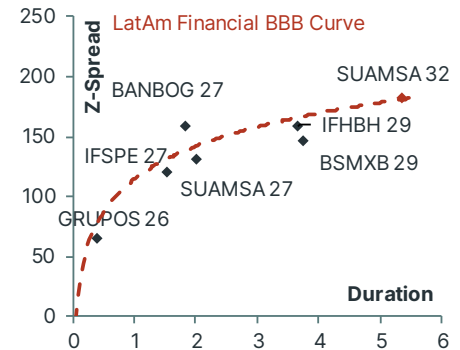
Josefina Valdivia - jvaldivia@credicorpcapital.com

Solid fundamentals but fair valuation keeps us Neutral

Investment Thesis

SUAMSA's credit fundamentals remain solid, underpinned by its leadership position in Latin America and a consistent track record of maintaining adequate leverage and profitability. The company reported a 9.4% ROE in 2024, and management projects a ROE between 8.5% and 9.5% for 2025, reflecting some cost pressures tied to the implementation of pension reforms across the region. While regulatory risk persists, it has moderated in recent years as greater clarity has emerged around the impact of pension reforms. Although the individual capitalization system has faced scrutiny in the past, recent reforms across Latin America have reaffirmed its importance. In the near term, the main risks are tied to economic deterioration in SUAMSA's key markets. The new SUAMSA 2032 bond appears fairly valued, trading in line with MEX 32, and looks less attractive compared to senior Mexican financials, such as BSMXB 2029 and BBVASM 29, trading above the sovereign.

SURA AM Bonds and comparables

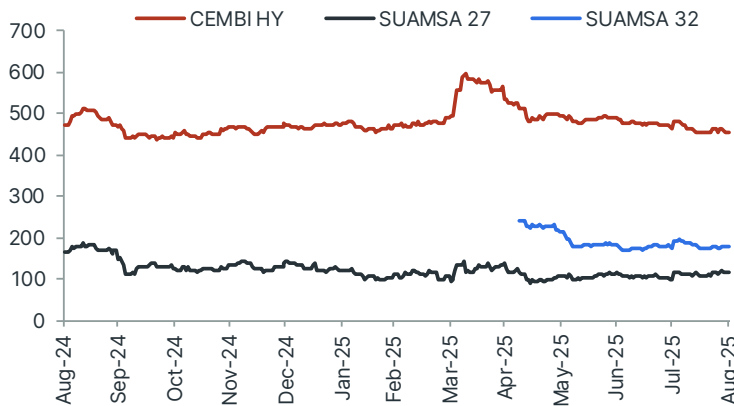


Credit Data	
REG-S Notes	2
Outstanding Senior Notes	USD 675mn
Closest Call Date	13-Mar-32
Closest Maturity Date	11-Apr-27

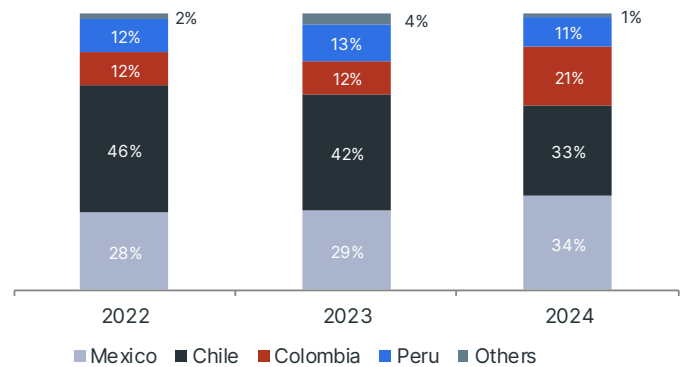
Concerns
- Exposure to potential regulatory changes across LatAm

Strengths
- Business and geographic diversification
- Leading regional franchise
- Solid financial profile

Z- Spread evolution



EBITDA per Country



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
SUAMSA 27	USD 175mn	4.38%	Baa2 / NR / BBB	121	1.5	99.4	0.4%	4.6%	Neutral
SUAMSA 32	USD 500mn	6.35%	Baa2 / NR / BBB	182	5.4	106.5	0.5%	5.1%	Neutral

Rating: Hold
TP: CLP 4,350

Rodrigo Godoy - rgodoy@credicorpcapital.com
María Ignacia Montt - mmonttq@credicorpcapital.com

We reiterate our Hold recommendation as we stay neutral for most of its subsidiaries, while holding discount has limited room to narrow.

Investment Thesis

We reiterate our Hold rating for Quiñenco with a 2026YE TP of CLP 4,350/share. Over the past three years, Quiñenco's shares outperformed the IPSA, while so far this year, it has recorded an equivalent return to that of the index on the back of: i) Banco de Chile's solid results; ii) the generous dividend distribution of Vapores, supported by unprecedented results reported by Hapag-Lloyd during the period 2021-2022 and tax retentions that are expected to continue strengthening Quiñenco's sound financial position; and, iii) continued divestments in Nexans. Consequently, Quiñenco has posted a sharp reduction of its NFD (it reached a net cash position by the end of last year), with a holding discount narrowing to an average of 30% since the 4Q22.

Based on our estimate of adjusted NFD by June 2025 (at the time of writing, such a figure had not been disclosed yet), we estimate that Quiñenco's shares trade at a 20% discount to NAV, which is slightly below the lows observed before the social unrest event and the pandemic (26-27%). We are considering a 25% discount to estimate the target price for Quiñenco's shares, well below the level observed in the last 24 months (~30%), as the unprecedented net cash position may prompt the company's management to return cash to shareholders.

We like Quiñenco as a diversified holding company with exposure to companies ranking 1 to 3 in their respective industries, a net cash position with room to distribute dividends above the 50% we are assuming for the period 2026-2027, and a consistent history of NAV creation. The latter has expanded at a CAGR of 9.5% in CLP in the last five years.

Valuation

Our valuation of Quiñenco is based on a sum-of-the-parts model to which we apply a holding discount to NAV of 25%. We use a Residual Net Income valuation model for Banco de Chile (43.1% of Quiñenco's target underlying assets value), equal-weighted Holding Discount to NAV, and DCF valuation models for Vapores (21.9%), DCF for SMSAAM (9.1%), DCF for CCU (8.6%), consensus target price for Nexans (6.2%), and book value for Enex (10.4%) and other assets (0.6%).

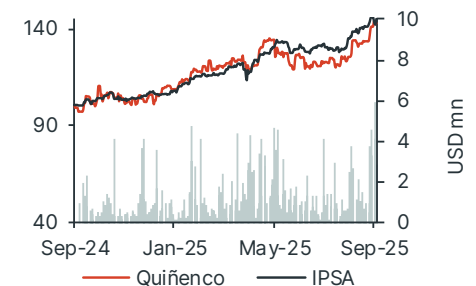
Historical Discount NAV



Stock Data

Ticker	quinenc ci
Price (CLP)	4,264
Target (CLP)	4,350
Total Return	9.2%
LTM Range	2.243 - 3.370
M. Cap (USD mn)	7,437
Shares Outs. (mn)	1,663
Free Float	17%
ADTV (USD mn)	1.2

Price Chart (CLP) and Volumes (USD mn)



Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	nm	nm	nm	nm
P/E	8.2	10.5	11.4	10.7
P/CF	nm	nm	nm	nm
P/BV	0.6	0.7	0.7	0.7
Div. Yield	4.6%	8.5%	7.1%	4.4%

Sources: Company Reports and Credicorp Capital

Quiñenco's credit rating

AA+ / Stable (Fitch) + AAA/Stable (ICR)

Dividend Policy of Main Subsidiaries

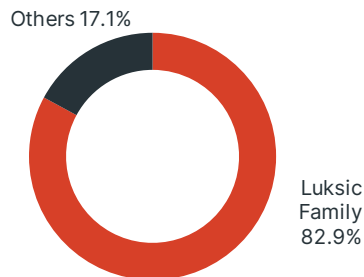
Banco de Chile	60%-80%
CCU	>=50%
SM SAAM	>=50%
Nexans	>=20%
Hapag Lloyd	>=30%

Quiñenco

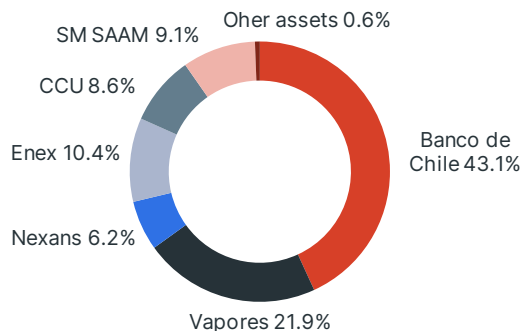
Company Description

Quiñenco S.A. is a holding company controlled by the Luksic family and is one of Chile's largest and most diversified economic groups. The conglomerate operates through its subsidiaries across various sectors: financial services (Banco de Chile), food and beverages (CCU), manufacturing (Nexans), transportation (Vapores/Hapag-Lloyd), port and shipping (SM SAAM), and energy (Enex). The company, throughout its subsidiaries, supports key alliances with Citibank, Heineken, and Shell.

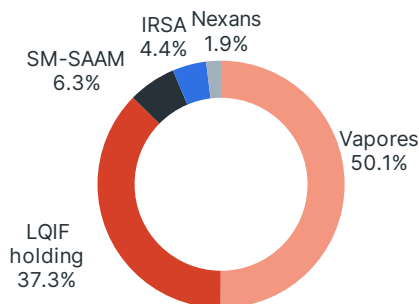
Ownership Structure (As of Dic-24)



Equity stake in subsidiaries (target)



Div. breakdown from subsidiaries (25-26E)



Management

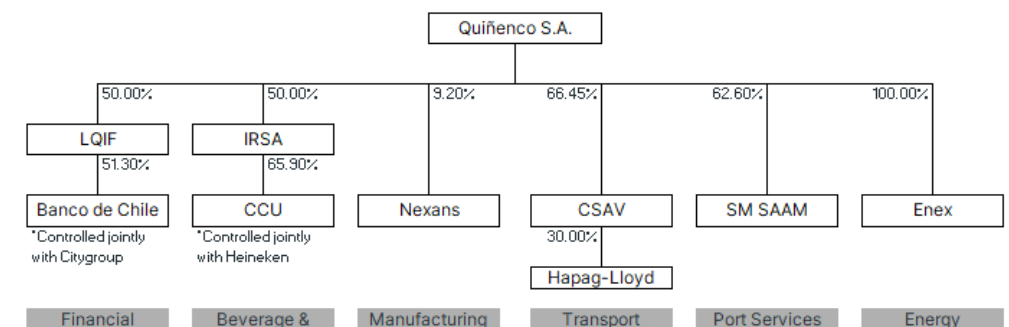
CEO: José Francisco Perez Mackenna
CFO: Eduardo Garnham
IRO: Pilar Rodriguez
www.quinenco.cl

Valuation

Underlying Assets	Method	Stake	Quiñenco's EV (CLP mn)	% of Quiñenco
Banco de Chile	RNI	25.7%	4,021,626	43.1%
CCU	DCF	32.9%	803,185	8.6%
Enex	Book Value	100.0%	974,277	10.4%
Nexans	Consensus	9.2%	577,033	6.2%
Vapores	Holding Discount/L	66.5%	2,046,262	21.9%
SM SAAM	DCF	62.6%	853,320	9.1%
Other assets	Book Value	100.0%	59,810	0.6%
Equity stake in subsidiaries			9,335,513	
Gross Financial Debt			-1,619,569	
Cash forecasted by December 2026 ex dividends distribution			2,228,258	
Net Asset Value			9,944,202	
SG&A (NPV)			-299,579	
Quiñenco's Equity Value			9,644,623	
Outstanding shares (mn)			1,663	
NAV/share before holding discount (CLP)			5,800	
Target Holding discount			25%	
Target Price (CLP)			4,350	
Upside (%)			2.0%	
Dividend yield by December 2026E (%)			7.1%	
Expected Total Return (%)			9.2%	

Income Statement

CLP bn	2023	2024	2025E	2026E	2027E
Profit to shareholders	842	664	675	621	664



Salfacorp

Rating: Buy
TP: CLP 1,110

Equity Research Chile Cement & Construction

Gabriel Perez - gfperez@credicorpcapital.com
Mariane Goñi - marianegoni@credicorpcapital.com

Still room for upside: Backlog momentum and index entry in sight

Investment Thesis

We reiterate our **BUY** recommendation for **Salfacorp**, with a **2026E T.P. of CLP 1,110/share**, supported by (i) the entry to the IPSA and potential entry to FTSE indexes (ii) an improvement in the company's consolidated backlog, driven by ICSA and IACO segments, and (iii) the 48.0% remaining execution of the Nueva Centinela project.

Index entry. Salfacorp's confirmed inclusion in the IPSA on 22-Sep-25, along with its potential entry into the FTSE All Cap Index, could boost liquidity, visibility, and attract passive flows. In the last three IPSA additions, the average price over the following three months was 7.2% higher than on the inclusion date, with trading volume up 19.4%.

Within ICSA, backlog growth has been fueled by an increase in mining-related projects, which should translate into higher revenues over the medium term. ICSA's consolidated backlog stood at CLP 998 bn in 2Q25, increasing 23.4% y/y, specifically due to a 76.4% y/y growth in the Project and Mining Services division. Furthermore, the Nueva Centinela project still has 48.0% of work pending, with a remaining backlog of CLP 376 bn in 2Q25.

IACO's revenues should benefit from a stronger backlog, hinting at early signs of stabilization in Chile's real estate. Consolidated backlog of sales commitments increased 8.3% y/y to UF 2.6 mn in Jun-25, mainly driven by higher commitments in buildings (+50.6% y/y) and DS19/01 subsidized housing projects (+68.1% y/y), despite a lower figure in Houses & Apartments 4F. Moreover, we see a significant increase in the backlog of the DS49 subsidized housing construction, which stands at CLP 277 bn (+34.2% y/y in 2Q25).

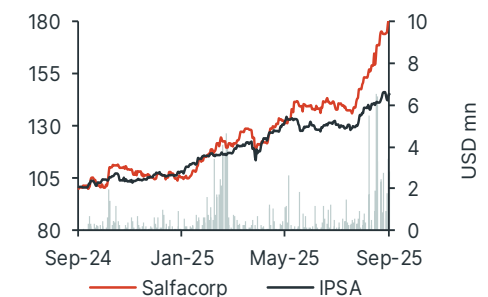
Valuation

We value Salfacorp with a multiple model and a 10-year DCF model, considering a long-term growth of 3.0%, a consolidated WACC of 8.8% and a tax rate of 27.0%. For 2026E, we forecast an EV/EBITDA multiple of 9.4x and a P/E multiple of 12.1x. Even though the stock's price has appreciated, multiples are still below the 5Y average of 11.2x EV/EBITDA by 16.1%.

Stock Data

Ticker	salfacor ci
Price (CLP)	945
Target (CLP)	1,110
Total Return	20.2%
LTM Range	510 - 915
M. Cap (USD mn)	545
Shares Outs. (mn)	550
Free Float	75%
ADTV (USD mn)	0.6

Price Chart (CLP) and Volumes (USD mn)

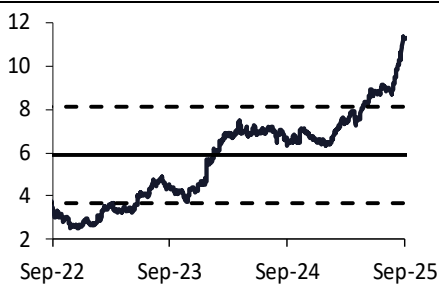


Valuation Summary

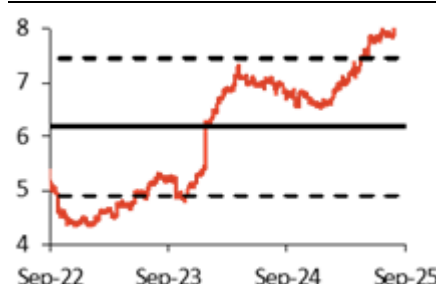
	2024	2025E	2026E	2027E
EV/EBITDA	6.9	9.0	9.4	9.2
P/E	7.2	11.1	12.1	11.8
P/CF	2.5	12.3	5.9	8.1
P/BV	0.6	0.9	0.9	0.9
Div. Yield	4.2%	2.5%	2.7%	2.5%

Sources: Company Reports and Credicorp Capital

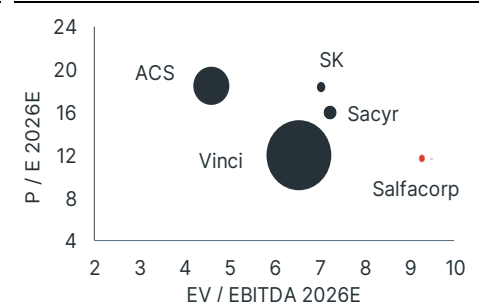
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

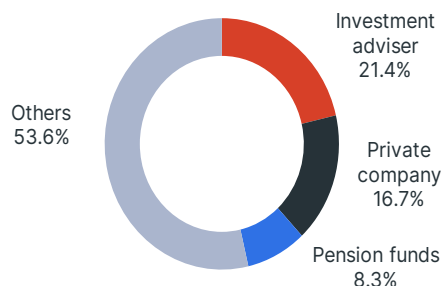


Salfacorp

Company Description

SalfaCorp S.A. is one of the main companies in Latin America within the Engineering, Construction and Real Estate sector, with more than 92 years of history, undisputed leadership in Chile and with presence in the Peruvian, Panamanian and Caribbean markets. Its three Business Unit are Engineering and Construction, Aconcagua Real Estate and Rentas Desarrollo Inmobiliario. It offers specialties such as assembly, industrial maintenance, subway mining, earthmoving, drilling and blasting, civil works, maritime works, construction and development of real estate projects.

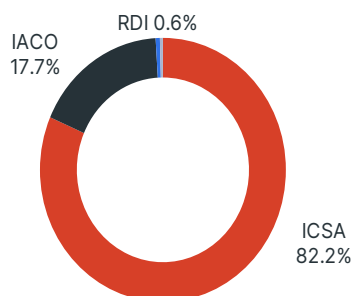
Ownership Structure



Income Statement

CLP mn	2023	2024	2025E	2026E	2027E
Revenues	1,040,369	1,052,675	1,084,013	1,150,857	1,198,213
Gross Profit	120,767	107,810	112,462	121,187	124,878
EBITDA	117,705	107,819	111,837	106,526	108,734
Net Income	42,870	43,030	46,721	43,075	44,002
EPS (CLP)	78	78	85	80	89
Gross Margin	11.6%	10.2%	10.4%	10.5%	10.4%
EBITDA Margin	11.3%	10.2%	10.3%	9.3%	9.1%
Net Margin	4.1%	4.1%	4.3%	3.7%	3.7%

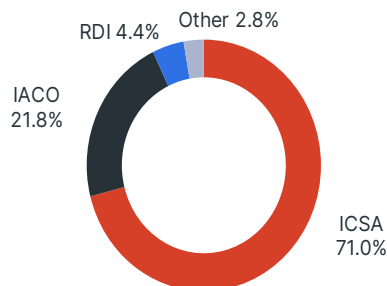
Revenue breakdown by concept 2026E



Balance Sheet

CLP mn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	76,283	80,096	82,481	87,567	91,170
Total Current Assets	572,110	589,125	640,472	692,030	702,451
Total Assets	1,427,051	1,545,339	1,601,917	1,658,707	1,674,273
Current Liabilities	636,210	706,934	724,578	763,255	751,395
Financial Debt	459,546	511,581	516,897	477,977	459,730
Total Liabilities	944,895	1,029,407	1,052,290	1,080,031	1,064,525
Minority Interest	-41	-54	-56	-58	-59
Shareholders Equity	482,196	515,986	549,683	578,735	609,807
Total Liabilities + Equity	1,427,051	1,545,339	1,601,917	1,658,707	1,674,273
Net Debt /EBITDA	3.3	4.0	3.9	3.7	3.4
Financial Debt /EBITDA	3.9	4.7	4.6	4.5	4.2
Financial Debt /Equity	1.0	1.0	0.9	0.8	0.8
ROAE	9.4%	8.6%	8.8%	7.6%	7.4%
ROAA	3.1%	2.9%	3.0%	2.6%	2.6%
ROIC	7.1%	5.8%	5.7%	5.9%	6.2%

EBITDA breakdown by business 2Q25



Cash Flow Statement

CLP mn	2023	2024	2025E	2026E	2027E
Initial Cash	86,222	76,283	80,096	82,481	87,567
Cash Flow From Operations	76,283	80,096	82,481	87,567	91,170
CAPEX	-5,259	-4,217	-19,060	-13,749	-15,218
Changes in Financial Debt	-30,141	52,035	5,316	-38,919	-18,247
Dividends (Paid) Received	-10,696	-12,868	-12,916	-14,024	-12,929
Other CFI & CFF Items	-65,126	-111,233	-53,437	-15,789	-41,173
Changes in Equity	25,000	0	0	0	0
Final Cash	76,283	80,096	82,481	87,567	91,170
Change in Cash Position	-9,939	3,814	2,384	5,086	3,603

Management

CEO: Jorge Meruane
 CFO: José Luis Sánchez
 IRO: Juan Pablo Reitze
www.salfacorp.com

Sources: Company Reports and Credicorp Capital

Sigdo Koppers

Rating: Hold
TP: CLP 1,540

**Equity Research Chile
Industrial**

Gabriel Perez - gfperez@credicorpcapital.com
Mariane Goñi - marianegoni@credicorpcapital.com

Signs of recovery amid persistent risks

Investment Thesis

We upgrade our recommendation to **HOLD**, with a **2026E T.P. of CLP 1,540/share**, reflecting the initial signs of a turnaround in SK's businesses. Nonetheless, we remain cautious given that the turnaround results are still recent and elevated leverage levels are expected to persist. While we recognize that the stock appears undervalued, we believe this reflects the impact of recent weak performance and limited market liquidity.

Enaex and Maggoteaux will lead the growth in the coming year, along with a recovery in PVSA and SKC. Enaex shows consistent growth in explosive sales, with improvements in Chile due to mining momentum, and is expected to provide stability for the group. Maggoteaux should also show moderate growth through physical sales, even though US tariffs have impacted grinding media and casting prices. On its part, PVSA is expected to continue its recovery, supported by the reconstruction of the Ventanas port and additional revenues from Puerto Andino in Mejillones. The launch of steel sales and copper sales improvements should also translate into stronger income generation. Finally, we have a positive outlook for SKC with profitability improvements rather than fleet increases.

We remain cautious on the SKIC segment. Although loss-making subsidiaries have already been transferred to other units within the Sigdo Koppers group, the segment continues to show no improvement in backlog, making it the only business line lagging the broader recovery. Despite the removal of structurally unprofitable assets, we believe losses will continue to act as a drag on the holding, limiting the pace of improvement in consolidated earnings. We anticipate that SKIC's new structure will result in a leaner organization, paving the way for sustained profitability over the medium to long term.

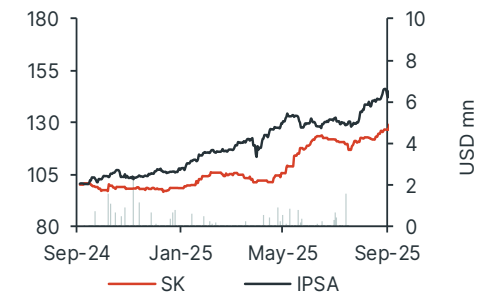
Valuation

We value Sigdo Koppers using a blended valuation approach, with a 50/50 split based on a multiple valuation model and a 10-year SOTP DCF model for each business segment: SKIC, PVSA, Enaex, Maggoteaux, and SKC. We are considering a holding discount of 15.0% in our valuation.

Stock Data

Ticker	sk ci
Price (CLP)	1,368
Target (CLP)	1,540
Total Return	15.2%
LTM Range	993 - 1,321
M. Cap (USD mn)	1,541
Shares Outs. (mn)	1,074
Free Float	26%
ADTV (USD mn)	0.1

Price Chart (CLP) and Volumes (USD mn)

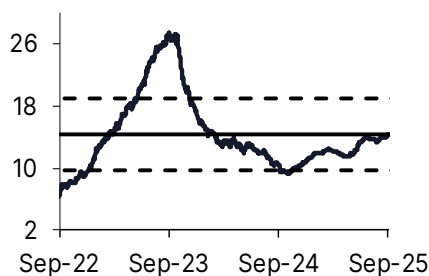


Valuation Summary

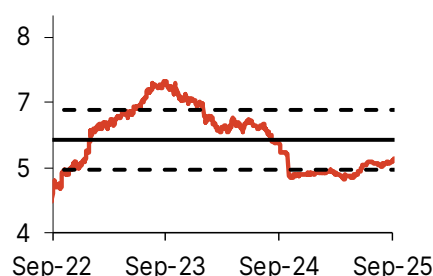
	2024	2025E	2026E	2027E
EV/EBITDA	5.4	6.9	6.3	5.9
P/E	11.0	18.0	16.0	14.1
P/CF	2.8	7.1	5.2	4.9
P/BV	0.8	1.0	1.0	0.9
Div. Yield	8.0%	3.2%	2.6%	3.0%

Sources: Company Reports and Credicorp Capital

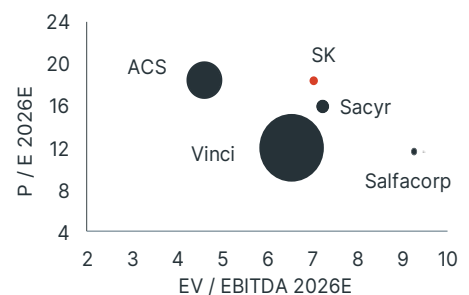
P/E 12M Forward



EV/EBITDA 12M Forward

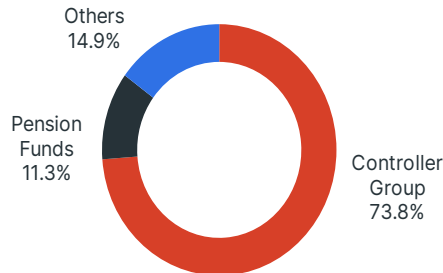


Relative Valuation

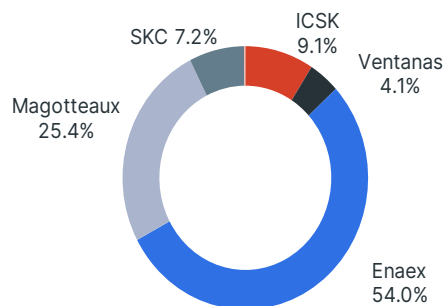


SK
Company Description

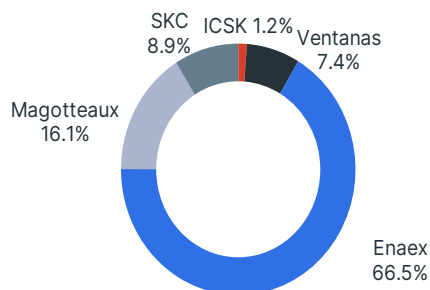
Sigdo Koppers is a Chilean conglomerate that provides services all along the mining value chain. Its main subsidiaries are Enaex (ammonium nitrate production and rock fragmentation services), Magotteaux (grinding ball production), ICSK (large-scale industrial construction), SKC (machinery rental and distribution), Puerto Ventanas (port transfer and storage of solid and liquid bulk), and Fepasa (rail transport).

Ownership Structure

Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	4,006	3,781	3,949	4,076	4,220
Gross Profit	790	724	796	847	897
EBITDA	543	535	553	602	643
Net Income	116	103	86	97	110
EPS (CLP)	95	95	76	97	104
Gross Margin	19.7%	19.2%	20.2%	20.8%	21.3%
EBITDA Margin	13.5%	14.2%	14.0%	14.8%	15.2%
Net Margin	2.9%	2.7%	2.2%	2.4%	2.6%

Revenue breakdown by concept (2026E)

Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	426	412	430	444	459
Total Current Assets	2,142	1,985	2,133	2,193	2,264
Total Assets	4,994	4,763	4,897	4,943	4,999
Current Liabilities	1,514	1,369	1,433	1,438	1,447
Financial Debt	1,731	1,611	1,663	1,639	1,614
Total Liabilities	2,881	2,695	2,792	2,782	2,775
Minority Interest	588	579	579	579	579
Shareholders Equity	1,525	1,489	1,526	1,582	1,646
Total Liabilities + Equity	4,994	4,763	4,897	4,943	4,999
Net Debt /EBITDA	2.4	2.2	2.2	2.0	1.8
Financial Debt /EBITDA	3.2	3.0	3.0	2.7	2.5
Financial Debt /Equity	1.1	1.1	1.1	1.0	1.0
ROAE	7.8%	6.8%	5.7%	6.2%	6.8%
ROAA	2.4%	2.1%	1.8%	2.0%	2.2%
ROIC	9.0%	8.1%	7.5%	8.0%	8.7%

EBITDA breakdown by business (2026E)

Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	389	426	412	430	444
Cash Flow From Operations	-13	402	171	240	249
CAPEX	-223	-149	-156	-161	-163
Changes in Financial Debt	252	-120	52	-24	-25
Dividends (Paid) Received	-139	-91	-49	-41	-46
Other CFI & CFF Items	159	-58	0	0	0
Changes in Equity	0	0	0	0	0
Final Cash	426	412	430	444	459
Change in Cash Position	37	-14	18	14	16

Management

CEO: Juan Pablo Aboitiz
 CFO: Andres Brinck
 IRO: Slaven Ilic
www.sigdokoppers.cl

Sources: Company Reports and Credicorp Capital

Unacem

Rating: Hold
TP: PEN 1.69

Equity Research Peru Cement & Construction

Gabriel Perez - gfperez@credicorpcapital.com
Mariane Goñi - marianegoni@credicorpcapital.com

Capex and debt weigh on outlook despite solid fundamentals

Investment Thesis

We downgrade our rating to **HOLD** for **Unacem**, with a **2026E T.P. of PEN 1.69/share**. While we expect moderate revenue growth and stable margins, we continue to monitor the company's leverage, especially given elevated capex plans that could further pressure debt metrics.

Revenues are projected to grow at a 3.5% CAGR (2026E-2036E), supported by operations in Peru and the U.S. In Peru, recovering self-construction and a solid infrastructure pipeline, particularly the Peripheric Ring Road, should support revenue growth. In the U.S., we expect a more stable operating environment in 2026, as the Arizona slowdown and the 2025 overall volatility are not expected to persist.

EBITDA margin is expected to remain stable, with a slight decline as the U.S. market gradually gains share. Given structurally lower margins in the U.S. versus Peru, this shift may modestly impact overall profitability. We forecast a 23.5% EBITDA margin in 2026, gradually falling to ~22.0% long term. A faster-than-expected recovery in economies of scale lost in 2023–2024 could offer upside to these projections.

We continue to monitor elevated debt levels. As of 2Q25, net debt/EBITDA stands at 3.3x LTM, and with a projected CAPEX of ~40% over the next three years, the path to reducing this ratio below 3.0x looks more challenging than previously anticipated. While UNACEM benefits from stable fundamentals and potential growth drivers, elevated leverage and limited operational upside support our neutral stance.

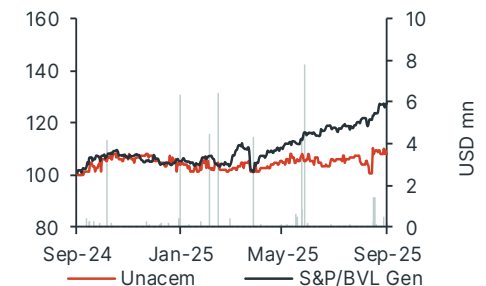
Valuation

Strategic capital decisions continue to weigh on Unacem's valuation multiples, contributing to the persistence of its historical discount. We are updating our 10-year DCF valuation model for Unacem, incorporating a WACC of 11.2% and a cost of debt of 7.2%. Unacem has historically traded at a discount to Pacasmayo, with a 19.4% EV/EBITDA discount in 2024. For 2026E, we project an EV/EBITDA of 4.5x versus Pacasmayo's 5.8x, reflecting a ~22.4% discount.

Stock Data

Ticker	unacemc1 pe
Price (PEN)	1.60
Target (PEN)	1.69
Total Return	10.4%
LTM Range	1.38 - 1.63
M. Cap (USD mn)	836
Shares Outs. (mn)	1,600
Free Float	48%
ADTV (USD mn)	0.2

Price Chart (PEN) and Volumes (USD mn)

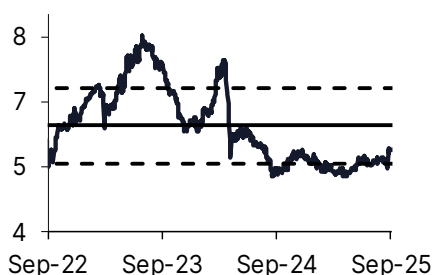


Valuation Summary

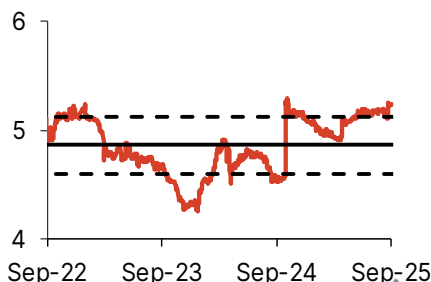
	2024	2025E	2026E	2027E
EV/EBITDA	5.0	4.6	4.5	4.4
P/E	6.2	5.0	4.8	4.5
P/CF	3.1	4.6	3.5	3.3
P/BV	0.5	0.4	0.4	0.4
Div. Yield	5.3%	5.4%	5.0%	5.0%

Sources: Company Reports and Credicorp Capital

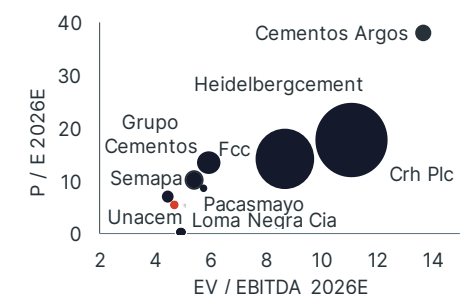
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

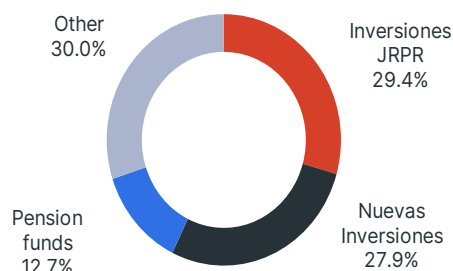


Unacem

Company Description

Unacem is the leading cement producer in Peru with an annual local capacity of 8.3 mn MT and has operations in Lima and central Peru. It also has the Conchán port (south of Lima), cement and concrete businesses in Ecuador, Chile and US (Arizona and California), and an energy company with a capacity of 652 MW. The company has recently invested in a quicklime and calcium carbonate plant in Tarma, and acquired the Tehachapi cement plant in the US and the Termochilca generation plant in Peru. The company is held by the Rizo Patrón family and has been operating for more than 100 years.

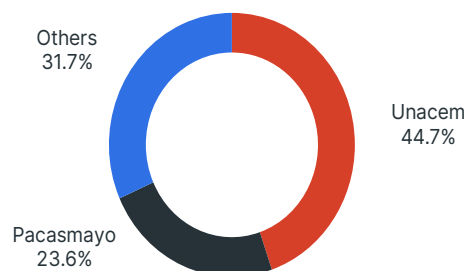
Ownership Structure (2Q25)



Income Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Revenues	6,376	6,855	7,099	7,405	7,692
Gross Profit	1,576	1,796	1,839	1,915	1,968
EBITDA	1,475	1,619	1,678	1,734	1,769
Net Income	501	450	514	536	566
EPS (PEN)	0.32	0.29	0.33	0.36	0.38
Gross Margin	24.7%	26.2%	25.9%	25.9%	25.6%
EBITDA Margin	23.1%	23.6%	23.6%	23.4%	23.0%
Net Margin	7.9%	6.6%	7.2%	7.2%	7.4%

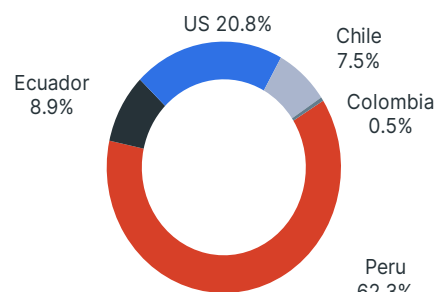
Peruvian cement market share (2026E)



Balance Sheet

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	401	361	361	373	387
Total Current Assets	2,480	2,439	2,517	2,623	2,728
Total Assets	13,696	14,002	14,237	14,521	14,772
Current Liabilities	2,881	3,573	2,289	2,373	2,457
Financial Debt	5,499	5,481	5,425	5,165	4,842
Total Liabilities	7,785	7,944	7,980	7,837	7,627
Minority Interest	184	194	177	186	197
Shareholders Equity	5,727	5,864	6,080	6,498	6,948
Total Liabilities + Equity	13,696	14,002	14,237	14,521	14,772
Net Debt /EBITDA	3.5	3.2	3.0	2.8	2.5
Financial Debt /EBITDA	3.7	3.4	3.2	3.0	2.7
Financial Debt /Equity	1.0	0.9	0.9	0.8	0.7
ROAE	9.0%	7.8%	8.6%	8.5%	8.4%
ROAA	4.0%	3.3%	3.6%	3.7%	3.9%
ROIC	6.8%	6.7%	6.5%	7.2%	7.2%

Revenues by geography (2026E)



Cash Flow Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	340	401	361	361	373
Cash Flow From Operations	966	1,178	1,073	1,112	1,153
CAPEX	-529	-585	-794	-723	-699
Changes in Financial Debt	1,763	-17	-56	-260	-323
Dividends (Paid) Received	-176	-149	-137	-127	-127
Other CFI & CFF Items	-1,925	-334	-85	10	10
Changes in Equity	-38	-132	0	0	0
Final Cash	401	361	361	373	387
Change in Cash Position	61	-40	0	12	14

Management

CEO: Pedro Lerner

CFO: Alvaro Morales

IR Manager: Monica Paucar

<https://grupounacem.com/inversionistas/>

Sources: Company Reports and Credicorp Capital

4.3 / Andean Commodities



Equity - Andean Commodities

Commodities at a crossroads: gold shines, base metals ride structural waves, pulp stalls and oil slips

Commodity performance diverges amid slower growth, geopolitical uncertainty, and structural shifts.

Gold and copper remain strategic amid volatility and electrification, while lithium and tin offer medium-term potential. Iron ore faces pressure from China's slowdown and rising supply.

Cautiously optimistic for 4Q25 pulp prices, but limited upside in 2026 due to supply uncertainties.

Brent prices are expected to remain on a downward path, assuming no new short-term geopolitical tensions arise.

Global commodities head into YE 2025 navigating an environment of moderating global growth, persistent inflationary pressures, and elevated geopolitical risks. These dynamics are amplifying divergence across markets: while bulks such as iron ore face structural demand headwinds, metals leveraged to the energy transition and digitalization continue to gain relevance, and precious metals preserve their appeal as safe-haven assets. This dispersion underscores the importance of selectivity, with fundamentals increasingly shaped by policy signals, supply disruptions, and shifting investor flows.

In **precious metals**, gold has reasserted its role as a hedge against macro and geopolitical volatility, with investment demand proving resilient even as jewelry consumption and central bank purchases moderate. In **base metals**, copper remains the cornerstone of the transition economy, with traditional construction demand complemented by accelerating electrification and AI-related consumption. **Lithium markets**, although currently oversupplied, are positioned to tighten over the medium term as battery demand accelerates, while **tin's** structural fragility highlights its growing strategic role in semiconductors and renewable technologies. By contrast, **iron ore** faces a subdued outlook, with weakening Chinese property activity colliding with rising supply from major producers, keeping long-term prices anchored at lower levels.

On the other hand, we are cautiously optimistic on the evolution of **pulp prices** in China in the 4Q25 amid a temporarily tighter S/D balance and opportunistic inventory building from Chinese buyers. However, a sustained recovery beyond USD 600/t for BEKP in 2026 appears unlikely due to low visibility on key developments (new capacity in China, start-up of OKI-2 in Indonesia, and the gradual resumption of Shandong Chenmin's operations).

Finally, we expect **Brent** prices to remain on a downward trajectory, as there are currently no short-term upside risks stemming from geopolitical tensions—particularly in the context of the Russia-Ukraine conflict. Additionally, OPEC+ decisions to increase supply in an effort to regain market share are likely to continue exerting downward pressure on prices. Consequently, Ecopetrol's Upstream segment should be impacted by the lower prices and its limited ability to offset them through increased production. That said, we recognize that the upcoming elections could boost Ecopetrol, should a change in government lead to more favorable conditions.

Equity - Andean Commodities

We shift preference from Buenaventura to Minsur, favoring its stronger fundamentals and attractive dividend yield.

We have a HOLD recommendation for COPEC (old: Buy), and a UPERF rating for CMPC. We continue to favor COPEC over CMPC due to its lower exposure to market pulp and the likely large capital increase for CMPC if the latter goes ahead with the Natureza project in Brazil.

We have downgraded our CAP recommendation to HOLD as it is facing challenges stemming from its operational contingency.

In Colombia, we are upgrading our position on Ecopetrol from UPERF to HOLD

In Peru, our preferences are shifting from **Buenaventura (BVN: UPERF; TP: USD 19.3/share)**, previously a top pick that strongly outperformed on the back of its gold (+32% YTD) and silver (+21% YTD) leverage, toward Minsur (**MINSURI: BUY; TP: PEN 4.9/share**). We believe Minsur offers a more compelling risk-reward profile at this stage, supported by robust fundamentals anchored in tin and copper, healthy operating margins, and a resilient balance sheet. Importantly, its dividend yield remains highly attractive, even if moderating next year following the one-off inflows from the Taboca and Rimac divestments. Our second preference, albeit with a more neutral stance, is **Cerro Verde (CVERDEC1: HOLD; TP: USD 41.2/share)**. The company has consistently demonstrated operational resilience thanks to its large-scale resource base and efficiency improvements, while its stable dividend distribution remains appealing within our coverage universe.

In Chile, we continue to have a relative preference for **COPEC (COPEC: HOLD; TP: CLP 8,300/share)** over **CMPC (CMPC: UPERF; TP: CLP 1,700/share)** due to its more resilient business profile, supported by its energy business, a less price-volatile pulp production mix, the cash contribution through dividends from non-controlling stakes in Mina Justa and Metrogas/Agesa, and the almost nonexistent risk for a capital increase amid the ongoing construction of the Sucuriú project in Brazil (given the potential sale of non-core assets valued ~at USD 1 bn). On the other hand, CMPC remains more directly tied to pulp market dynamics, which constrains earnings visibility despite its scale. Natureza project's likely approval by mid-2026 would occur amid an unfavorable context for all its business units, while its financing poses major challenges as the total capex is expected to reach USD 4.6 bn, equivalent to half of CMPC's enterprise value, so the company would not have options to avoid a large capital increase. Finally, it is worth mentioning that other pulp producers with operations in Brazil are also pursuing large capacity expansion projects, so the race to line up behind Arauco's Sucuriú project is expected to be intense and time-sensitive. **CAP (CAP: HOLD; TP: CLP 5,800/share)** is in a more challenging position, following the Phase 5 contingency at Mina Los Colorados, which pressured dispatches and increased cash costs. With margins now well below historical averages and iron ore price volatility remaining a structural headwind, CAP faces the dual challenge of stabilizing operations and rebuilding profitability, leaving limited catalysts for near-term outperformance.

In Colombia, we are upgrading our vision on Ecopetrol (**ECOPETROL: HOLD; TP: COP 2,100/share**) to HOLD after our UPERF recommendation paid off with the stock underperforming the index by +10%. While the company's fundamentals remain weak, we believe a change in government politics and a lower cost of capital should be enough to change the negative stance on the government-owned O&G company.

Fixed Income - Andean Commodities

A carry-driven strategy anchored in credit discipline: overweight resilient names, neutral on fairly priced credits, and underweight where liquidity and leverage risks dominate

Carry remains the dominant driver of returns in the current context of global rates, making relative value and credit selection critical in LatAm commodities.

A constructive outlook for copper and precious metals supports fundamentals, but tight spreads cap upside—making Nexa’s carry the most compelling opportunity.

High leverage and multi-year CapEx cycles limit upside in CMPC and Celara, while Suzano’s scale and its renewed focus on disciplined capital allocation support resilience.

Attractive spreads and manageable leverage in Ecopetrol and HOCP stand in sharp contrast to PERU LNG’s liquidity squeeze and funding risk.

We maintain a selective and carry-driven approach across LatAm commodities, favoring Oil & Gas and specific mining credits while remaining cautious on Pulp & Paper. Our strategy reflects a backdrop of moderate commodity prices, elevated CapEx cycles in some sectors, and a global rates environment that keeps carry as the primary driver of returns. We see the best opportunities in credits offering strong fundamentals and relative value versus peers, while avoiding names with stretched balance sheets, execution risk, or limited liquidity buffers.

In Mining, we maintain a constructive bias toward Nexa for its carry and improving fundamentals, while remaining Neutral on SCCO, Minsur, Buenaventura, and Volcan. Nexa offers one of the most attractive carry profiles in LatAm IG, supported by positive FCF and liquidity of USD 738 mn, despite operational delays at Aripuanã. SCCO remains a high-quality credit with strong cash generation and conservative leverage, but tight spreads limit upside. Minsur and Buenaventura offer solid fundamentals but trade near fair value, while Volcan’s elevated cost base and refinancing needs cap its upside, keeping us Neutral across these names.

In Pulp & Paper, we remain cautious given high leverage, negative free cash flow, and prolonged investment cycles, with Suzano standing out as the most resilient credit. Celara faces rising leverage (4.1x adjusted) and negative FCF amid heavy CapEx for Sucuriú, supporting our Neutral stance on the belly and Underweight on the long end. CMPC’s profile is similarly pressured by weak margins, elevated leverage (3.6x), and the USD 4.6 bn Natureza project, leaving us Underweight across the curve. By contrast, Suzano combines scale, disciplined capital allocation, and stable metrics (3.1x leverage), making it our top pick in the sector. While most Suzano bonds trade in line with BBB peers, SUZANO 30 still offers relative value and remains in our Top Picks.

In Oil & Gas, we favor Ecopetrol and Hunt Oil Peru for their attractive carry and manageable credit metrics, while we turn cautious on PERU LNG due to liquidity risk. Ecopetrol offers compelling spreads (>100 bps over sovereign) and solid fundamentals despite moderate oil prices, supporting our Overweight on ECOJET 32, 33, and 36. Hunt Oil Peru also screens well on carry, with extended maturities and robust liquidity post-bond issuance, justifying our Overweight on HNT OIL 38. Conversely, PERU LNG faces tight liquidity and negative FCF through 2026, leaving little margin for error without shareholder support or new funding, which underpins our Underweight stance.

Metals Outlook

Safe-haven flows support precious metals; energy transition and AI underpin demand for base metals

Gold remains well supported in the near term amid macro and geopolitical uncertainty, with prices expected to gradually normalize toward USD 2,600/oz by 2029.

We maintain a constructive short-term view on **gold**, with price forecasts at USD 3,150/oz for both 2025 and 2026, supported by a more favorable macro backdrop. Since 2022, when gold averaged USD 1,805/oz, prices have rallied significantly, initially driven by recessionary concerns, a weaker U.S. dollar, and expectations of monetary easing. More recently, escalating geopolitical tensions, fiscal uncertainty in the U.S., and persistent financial market volatility have further reinforced gold's appeal as a safe-haven asset, with investment demand a key driver. In 2Q25, purchases of bars, coins, and ETFs rose 78% y/y to 477 t, offsetting a moderation in central bank buying and jewelry consumption. Speculative positioning remains elevated, consistent with gold's hedge role in periods of heightened uncertainty. Looking ahead, the macro backdrop suggests slower but resilient global growth. In Jun-25, the Federal Reserve cut its GDP forecast to 1.4% (from 1.7%) and raised its inflation projection to 3.0% (from 2.7%), signaling weaker economic momentum and more persistent price pressures. This environment is expected to prompt a gradual reduction in interest rates, lowering real yields and enhancing gold's relative attractiveness versus higher-yielding assets. Over the long term, we anticipate a normalization in monetary policy and a moderation in investor appetite, leading to stabilized gold prices around USD 2,600/oz by 2029.

We stay cautious on copper in the short term given trade frictions and high inventories, but the long-term outlook is constructive as demand is expected to outpace supply, resulting in a structural deficit by 2030.

We maintain a cautious stance on **copper** in the near term, given trade frictions, high inventories, and global growth concerns. Prices rebounded sharply in early 2026 on anticipatory buying tied to U.S. tariffs, AI-driven consumption, and the energy transition. Momentum briefly faltered on slowdown fears but recovered with the removal of the previous levy, while the subsequent U.S. 50% tariff initially lifted Comex prices before correcting once confirmed as limited to semi-fabricated products. Consequently, we now forecast average copper prices of USD 9,500/t (USD 4.3/lb) in 2025-26. Looking ahead, our outlook remains constructive as demand is set to grow at 2.8% annually through 2030. By then, total demand is expected to reach 32.2 mt, with about two-thirds still coming from traditional uses (construction and manufacturing), which should expand by ~1.8% per year. The balance will come from newer applications (energy transition and AI-related electricity consumption), growing ~4.7% annually and accounting for over a third of demand. On the supply side, mine output is expected to grow more slowly at ~2.3% per year, reaching 31.7 mt by 2030. This points to a structural deficit of ~574 kt, compounded by a thin project pipeline, declining ore grades, and operational setbacks such as the closure of Cobre Panamá. Against this backdrop, we expect copper prices to trend gradually higher, reaching USD 10,100/t by 2029, as trade headwinds ease and structural demand drivers remain firmly in place.

Metals Outlook

The lithium market remains oversupplied in the near term, but robust demand from the energy transition and battery manufacturing is set to drive a structural deficit by 2030, supporting higher long-term prices.

Regarding **lithium**, after bottoming at an average of USD 8,420/t in Jun-25, prices rebounded to ~USD 10,560/t in early Sep-25. The rally was fueled by the suspension of several Chinese operations, most notably CATL's Jianxiawo mine (~3% of global supply) after its license expired. These curtailments temporarily eased surplus concerns and supported prices. Still, the market remains oversupplied: Cochilco projects surpluses of ~103 kt in 2025 and ~60 kt in 2026, with demand growing 19% p.a. (though at risk from trade frictions) versus 15% supply growth. It is worth noting that at current levels, ~18% of global supply would be operating at a loss on the industry's C3 cost curve, suggesting such prices may not be sustainable. In this context, we cut our lithium price forecast to USD 10,000/t in 2025 (vs. USD 11,500/t) and USD 11,000/t in 2026 (vs. USD 15,000/t). Over the long term, demand fundamentals look robust, underpinned by the energy transition and rising battery manufacturing needs. We therefore expect the market to move into a ~350 kt deficit by 2030, anchoring our price projection at USD 18,000/t (from USD 20,000/t in 2028 previously).

Tin demand from semiconductors, renewable energy, and AI is expected to tighten market balances, driving structural deficits over the long term and reinforcing a constructive outlook.

For **tin**, we expect an average price of USD 32,000/t in 2025, easing to USD 31,000/t in 2026. After a sharp rally in 2021–2022, fueled by post-pandemic demand recovery and supply disruptions in Indonesia and Myanmar, prices stabilized in 2023 as resilient demand and constrained supply kept inventories low. By 2024, conditions turned more balanced, though Myanmar's mining suspension and Indonesia's export delays underscored the market's structural fragility. In 2025, a modest surplus could emerge as Myanmar restarts operations and new projects ramp up in China and the DRC, though geopolitical risks could quickly swing the market back into deficit. Over the medium to longer term, demand from semiconductors, renewable energy, and AI is expected to tighten balances, with the International Tin Association projecting a supply deficit of up to ~40 kt by 2030. These dynamics support a constructive outlook, with prices expected to rise to USD 34,000/t by 2029 as tin consolidates its role as a critical input for the energy transition and digital economy.

Iron ore remains constrained by weak Chinese demand and abundant supply, with limited scope for a sustained rebound absent stronger policy support.

For **iron ore**, we forecast 62% iron ore prices to average USD 99/t in 2025 before easing to USD 95/t in 2026, as weaker Chinese demand coincides with rising supply from Australia and Brazil. Prices have already fallen from peaks of USD 140/t in 2024 to about USD 97/t in 2Q25, pressured by China's prolonged property downturn, tight credit, and sluggish construction activity. With roughly 30% of China's steel use tied to real estate, this sector remains the key swing factor. On the supply side, capacity expansions in Australia and Brazil, along with a new project in Guinea, should keep the market well supplied. At the same time, China's environmental curbs on emissions and overcapacity could further limit steel output. Overall, subdued demand and steady supply leave little room for a sustained rebound, particularly absent stronger Chinese policy support. We maintain a long-term price assumption of USD 90/t from 2029 onward.

Pulp Outlook

We have a neutral to positive short-term view for pulp prices in China in the 4Q25, yet a sustained recovery beyond USD 600/t appears unlikely.

Short and sharp pulp cycles along with increased FX volatility make it difficult to believe that Chilean P&P names can return to trade at their historical valuation ratios amid unprecedented investment cycles. We favor Copec over CMPC.

We have a neutral to positive short-term view for pulp prices in China.

The increasing role of China on both sides of the equation, greater FX volatility, and the larger scale of capacity expansion projects are making it very challenging to predict pulp price cycles, which have become sharper and shorter than in the past. With Chilean P&P names involved in an unprecedented investment cycle, we believe that they will continue to trade below their historical valuation ratios. **We continue to favor COPEC over CMPC as the former is better positioned to deal with that scenario and finance its expansion project in Brazil under stress scenarios.**

We are cautiously optimistic on the evolution of pulp prices in China in the 4Q amid a tighter supply-demand balance and opportunistic inventory building from Chinese buyers. Our review of market conditions indicates that hardwood pulp producers could successfully implement one additional price hike before year-end. This view is supported by i) improved affordability, also boosted by the RMB appreciation; ii) the sharp recovery in pulp shipments to China in recent months, while a stronger seasonal demand characterizes the 4Q; iii) lower supply visibility as the 4Q will be very active in terms of pulp mills maintenance in South America. In addition, Suzano has announced a 400kt cut in production for the next 12 months, while Bracell is shifting production to DWP; iv) BHKP futures prices stay slightly above August import prices in China, reflecting one additional hike beyond that announced by Suzano for September; and v) import price in China has remained below marginal cost for six months in a row, which is an unusual circumstance.

On the other hand, we identify two neutral factors for pulp prices in the short term. We refer to i) the recent performance of the BHKP resale price in China. Following a modest recovery since late July, it has stabilized at USD495-USD500/t, almost in line with the August import price (USD500-510/t); and ii) converting margins of paper manufacturers remain at average levels for P&W paper producers, while they are below average for tissue paper facilities.

On the negative front, pulp inventories across the supply chain continue to exceed the 5-year average, although to a lesser extent than observed a few months ago. In addition, as per industry checks, Chenming Paper is building inventory in its wood yard in Shandong ahead of a 1mt BHKP line restart.

Pulp Outlook

BEKP price in China could reach USD 550-560/t by year-end, averaging USD 540/t in 2025 (USD 630/t in 2024).

We forecast slightly higher average BEKP for next year. A sustained recovery beyond USD600/t is unlikely, in our view.

Global utilization rates will gradually tighten through 2027. However, a small oversupply will persist.

Our long-term assumption of USD 600/t for BEKP in China remains unchanged.

Potential announcements of new projects in Brazil could challenge our LT expectations for BEKP price in China.

Considering the above, we forecast year-end pulp prices in China of ~USD 550-560/t for BEKP and USD 770/t for NBSK. This is ~USD 50-70/t above import prices at the time of writing. Thus, we expect average prices to reach USD 540/t for hardwood pulp and USD 740/t for NBSK in 2025.

What about next year? While we forecast slightly higher average pulp prices for 2026, we believe that a sustained recovery is unlikely due to: i) the increasing market pulp capacity in China (low visibility remains on this matter); ii) the unpredictable resumption of Shangdong Chenming's operations; iii) weak demand from Europe and the US; and iv) the potential beginning of the construction of new pulp mills in Brazil.

For 2026, we are forecasting average prices of USD 790-800/t and USD 580-590/t for NSBK and BEKP in China, respectively. Regarding the latter, we expect it will peak at USD600-610/t.

Regarding the S/D balance, we highlight that, according to Hawkins Wright, global utilization rates (shipment to capacity ratio) will gradually tighten through 2027 up to 90% (from 88% in 2026) yet still exhibiting a small oversupply (0.3mt; down from the 1.8 mt forecasted for this year). From 2028 onwards, the ramp-up of Arauco's Sucuriú project will introduce significant new capacity into the market, with renewed pressure on utilization rates and potentially triggering the next market downcycle.

For now, our long-term assumption of pulp prices in China (2029) remains unchanged at USD 600 for BEKP and USD 770 for NBSK. According to Hawkins Wright, the industry's capacity utilization will reach 89% by that time.

Potential announcements of new pulp mills in Brazil with scheduled ramp-up starting from 2029-2030 could challenge our LT assumption for pulp prices in China. In this regard, we highlight that Bracell is seeking an environmental license for a 2.8mt project in Mato Grosso do Sul (construction could start next year). CMPC is expected to approve the Natureza Project by mid-2026 (2.5mt BEKP facilities in Rio Grande do Sul). Finally, Eldorado could resume the long-awaited Vanguarda 2.0 project (2.2mt) after J&F repurchased Paper Excellence's stake, regaining full control of the company.

Oil & Gas Outlook

O&G dynamics changed as fundamentals pressure Brent prices downwards

The Brent oil price outlook is pressured downwards by an imminent oversupply in the market. Nonetheless, geopolitical tensions have kept the price from following fundamental data.

The Brent price curve shifted significantly post-Liberation Day. Forecasts now anticipate prices below USD 70/bl, with levels approaching ~USD 60/bl by 2026. The announcement of worldwide tariffs explains this new scenario—expected to weigh on economic growth and oil demand—and a higher projected supply from OPEC+ countries. We expect lower prices to negatively impact the sector’s performance. In fact, we project **Ecopetrol’s (HOLD; T.P.: COP 2,100/share)** upstream revenues will decline 17.2% by 2026 compared to 2024.

OPEC+ members have agreed to accelerate the pace at which voluntary production cuts are being unwound. The group has shifted strategy, abandoning its high-price stance in favor of regaining market share. Led by Saudi Arabia and other major producers, OPEC+ has already restored 1.92 million barrels per day of the original 2.2 million bpd voluntary cuts between April and September 2026. Markets initially expected these cuts to be gradually eliminated by December 2026. The accelerated pace has also opened the door for OPEC+ to begin unwinding a second layer of cuts, amounting to 1.65 mn bpd. At its September meeting, the group approved an additional 137,000 bpd increase in output starting in October, effectively bringing forward cuts that had been scheduled to remain until 2026. This acceleration should continue to exert downward pressure on prices.

The geopolitical backdrop remains the factor that could pressure oil prices upwards. While fundamentals point to sustained downward pressure, the conflict between Ukraine and Russia continues to pose upside risks. President Trump has not been successful in his attempts to resolve the conflict. In his latest attempt, the U.S. imposed an additional 25% tariff on Indian exports as punishment for its continued purchases of Russian oil, with Trump warning of a potential second round of punitive measures. If implemented, such measures could act as a short-term catalyst for higher prices despite the broader trend of weakening fundamentals.

In Colombia, the O&G sector continues to be impacted, but a policy change in the upcoming elections may reactivate it.

In Colombia, oil production has continued its downward trend, though new policies could help reactivate the sector. In 1H25, oil production declined 4.3% compared with 1H24. Additionally, oil GDP fell 5.7% in 2Q25 versus 2Q24, marking five consecutive quarters of negative growth. Colombia has been affected, like the rest of the world, by lower Brent prices, but the impact has been amplified by the government’s decision to halt new exploration contracts. Looking ahead to the 2026 elections, oil policy could shift positively if a more market-friendly candidate prevails.

In conclusion, we expect fundamentals to shape the 2026 outlook for Brent, with a low-price scenario likely to dominate. That said, any short-term resolution or escalation in the Russia–Ukraine conflict could temporarily lift prices. In Colombia, mid-term oil policy will be heavily influenced by the outcome of the upcoming elections.



Relative Valuation – Pulp, Paper & Fuels

Company	Country	Market Cap (USD mn)	P/E				EV/EBITDA			
			2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
Pulp										
CMPC (*)	Chile	3,962	8.0	31.2	24.6	13.3	5.7	7.9	7.0	6.2
Copec (*)	Chile	9,848	7.2	14.0	13.4	11.5	5.4	7.4	7.2	6.7
Stora Enso	Finland	8,984		24.5	14.5	11.2	9.2	10.1	8.0	8.0
Suzano	Brazil	12,069		5.4	7.1	5.8	6.8	6.1	5.0	5.0
UPM-Kymmene	Finland	14,625	13.3	17.8	12.3	9.5	10.1	10.7	8.3	8.3
Average			9.5	18.6	14.4	10.3	7.4	8.5	7.1	6.8
Tissue										
Svenska	Sweden	3,962	24.0	24.6	20.0	18.2	15.6	14.5	12.6	11.8
Essity	Sweden	25,473	14.9	13.3	12.3	11.4	9.0	8.2	7.8	7.4
Hengan	China	3,701	11.7	11.3	11.0	10.6	6.0	7.2	7.0	7.0
Kimberly Clark	USA	43,095	17.7	17.2	16.8	16.3	12.7	14.0	13.5	13.0
Kimberly Clark Mexicc	Mexico	5,853	14.7	14.8	14.2	13.6	6.8	8.6	8.3	8.0
Average			16.6	16.3	14.8	14.0	10.0	10.5	9.8	9.4
Papers										
Klabin	Brazil	4,211	62.0	13.6	9.5	7.8	8.7	6.8	6.3	5.8
International Paper	USA	25,707	41.2	26.7	14.8	11.5	13.1	10.2	8.3	7.2
Packaging Corp	USA	19,818	24.0	21.1	19.1	18.1	13.5	11.5	10.5	10.0
Average			42.4	20.5	14.5	12.5	11.7	9.5	8.3	7.7
Forestry ex Pulp										
West Fraser	USA	5,933			34.6	14.9	9.6	15.6	7.4	5.3
Dexco (ex Duratex)	Brazil	869	27.6	25.1	11.6	8.2	5.8	6.6	6.1	5.5
Lousiana Pacific	USA	6,896	16.6	32.7	21.0	17.7	10.7	15.5	11.7	10.0
Average			22.1	28.9	22.4	13.6	8.7	12.6	8.4	6.9
Gas Services Stations										
Casey's General Store	USA	18,800	37.8	33.9	30.4	27.1	16.6	17.0	15.6	14.2
CrossAmerica	USA	784	39.5	40.3	342.2	97.8	12.2	12.0	10.9	10.2
Global Partners	USA	1,750	21.5	17.4	14.9	14.1	9.5	9.4	8.9	8.5
Marathon Petroleum	USA	54,809	19.2	21.1	14.9	13.4	7.5	8.7	8.0	7.7
Murphy USA	USA	3,558	9.4	22.6	12.7	7.5	3.8	3.9	3.5	2.9
Sunoco LP	USA	6,946	6.0	11.0	9.3	8.0	9.6	7.6	6.0	5.5
Average			22.2	24.4	70.7	27.9	9.9	9.8	8.8	8.2
Brazil LPG and Liquid Fuels Distributors										
Ultrapar	Brazil	4,311	9.7	11.5	10.2	8.7	4.4	6.3	5.8	5.5
Vibra Energia	Brazil	5,127	4.4	13.5	11.1	9.7	5.1	7.4	6.9	6.6
Average			7.0	12.5	10.7	9.2	4.8	6.8	6.3	6.0

(*) Multiples are calculated with Credicorp Capital Estimates

Source: Facset and Refinitiv

Valuation Summary

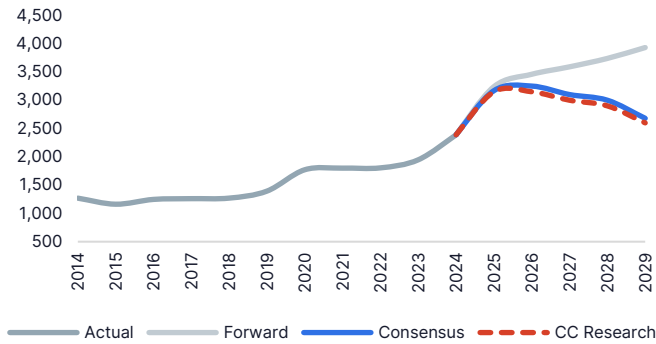
Chile																		
Company	Sector	Px Last	Px Target	Rating	Mkt. Cap	ADTV		P/E		EV/EBITDA		P/BV	Div Yield.		ROAE		ROAA	
						Local	ADR	2025E	2026E	2025E	2026E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
AntarChile	Conglomerates	8,248	8,800	HOLD	3,931	0.2		9.3	8.9	7.0	6.8	0.4	6.3%	3.2%	5.0%	4.9%	1.4%	1.4%
CAP	Mining	5,399	5,800	HOLD	846	1.3		-14.6	16.2	7.2	5.5	0.5	0.0%	0.0%	-3.2%	2.9%	-0.9%	0.8%
CMPC	Pulp & Paper	1,501	1,700	UPERF	3,936	4.5		31.2	24.6	7.9	7.0	0.5	1.9%	0.9%	1.6%	2.0%	0.7%	0.9%
Empresas Copec	Pulp & Paper	7,449	8,300	HOLD	10,157	8.3		14.0	13.4	7.4	7.2	0.7	3.6%	2.1%	5.4%	5.3%	2.4%	2.4%
SQM	Mining	40,500	41,000	UPERF	11,823	19.2	47.1	17.2	17.2	9.7	9.5	2.0	1.7%	3.2%	13.0%	12.2%	6.1%	5.9%
Chile Sample					6,139	6.7		11.4	16.1	7.9	7.2	0.8	2.7%	1.9%	4.4%	5.5%	1.9%	2.3%

Peru																		
Company	Sector	Px Last	Px Target	Rating	Mkt. Cap	ADTV		P/E		EV/EBITDA		P/BV	Div Yield.		ROAE		ROAA	
						Local	ADR	2025E	2026E	2025E	2026E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Buenaventura	Mining	20.2	19.3	UPERF	5,553	15.6	15.6	12.5	14.3	5.4	5.0	1.28	1.6%	1.4%	11.5%	9.3%	7.8%	6.3%
Cerro Verde	Mining	41.8	41.2	HOLD	14,632	0.2		15.6	15.3	6.6	6.6	2.16	5.5%	7.5%	13.7%	13.9%	11.5%	11.6%
Southern Copper	Mining	105.1	87.9	UPERF	85,320	123.5	123.5	23.5	25.2	13.0	13.8	7.57	2.8%	3.0%	36.8%	31.2%	18.5%	16.4%
Minsur	Mining	4.01	4.90	BUY	3,323	0.3		5.7	5.8	2.9	3.1	1.82	15.8%	8.6%	35.2%	33.0%	12.7%	12.6%
Peru Sample					27,207	34.9		14.4	15.1	6.9	7.1	3.2	6.44%	5.1%	24.3%	21.9%	12.6%	11.7%

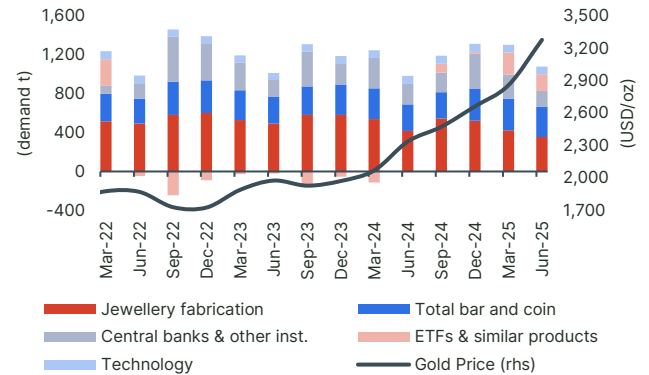
Colombia																		
Company	Sector	Px Last	Px Target	Rating	Mkt. Cap	ADTV		P/E		EV/EBITDA		P/BV	Div Yield.		ROAE		ROAA	
						Local	ADR	2025E	2026E	2025E	2026E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Ecopetrol	O&G	1,810	2,100	HOLD	19,090	4.7	21.7	8.0	9.6	4.3	4.5	0.9	7.5%	6.2%	11.1%	9.1%	3.1%	2.6%
Colombia Sample					19,090	4.7		8.0	9.6	4.3	4.5	0.9	7.5%	6.2%	11.1%	9.1%	3.1%	2.6%

Commodities – Metals

Graph 1: Gold price forecast (USD/oz)



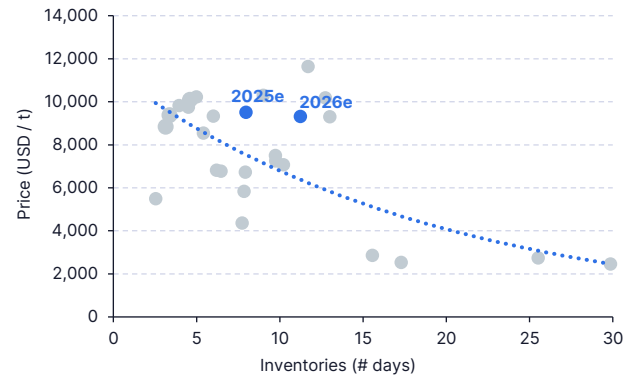
Graph 2: Gold net positions



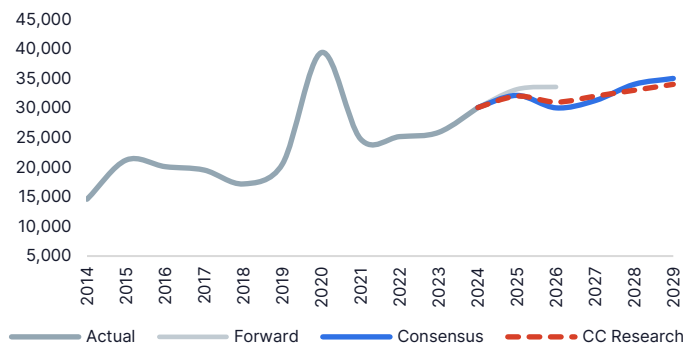
Graph 3: Copper price forecast (USD/t)



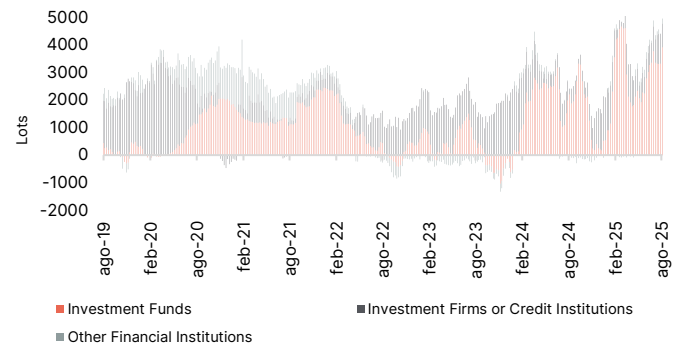
Graph 4: Copper price vs inventories



Graph 5: Tin price forecast (USD/MT)



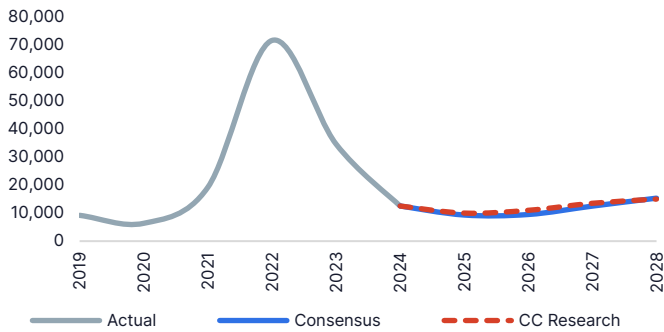
Graph 6: Tin net long positions



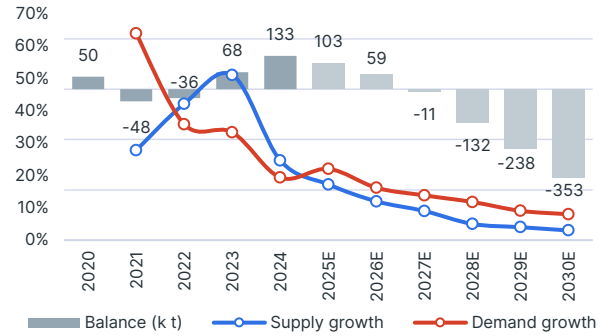
*Available data for forward estimates until 2026
Source: Bloomberg.

Commodities – Metals

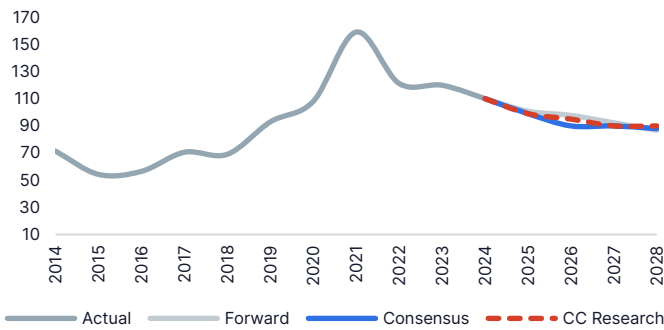
Graph 7: Lithium price forecast (USD/Mt)



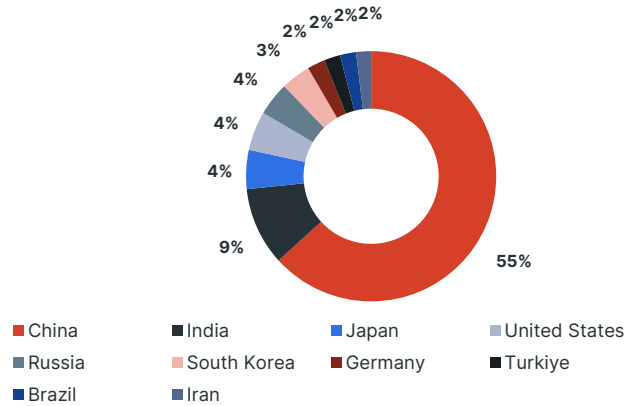
Graph 8: Lithium market balance



Graph 9: Iron price forecast (USD/t)



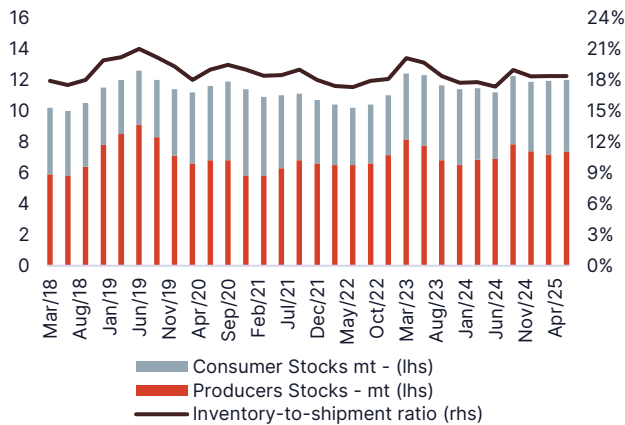
Graph 10: Crude steel production (YTD Jul-25)



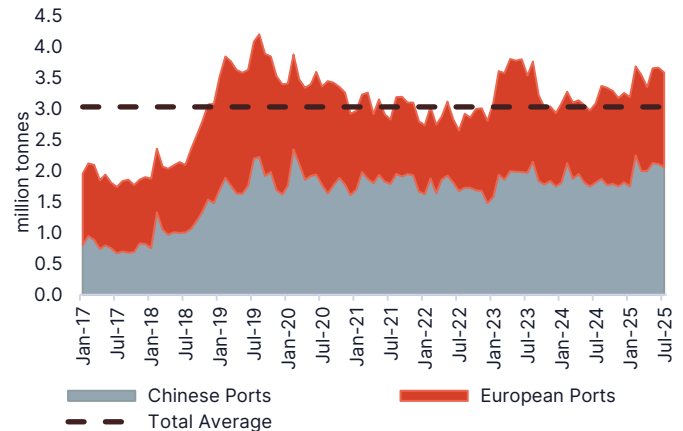
Source: Bloomberg, World Steel Association, COCHILCO

Commodities – Pulp & Paper

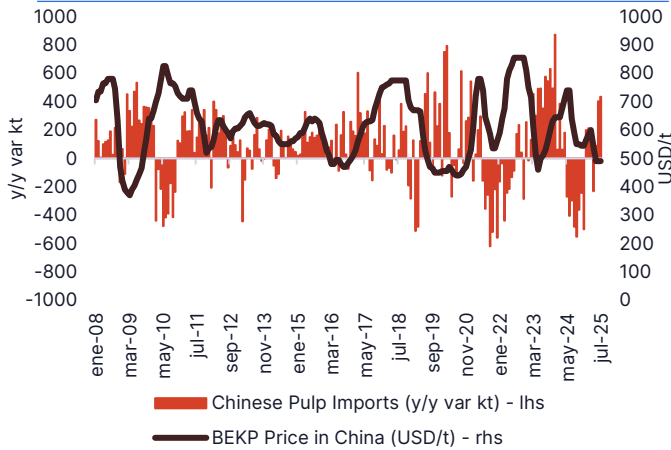
Graph 11: Producers and Consumers Pulp Stocks



Graph 12: Pulp inventories at ports



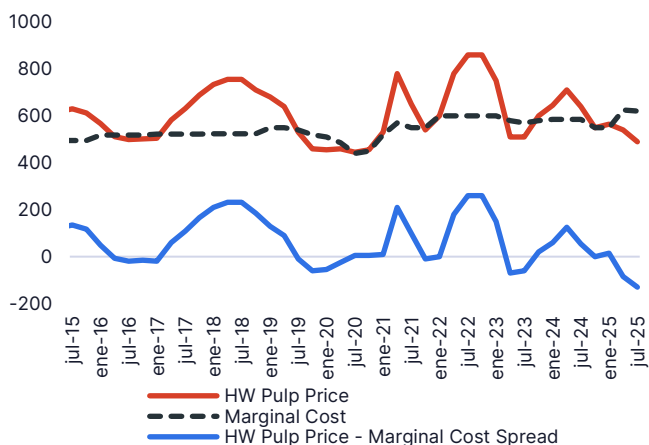
Graph 13: Chinese Pulp Imports & and BEKP Prices



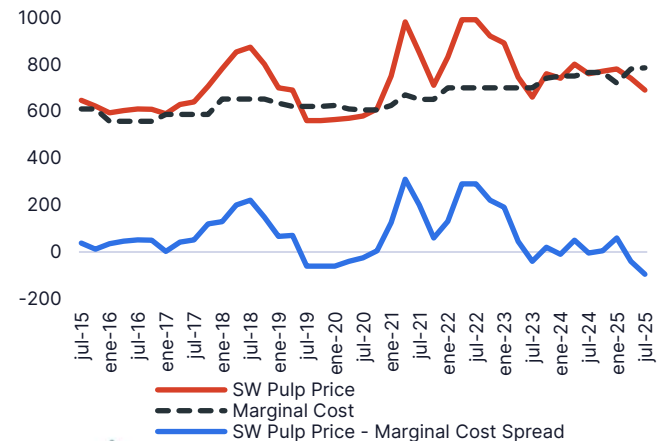
Graph 14: Global pulp shipments (Jan-to-Jul-25)



Graph 15: Pulp Prices in China vs. Marginal Cost to deliver pulp to China (Hardwood)

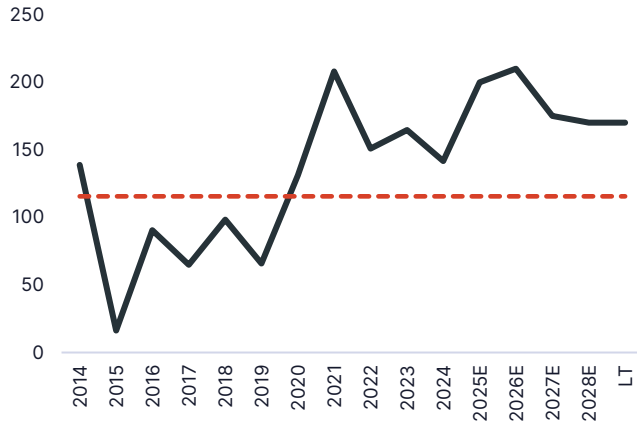


Graph 16: Pulp Prices in China vs. Marginal Cost to deliver pulp to China (Softwood)



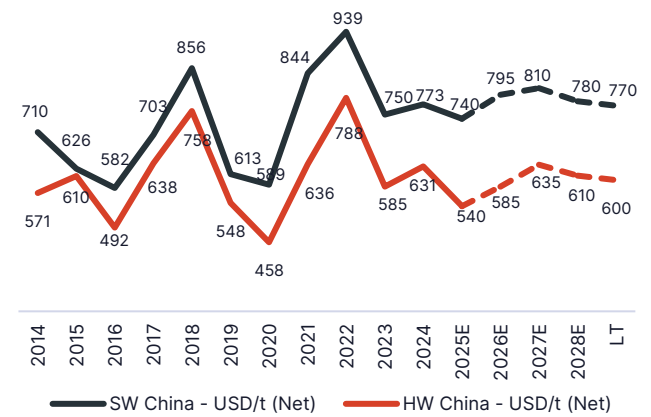
Commodities – Pulp & Paper

Graph 17: Pulp Price Gap in China (BEKP – NBSK) – USD/t



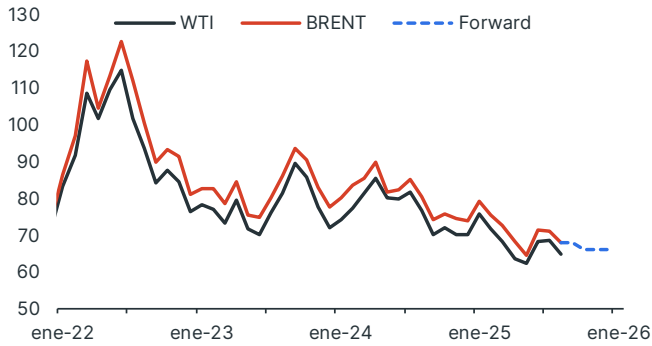
Source: Hawkins Wright

Graph 18: Pulp Prices Forecasts in China

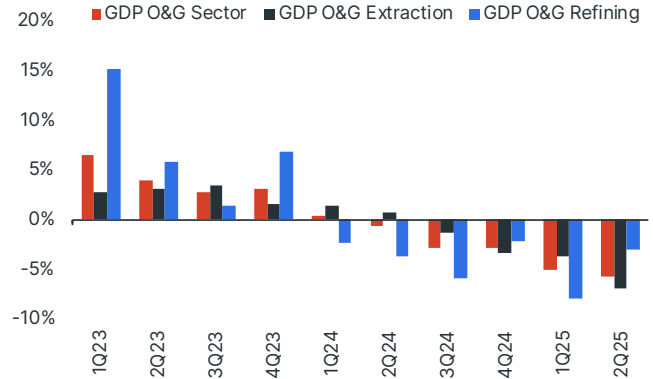


Commodities – Oil & Gas

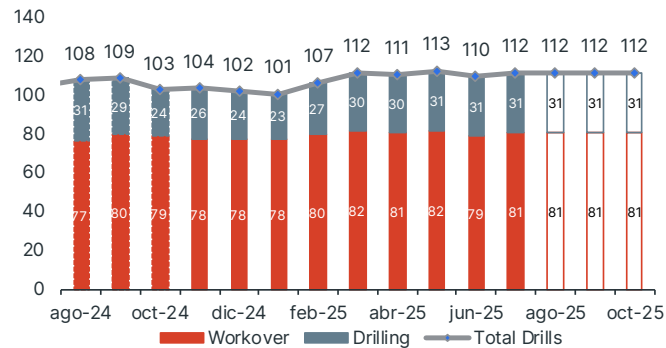
Graph 19: Brent prices & forward forecast (USD/bi)



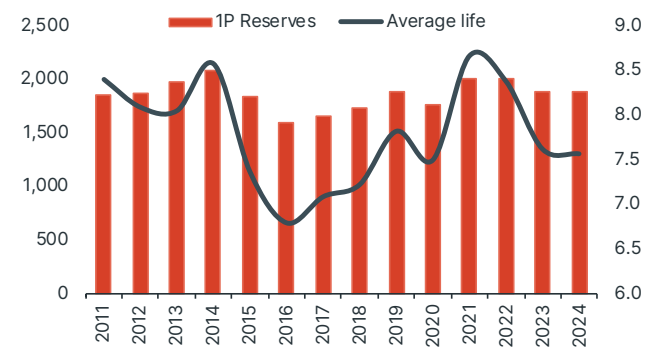
Graph 20: GDP y/y change for O&G in Colombia (%)



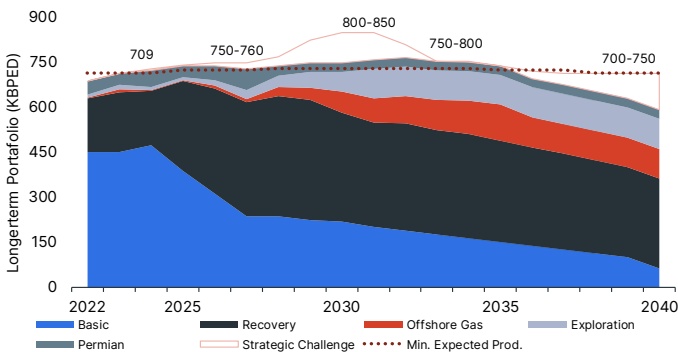
Graph 21: Total active drilling rigs in Colombia



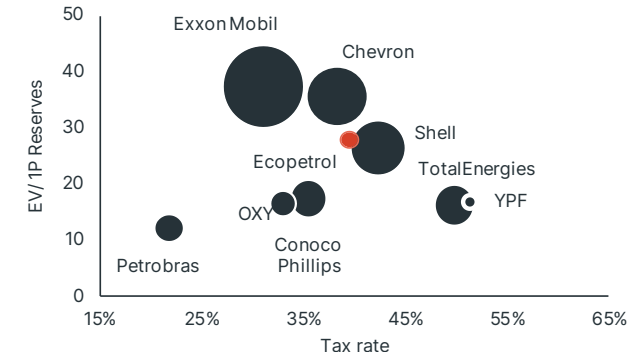
Graph 22: Ecopetrol's 1P Reserves in barrels (left) and average reserve life in years (right)



Graph 23: Ecopetrol long-term portfolio



Graph 24: EV/IP Reserves vs 6M2025 Tax Rate



Source: Refinitiv, Campetrol, Ecopetrol

AntarChile

Rating: Hold
TP: CLP 8,800

Equity Research Chile Conglomerates

Rodrigo Godoy - rgodoy@credicorpcapital.com
María Ignacia Montt - mmonttq@credicorpcapital.com

We reiterate our Hold recommendation as the stock trades at a holding discount close to its historical average, while we are neutral on Copec

Investment Thesis

We are introducing a 2026YE TP of CLP 8,800/share, reiterating our HOLD recommendation. We continue to see limited room for AntarChile to outperform COPEC since the former is trading at a holding discount of 39% (slightly below the historical average of ~40%).

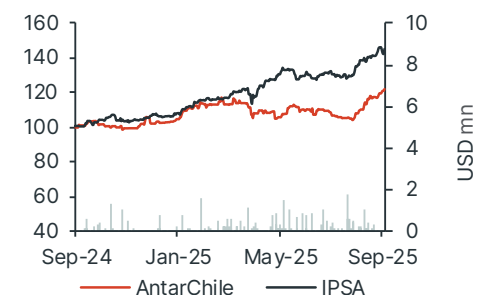
Yes, it is true. The ongoing 5-year buyback program for up to 5% of shares since mid-2021 serves as a cushion for the stock. However, the company has repurchased a very small portion so far (~0.6% by the end of last June).

We favor COPEC as it offers a bit more appealing upside potential and is a more liquid name (AntarChile is not a member of the IPSA index).

Stock Data

Ticker	antar ci
Price (CLP)	8,248
Target (CLP)	8,800
Total Return	9.9%
LTM Range	6,670 - 8,248
M. Cap (USD mn)	3,931
Shares Outs. (mn)	454
Free Float	26%
ADTV (USD mn)	0.2

Price Chart (CLP) and Volumes (USD mn)



Valuation

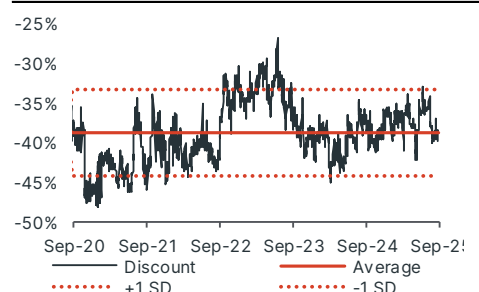
Our valuation of AntarChile is based on a sum-of-the-parts model. We utilize our target prices for COPEC (CLP 8,300/share), which represents ~95% of its asset's fair value, and Colbun (CLP 170/share), while fishing companies (non-listed) are considered at book value. To obtain the NAV for AntarChile, we deduct its net financial debt and the NPV of SG&A expenses at the parent company level. Finally, to compute our target price for AntarChile (CLP 8,800/share), we apply a 40% holding discount to the NAV (very much in line with its five-year historical average).

Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	5.6	7.0	6.8	6.3
P/E	4.9	9.3	8.9	7.0
P/CF	2.7	6.2	-7.9	8.8
P/BV	0.4	0.4	0.4	0.4
Div. Yield	11.5%	6.3%	3.2%	3.4%

Sources: Company Reports and Credicorp Capital

Holding discount

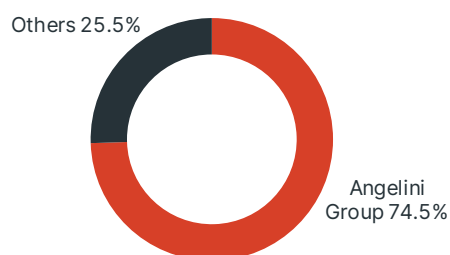


AntarChile

Company Description

AntarChile is a holding company controlled by the Angelini Group. It controls 60.8% of COPEC (~95% of its assets), which operates in the forestry business through Arauco (pulp and wood products), in the fuel business through Copec and Terpel (liquid fuels distribution) and Abastible (LPG), in addition to mining (40% stake in Mina Justa copper mine, Peru), fishing and Blue express. It also has a 9.6% stake in Colbun, one of the largest electric power companies in Chile.

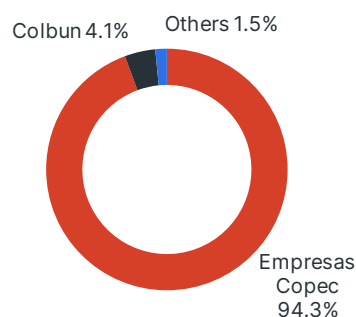
Ownership Structure (As of Mar-25)



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	29,179	28,115	29,507	31,530	33,119
Gross Profit	3,744	4,411	4,306	4,552	4,901
EBITDA	2,287	2,998	2,734	2,837	3,044
Net Income	234	658	423	441	559
EPS (CLP)	452	1,438	886	924	1,171
Gross Margin	12.8%	15.7%	14.6%	14.4%	14.8%
EBITDA Margin	7.8%	10.7%	9.3%	9.0%	9.2%
Net Margin	0.8%	2.3%	1.4%	1.4%	1.7%

Underlying Assets (based on our estimates)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,993	2,366	1,966	1,220	1,655
Total Current Assets	8,916	8,486	8,478	8,100	8,617
Total Assets	29,084	28,750	31,190	33,042	35,230
Current Liabilities	4,852	3,988	4,183	4,375	4,429
Financial Debt	10,980	10,338	11,215	12,015	13,215
Total Liabilities	15,944	15,158	16,321	17,480	18,852
Minority Interest	5,337	5,536	6,065	6,443	6,833
Shareholders Equity	7,802	8,056	8,804	9,119	9,545
Total Liabilities + Equity	29,084	28,750	31,190	33,042	35,230
Net Debt /EBITDA	3.9	2.7	3.4	3.8	3.8
Financial Debt /EBITDA	4.8	3.4	4.1	4.2	4.3
Financial Debt /Equity	1.4	1.3	1.3	1.3	1.4
ROAE	3.1%	8.3%	5.0%	4.9%	6.0%
ROAA	0.8%	2.3%	1.4%	1.4%	1.6%
ROIC	2.8%	5.5%	4.6%	4.2%	4.5%

Management

CEO: Andrés Lehuedé

IRO: José Luis Arriagada

www.antarchile.cl

Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	1,960	1,993	2,366	1,966	1,220
Cash Flow From Operation:	874	3,299	-263	1,315	1,523
CAPEX	-1,843	-2,079	-1,867	-3,113	-2,545
Changes in Financial Debt	688	-642	876	800	1,200
Dividends (Paid) Received	-627	-367	-249	-127	-132
Other CFI & CFF Items	942	173	1,107	379	390
Changes in Equity	-1	-11	-4	0	0
Final Cash	1,993	2,366	1,966	1,220	1,655
Change in Cash Position	33	372	-399	-746	435

Sources: Company Reports and Credicorp Capital

Buenaventura

**Equity Research Peru
Mining**
Rating: Uperf
TP: USD 19.3

Miguel Leiva - miguelleiva@credicorpcapital.com
Ana Paula Galvez - agalvezm@credicorpcapital.com

Riding the precious metals rally, shifting to profit-taking

Investment Thesis

We introduce a 2026 TP of USD 19.3/sh with a UPERF recommendation, positioning this as a profit-taking strategy following the stock's ~55% rally since our BUY call last year. While we continue to acknowledge BVN's solid fundamentals, its performance remains highly sensitive to the prevailing global macro backdrop, which currently favors precious metals. Reflecting this, we raise our gold price forecast to an average of USD 3,150/oz for 2025–26, and a long-term assumption of USD 2,600/oz from 2029. For silver, we forecast an average price of USD 34/oz in the near and medium term. Importantly, a meaningful portion of BVN's valuation stems from its stake in Cerro Verde. For copper, we assume an average price of USD 9,500/t in 2025–26, converging to a long-term level of USD 10,100/t.

Financial results in 2026 should benefit from the start-up of San Gabriel, which is expected to help lift gold equivalent production by ~21% in its first year, before moderating as certain legacy operations (Tambomayo, Orcopampa, Julcani) approach depletion. On copper, El Brocal should maintain stable production levels. Our production forecasts stand at 505/610/575/560 koz gold equivalent for 2025–28, using 2026E price assumptions. In turn, EBITDA should follow a constructive trajectory, reaching USD 614/699/568/631 mn across the same period, with an average 40% EBITDA margin, a notable step-up from the ~30% levels recorded in 2020–24. **Cerro Verde's contribution will remain a critical pillar of the investment case.** We forecast consolidated EBITDA, including associates, at USD 1,045/1,129/1,065/1,217 mn for 2025–28, with BVN set to receive an average of USD 215 mn in dividends from its stake in Cerro Verde. This underscores the dual engine of value creation for Buenaventura: a solid internal growth catalyst through San Gabriel and continued external support from Cerro Verde's resilient cash generation and copper exposure.

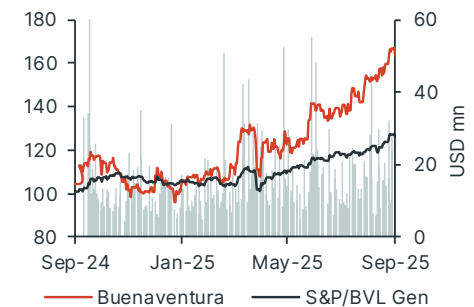
Valuation

We use a 60% DCF valuation (TP of USD 18.0) and a 40% EV/EBITDA relative valuation model (TP of USD 21.3). Under our DCF valuation (WACC 11.3%), the current operations and projects account for 36% of our Enterprise Value, the participation in Coimolache (5.4x EV/EBITDA) and Tinka (1% of its R&R value) for 2%, and the 19.6% participation in Cerro Verde for 62% (60% DCF WACC 11.0%, 40% 5.8x EV/EBITDA). In our relative valuation, we valued BVN at a 5.4x EV/EBITDA 2027 multiple, in line with the fair multiple we estimate for its peers, with a gold price of USD 3,000/oz in 2027.

Stock Data

Ticker	bvn us
Price (USD)	20.2
Target (USD)	19.3
Total Return	-2.7%
LTM Range	11.5 - 20.2
M. Cap (USD mn)	5,553
Shares Outs. (mn)	254
Free Float	61%
ADTV (USD mn)	15.6

Price Chart (USD) and Volumes (USD mn)

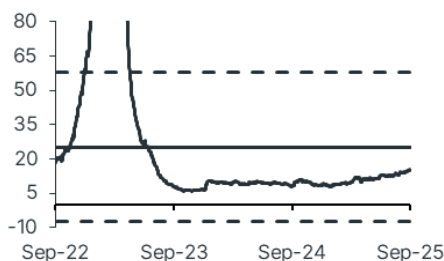


Valuation Summary

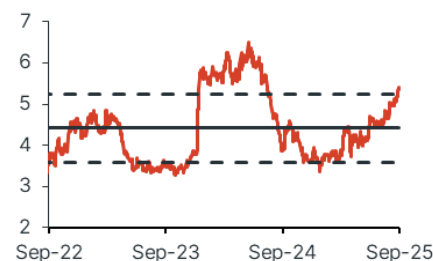
	2024	2025E	2026E	2027E
EV/EBITDA	3.3	5.4	5.0	5.3
P/E	7.9	12.5	14.3	15.5
P/CF	5.3	15.7	7.3	6.2
P/BV	0.9	1.4	1.3	1.2
Div. Yield	2.5%	1.6%	1.4%	1.3%

Sources: Company Reports and Credicorp Capital

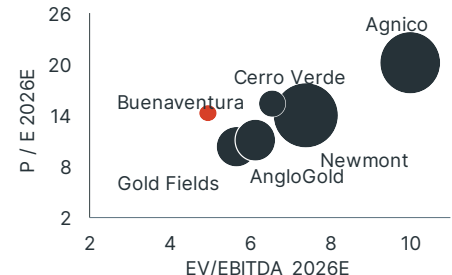
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

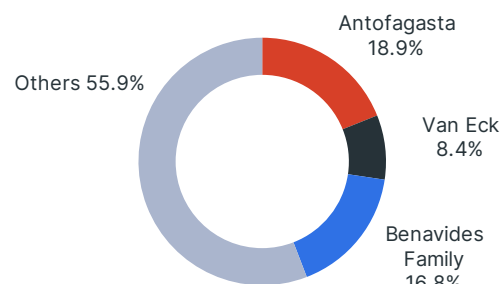


Buenaventura

Company Description

Buenaventura (BVN) ranks among the largest publicly listed precious metals mining companies in Latin America. The company generates a substantial portion of its direct revenues from gold, silver, and copper. It also has stakes of 19.6% in Cerro Verde, one of the largest copper mines in Peru (JV with Freeport-McMoRan and Sumitomo), 61.4% in El Brocal (copper and zinc), and 40.1% in Coimolache (gold JV with SCCO).

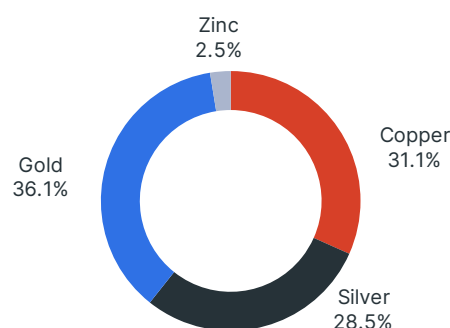
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	824	1,155	1,465	1,721	1,574
Gross Profit	91	359	566	519	396
EBITDA	238	640	614	699	568
Net Income	20	403	408	359	330
EPS (USD)	0.1	1.6	1.6	1.4	1.3
Gross Margin	11.1%	31.1%	38.7%	30.1%	25.2%
EBITDA Margin	28.9%	55.4%	41.9%	40.6%	36.1%
Net Margin	2.4%	34.9%	27.9%	20.9%	21.0%

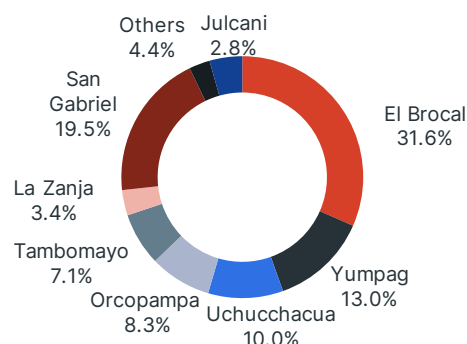
Metal sales breakdown by metal (2026E)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	220	478	386	619	1,043
Total Current Assets	578	838	797	1,259	1,637
Total Assets	4,534	5,048	5,464	5,974	6,211
Current Liabilities	442	480	414	654	640
Financial Debt	728	655	743	745	743
Total Liabilities	1,365	1,488	1,569	1,800	1,778
Minority Interest	163	169	175	175	175
Shareholders Equity	3,006	3,391	3,720	3,999	4,258
Total Liabilities + Equity	4,534	5,048	5,464	5,974	6,211
Net Debt /EBITDA	2.1	0.3	0.6	0.2	-0.5
Financial Debt /EBITDA	3.1	1.0	1.2	1.1	1.3
Financial Debt /Equity	0.2	0.2	0.2	0.2	0.2
ROAE	0.7%	12.6%	11.5%	9.3%	8.0%
ROAA	0.4%	8.4%	7.8%	6.3%	5.4%
ROIC	0.3%	8.7%	8.1%	6.6%	4.9%

Metal sales breakdown by unit (2026E)



Management

CEO: Leandro García
CFO: Daniel Dominguez
IR: Sebastian Valencia
www.buenaventura.com

Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	254	220	478	386	619
Cash Flow From Operations	289	786	364	489	662
CAPEX	-239	-338	-485	-192	-180
Changes in Financial Debt	-27	-73	87	2	-1
Dividends (Paid) Received	-20	-81	-82	-72	-66
Other CFI & CFF Items	-37	-36	22	6	10
Changes in Equity	0	0	0	0	0
Final Cash	220	478	386	619	1,043
Change in Cash Position	-34	259	-93	233	425

Sources: Company Reports and Credicorp Capital

Buenaventura

**Fixed Income Research Peru
Metals & Mining**
NR / BB- / BB

Orlando Barriga - orlandobarriga@credicorpcapital.com

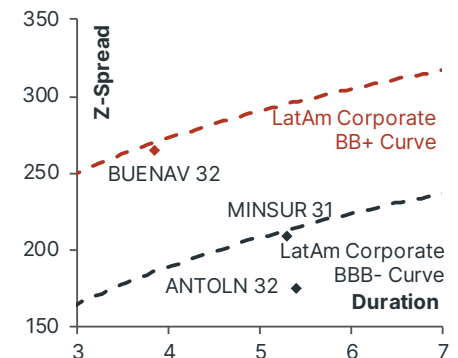
Outlook: nr / s / s

Neutral view as spreads fully price fundamentals

Investment Thesis

We maintain a Neutral view on Buenaventura as spreads already reflect strong fundamentals, leaving no room for further compression without ignoring structural weaknesses. In 2Q25, EBITDA from direct operations reached USD 130 mn (+21% y/y), while net leverage stood at 0.6x and gross leverage near 1.8x, supported by USD 589 mn in cash. San Gabriel is 88% complete, with first gold pour expected in 4Q25. Despite solid liquidity and diversified exposure to copper and precious metals, cost pressures and declining output at legacy mines temper the outlook. We see BUENAV 32 trading as a BB+ credit, and even with good project execution, further tightening toward BBB- names would require a deeper transformation with larger-scale operations and lower cash costs. On valuation, BUENAV 32 trades ~90 bps z-spread over ANTOLN 32 and ~55 bps over MINSUR 31 versus our fair values of 100 bps and 60 bps, supporting our Neutral stance.

Buenaventura Bonds and comparables



Credit Data

REG-S Notes	1
Outstanding Senior Notes	USD 650mn
Closest Call Date	04-Feb-28
Closest Maturity Date	04-Feb-32

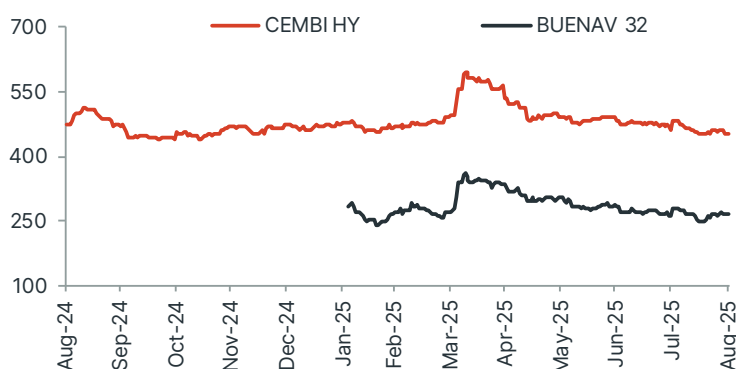
Concerns

- High cash cost operating units.
- Mid-scale operations.
- Dividend dependency of non-controlled asset.

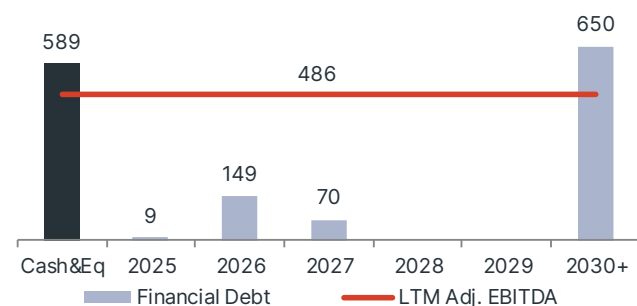
Strengths

- Diversification of metal revenues between base and precious metals.
- Operational diversification across different assets.

Z- Spread evolution



Debt Maturity Profile (USD mn)



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
BUENAV 32	USD 650mn	6.80%	NR / BB- / BB	265	3.9	103.6	0.5%	5.8%	Neutral

CAP
**Rating: Hold
TP: CLP 5,800**
**Equity Research Chile
Mining**

Miguel Leiva - miguelleiva@credicorpcapital.com
Ana Paula Galvez - agalvezm@credicorpcapital.com

Headwinds limit upside, execution will define the path forward

Investment Thesis

We downgrade CAP from BUY to HOLD and introduce a 2026 TP of CLP 5,800/share (from CLP 6,700/share). While CAP remains a key player in the Chilean iron ore space, we believe its risk/return profile has deteriorated relative to peers. Beyond the structural weakness in Chinese real estate, which continues to weigh on seaborne iron ore demand, CAP faces operational headwinds that heighten execution risk. Monitoring its production and cash cost trajectory will be critical, as 2025 has already shown cost inflation and volume pressures.

On iron ore pricing, we forecast benchmark levels of USD 99/95/92/90 per ton over 2025–2028, followed by growth in line with U.S. inflation trends. **For CMP,** CAP's core business, we project EBITDA of USD 440/570/583/586 mn in 2025–2028, impacted in the near term by the operational contingency at Phase 5 in Mina Los Colorados. This translates into average EBITDA margins of 37%, materially below the 50% margin average seen between 2020–2024. We model dispatches of 14.8 mt (-3% y/y) in 2025, with recovery expected in 2H25 toward the mid-point of guidance. Volumes should gradually normalize to 16.4 mt in 2026 and 17.1 mt in 2027–2028. Cash costs (COGs-D&A / Dispatches) are forecast to increase 13% y/y to USD 59/t in 2025, before easing to USD 52/t in 2026, USD 50/t in 2027, and USD 48/t in 2028 as the mine plan progresses and operational efficiencies are implemented. For the **infrastructure segment,** we expect stable EBITDA of ~USD 58–59 mn annually over 2025–2028. In the **industrial division,** after a 17% y/y contraction in 2025, we project EBITDA to average ~USD 35 mn annually over 2026–2028. On a consolidated basis, we forecast EBITDA to decline 12% y/y in 2025, driving negative net income, with gradual recovery thereafter as iron ore operations stabilize. In our view, with a less favorable risk/reward profile, we see few catalysts for outperformance, which justifies our HOLD stance.

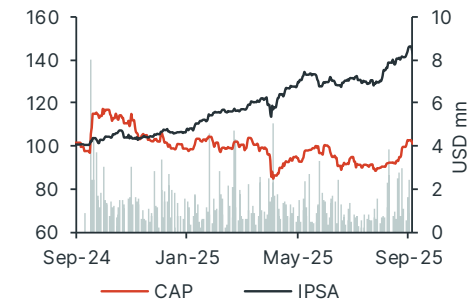
Valuation

Our 2026 TP of CLP 5,800 is 60% determined by a DCF model (TP of CLP 5,290) and 40% determined by a relative valuation method (TP of CLP 6,660). For the DCF valuation, we utilized FCFF for each business line until 2036, discounted to present value using a WACC of 9.6%. For perpetuity (comprising 53% of the DCF value), we considered a long-term growth rate of 2%. As for the relative valuation method, we employed a target EV/EBITDA 2027 multiple of 4.7x, 6% below its peers' average during the same period (4.9x).

Stock Data

Ticker	cap ci
Price (CLP)	5,399
Target (CLP)	5,800
Total Return	7.4%
LTM Range	4,428 - 6,120
M. Cap (USD mn)	846
Shares Outs. (mn)	149
Free Float	44%
ADTV (USD mn)	1.3

Price Chart (CLP) and Volumes (USD mn)

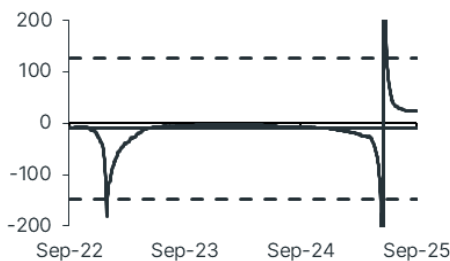


Valuation Summary

	2024	2025	2026E	2027E
EV/EBITDA	6.1	7.2	5.5	5.3
P/E	-1.9	-14.6	16.2	13.7
P/CF	1.3	7.5	4.7	4.2
P/BV	0.4	0.5	0.5	0.5
Div. Yield	5.7%	0.0%	0.0%	3.1%

Sources: Company Reports and Credicorp Capital

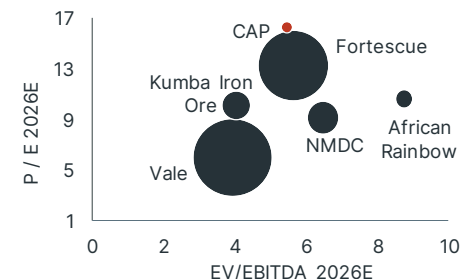
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

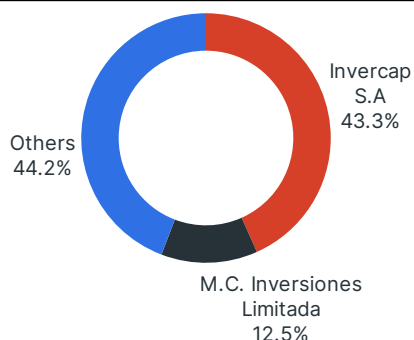


CAP

Company Description

CAP is a company that produces iron ore through CMP, which owns and operates all of its iron ore mines and related processing facilities. It produces high-grade iron ore products, including pellets, pellet feed, and sinter feed, in three different valleys of operation in the north of Chile, each one with its own logistics. In addition, it operates in other segments further down the value chain. It also operates substantial infrastructure assets, such as a port, a power transmission line, and a desalinization plant.

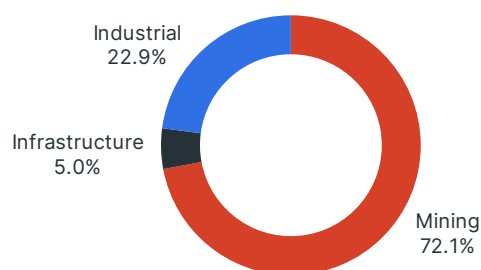
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	2,965	1,801	1,849	1,951	2,009
Gross Profit	691	303	248	391	415
EBITDA	842	569	503	665	680
Net Income	-7	-427	-58	52	62
EPS (CLP)	-41	-2,842	-370	332	393
Gross Margin	23.3%	16.8%	13.4%	20.0%	20.7%
EBITDA Margin	28.4%	31.6%	27.2%	34.1%	33.9%
Net Margin	-0.2%	-23.7%	-3.1%	2.7%	3.1%

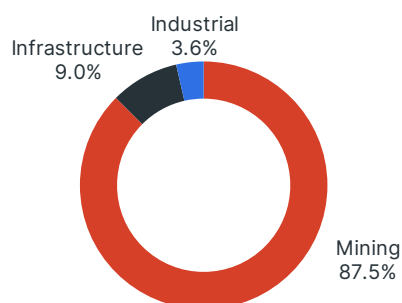
Revenue breakdown by segment (2026E)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	497	392	405	536	627
Total Current Assets	2,015	1,290	1,270	1,406	1,514
Total Assets	7,007	6,361	6,214	6,350	6,458
Current Liabilities	1,410	1,153	1,036	1,044	1,064
Financial Debt	1,638	1,710	1,879	1,934	1,972
Total Liabilities	3,345	3,175	3,160	3,206	3,251
Minority Interest	1,395	1,368	1,288	1,326	1,352
Shareholders Equity	2,266	1,818	1,767	1,819	1,855
Total Liabilities + Equity	7,007	6,361	6,214	6,350	6,458
Net Debt /EBITDA	1.4	2.3	2.9	2.1	2.0
Financial Debt /EBITDA	1.9	3.0	3.7	2.9	2.9
Financial Debt /Equity	0.7	0.9	1.1	1.1	1.1
ROAE	-0.3%	-20.9%	-3.2%	2.9%	3.4%
ROAA	-0.1%	-6.4%	-0.9%	0.8%	1.0%
ROIC	4.2%	1.2%	1.5%	4.3%	4.6%

EBITDA breakdown by segment (2026E)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	271	497	392	405	536
Cash Flow From Operations	149	171	246	436	448
CAPEX	-516	-301	-328	-398	-395
Changes in Financial Debt	624	73	168	55	38
Dividends (Paid) Received	-219	-45	0	0	-26
Other CFI & CFF Items	187	-3	-73	38	26
Changes in Equity	0	0	0	0	0
Final Cash	497	392	405	536	627
Change in Cash Position	226	-105	13	131	91

Management

CEO: Nicolás Burr
CFO: Felipe Gazitúa
IRO: Felipe Cisterna
www.cap.cl

Sources: Company Reports and Credicorp Capital

Celulosa Arauco

Fixed Income Research Chile Pulp & Paper

Baa3 / BBB- / BBB

Orlando Barriga - orlandobarriga@credicorpcapital.com

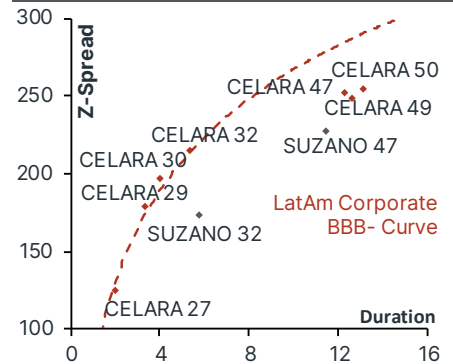
Outlook: s / s / n

Cautious on rising leverage, weak pulp fundamentals, and execution risk

Investment Thesis

Celara's 2Q25 results underscore a challenging credit profile despite modest operational gains. Adjusted EBITDA rose 10% q/q to USD 383 mn, supported by stronger wood margins and a land sale, while revenues held at USD 1.53 bn. Leverage continues to rise: reported net leverage reached 3.33x, and excluding non-recurring forestry asset sales from 2024, we estimate adjusted leverage near 4.1x. Free cash flow remained negative (USD -268 mn) due to heavy CapEx (USD 480 mn) for the Sucuriú project, now 13% complete and likely to pressure metrics through 2027. Given rising leverage, execution risk, and a prolonged investment cycle amid weak pulp fundamentals, we believe Celara should trade closer to other BBB- credits. We maintain Neutral on the belly and Underweight on the long end.

Celulosa Arauco Bonds and comparables



Credit Data

REG-S Notes	7
Outstanding Senior Notes	USD 3,348mn
Closest Call Date	02-Aug-27
Closest Maturity Date	02-Nov-27

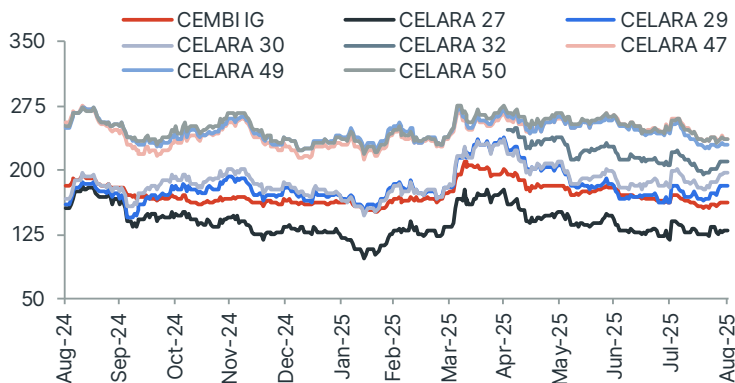
Concerns

- Exposure to pulp price cycles.
- Exposure to economic growth volatility impacting demand for wood products in key markets.

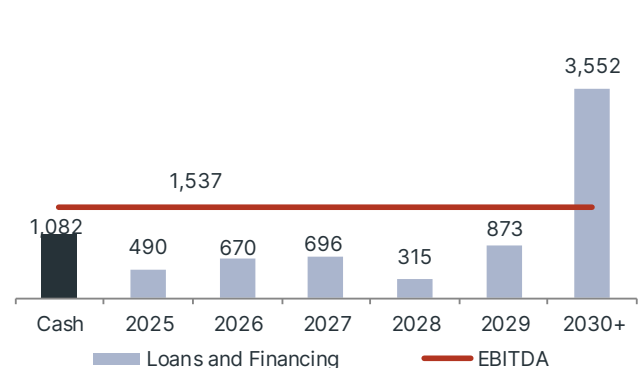
Strengths

- Low-cost producer in the southern hemisphere.
- Solid market position as one of the largest global pulp producers.

Z- Spread evolution



Debt Maturity Profile (USD mn)



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
CELARA 27	USD 470mn	3.88%	Baa3 / BBB- / BBB	124	2.0	98.8	0.3%	4.4%	Neutral
CELARA 29	USD 500mn	4.25%	Baa3 / BBB- / BBB	178	3.3	97.6	0.4%	5.0%	Neutral
CELARA 30	USD 500mn	4.20%	Baa3 / BBB- / BBB	196	4.0	96.3	0.4%	5.1%	Neutral
CELARA 32	USD 500mn	6.18%	Baa3 / BBB- / BBB	214	5.3	103.9	0.5%	5.4%	Neutral
CELARA 47	USD 378mn	5.50%	Baa3 / BBB- / BBB	252	12.3	90.0	0.5%	6.3%	Underweight
CELARA 49	USD 500mn	5.50%	Baa3 / BBB- / BBB	248	12.7	90.1	0.5%	6.3%	Underweight
CELARA 50	USD 500mn	5.15%	Baa3 / BBB- / BBB	254	13.2	84.8	0.5%	6.3%	Underweight

Celara

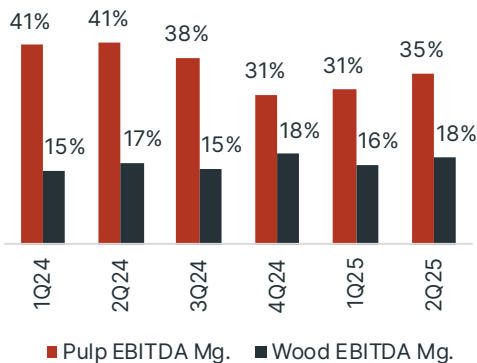
Company Description

Celulosa Arauco is the third largest pulp producer and panel producer in the world with operations in 11 countries including relevant forestry assets in Chile, Argentina, Brazil and Uruguay. Due to the advantageous location of its assets, the company benefits from low production costs derived from the high tree growth rate and a shorter harvest cycle. Arauco is controlled by Grupo Angelini, one of the most important economic groups in Chile, through Empresas Copec.

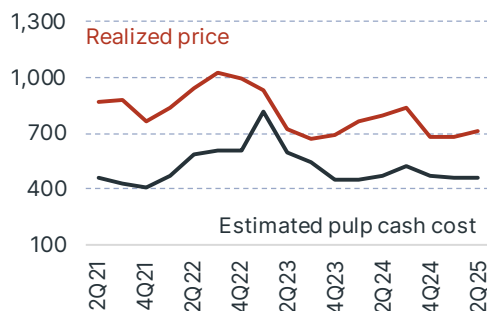
LTM EBITDA Breakdown



EBITDA margin by business segment



Realized Pulp Price and Cash Cost (USD/t)



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
EBITDA Int. Cvg. (CC)	10.3x	10.8x	2.7x	4.2x	4.0x
Gross Debt / EBITDA (CC)	2.5x	2.6x	6.9x	4.0x	4.8x
Net Debt / EBITDA (CC)	2.0x	2.3x	6.3x	3.3x	4.1x
Net Debt / Equity	0.6x	0.6x	0.8x	0.6x	0.7x
ST Debt / Gross Debt	7%	7%	16%	6%	7%

Income Statement

USDmn	2021	2022	2023	2024	LTM2Q25
Net Revenues	6,350	7,102	6,012	6,546	6,413
Gross Profit	2,668	2,828	1,268	1,912	1,796
EBIT	1,595	1,018	43	1,037	943
Interest Expenses	-220	-200	-374	-398	-387
Adj. EBITDA (CC)	2,264	2,167	1,026	1,665	1,537
Gross Margin	42%	40%	21%	29%	28%
EBITDA Margin	36%	31%	17%	25%	24%
Net Margin	16%	10%	-6%	7%	5%

Balance Sheet

USDmn	2021	2022	2023	2024	LTM2Q25
Cash & Equivalents	1,011	667	570	1,072	1,082
Current Assets	3,924	3,775	4,176	4,275	4,391
Total Assets	16,668	17,180	17,910	18,159	19,225
Current Liabilities	1,437	1,526	2,072	1,363	1,355
Total Liabilities	8,850	8,920	9,901	9,436	10,109
Equity	7,826	8,260	8,009	8,724	9,117
Net Debt	4,570	5,051	6,485	5,525	6,333
Gross Debt	5,581	5,718	7,055	6,597	7,415
Short Term Debt	389	410	1,121	392	519
Long Term Debt	5,192	5,308	5,935	6,205	6,896
ROE	13%	9%	nm	5%	4%
ROA	6%	4%	nm	3%	2%

Cash Flow Statement

USDmn	2021	2022	2023	2024	LTM2Q25
Operating Activities	1,940	1,701	740	1,181	1,143
Investing Activities	-1,190	-1,470	-1,333	-329	-597
Financing Activities	-770	-527	646	-306	-329

Sources: Company Reports and Credicorp Capital

Cerro Verde

**Equity Research Peru
Mining**
Rating: Hold
TP: USD 41.2

Miguel Leiva - miguelleiva@credicorpcapital.com
Ana Paula Galvez - agalvezm@credicorpcapital.com

Dividend resilience holds, valuation constrains the narrative

Investment Thesis

We update our 2026 TP for Cerro Verde to USD 41.2/sh (from USD 37.9/sh) and revise our recommendation from UPERF to HOLD. While the company continues to deliver solid operational performance, we see limited upside relative to our target. We believe that most of the investment appeal lies in its dividend capacity, which remains among the most attractive and stable within our mining coverage. Given the absence of new large-scale projects in the pipeline, we expect this pattern of consistent cash distributions to continue.

Our model reflects copper price assumptions of USD 9,500/t for 2025–2026, USD 9,600/t in 2027, USD 10,000/t in 2028, and USD 10,100/t in 2029, supported by structural demand from the energy transition and AI-driven electricity consumption. In terms of production, we forecast a ~10% decline in copper output in 2025 due to lower ore grades and milled volumes, in line with 1H25 performance, with copper production projected at 390/413/430/449 kt over 2025–2028. Cash costs before by-products are revised to an average of USD 4,998/t during the period, reflecting efficiency gains but remaining above pre-pandemic levels. Capex, for its part, is expected to remain contained at ~12% of revenues, given the lack of material growth projects. As a result, we forecast 2025 EBITDA to increase slightly by 2%, while margins should remain resilient at ~52% through 2025–2028.

From a valuation standpoint, Cerro Verde continues to trade at a discount to copper peers due to its single-asset concentration and relatively low liquidity. At present, the stock trades at a ~7% discount, slightly narrower than its two-year historical average of 10%, leaving limited scope for further re-rating. In our view, this reinforces a more neutral stance, with dividends remaining the central pillar of the investment case.

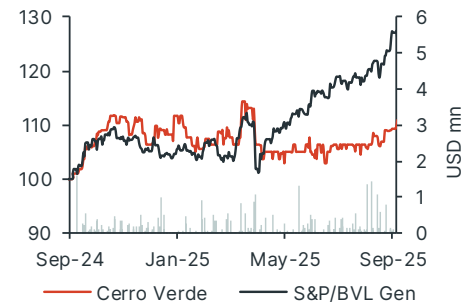
Valuation

We updated our valuation model to a 60% DCF (TP of USD 42.3) and 40% EV/EBITDA relative valuation model (TP of USD 39.7). For our DCF valuation (WACC of 11.0%), we forecast cash flows until the depletion of 100% of reserves (excluding resources), 90% of measured resources, 80% of indicated resources, and 70% of inferred resources (which we assume will be mined after the reserves are exhausted). There are no projects or resources left to include. In our relative valuation, we value Cerro Verde at a 5.8x EV/EBITDA 2027E multiple, in line with its ~10% two-year historical discount compared to peers.

Stock Data

Ticker	cverdec1 pe
Price (USD)	41.8
Target (USD)	41.2
Total Return	6.2%
LTM Range	37.6 - 43.0
M. Cap (USD mn)	14,632
Shares Outs. (mn)	350
Free Float	45%
ADTV (USD mn)	0.2

Price Chart (USD) and Volumes (USD mn)

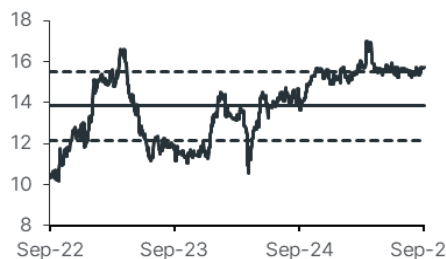


Valuation Summary

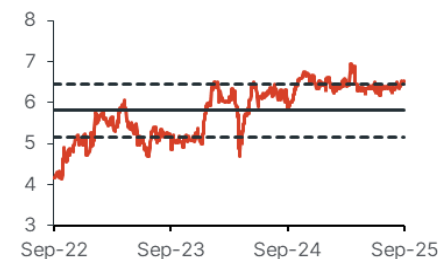
	2024	2025E	2026E	2027E
EV/EBITDA	6.6	6.6	6.6	6.1
P/E	14.9	15.6	15.3	13.5
P/CF	14.1	19.1	13.3	12.4
P/BV	2.1	2.1	2.2	2.2
Div. Yield	6.0%	5.5%	7.5%	8.2%

Sources: Company Reports and Credicorp Capital

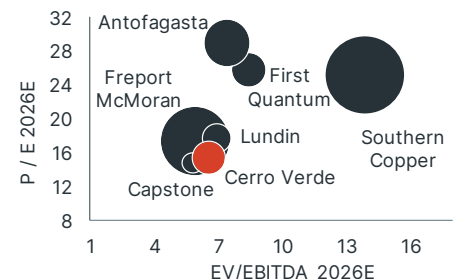
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

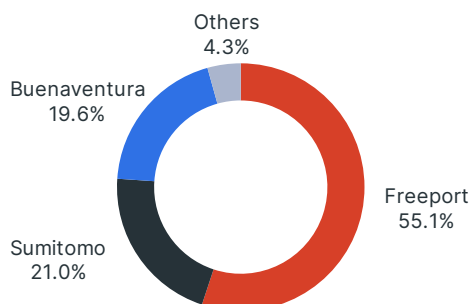


Cerro Verde

Company Description

Cerro Verde is among the ten largest copper producers in the world and ranks second in Peru. It is owned and operated by Freeport-McMoRan (55.1% stake), with minority participation from Sumitomo and Buenaventura. The company's activities comprise the extraction, production and sale of copper concentrate, copper cathodes and molybdenum concentrates. It is located 30 km from Arequipa, second largest city in Perú.

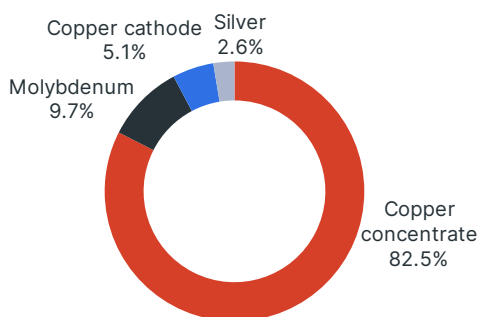
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	4,143	4,238	4,145	4,213	4,464
Gross Profit	1,580	1,650	1,607	1,636	1,853
EBITDA	1,877	2,071	2,121	2,125	2,298
Net Income	779	953	939	955	1,084
EPS (USD)	2.2	2.7	2.7	2.7	3.1
Gross Margin	38.1%	38.9%	38.8%	38.8%	41.5%
EBITDA Margin	45.3%	48.9%	51.2%	50.4%	51.5%
Net Margin	18.8%	22.5%	22.7%	22.7%	24.3%

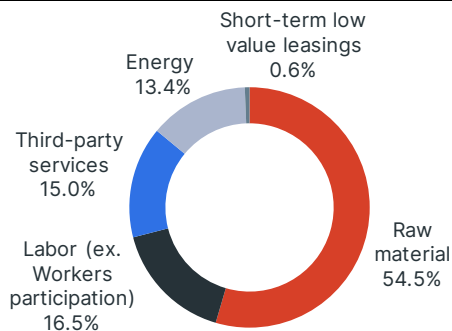
Revenue breakdown by metal (2026E)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	510	690	746	745	726
Total Current Assets	1,789	1,876	2,023	2,061	2,096
Total Assets	7,931	8,034	8,320	8,175	8,062
Current Liabilities	461	527	584	596	611
Financial Debt	60	51	119	119	119
Total Liabilities	1,251	1,251	1,397	1,397	1,400
Minority Interest	0	0	0	0	0
Shareholders Equity	6,680	6,783	6,923	6,778	6,662
Total Liabilities + Equity	7,931	8,034	8,320	8,175	8,062
Net Debt /EBITDA	-0.2	-0.3	-0.3	-0.3	-0.3
Financial Debt /EBITDA	0.0	0.0	0.1	0.1	0.1
Financial Debt /Equity	0.0	0.0	0.0	0.0	0.0
ROAE	11.7%	14.2%	13.7%	13.9%	16.1%
ROAA	9.8%	11.9%	11.5%	11.6%	13.4%
ROIC	12.7%	15.1%	14.7%	15.1%	17.6%

Production Cost (2026E)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	554	510	690	746	745
Cash Flow From Operations	1,367	1,699	1,585	1,570	1,655
CAPEX	-656	-658	-744	-460	-469
Changes in Financial Debt	-4	-9	68	0	0
Dividends (Paid) Received	-750	-850	-800	-1,100	-1,200
Other CFI & CFF Items	-2	-1	-53	-11	-6
Changes in Equity	0	0	0	0	0
Final Cash	510	690	746	745	726
Change in Cash Position	-44	180	56	-1	-19

Management

CEO: Derek J. Cooke
CFO: Rohn M. Householder
www.cerroverde.pe

Sources: Company Reports and Credicorp Capital

Rating: Uperf
TP: CLP 1,700

 Rodrigo Godoy - rgodoy@credicorpcapital.com
 María Ignacia Montt - mmonttq@credicorpcapital.com

Natureza project's likely approval would occur amid an unfavorable context for all its business units. Its financing poses major challenges.

Investment Thesis

We are introducing a 2026YE TP of CLP 1,700/share with an Underperform recommendation. Once the Board of Directors decides to go ahead with the Natureza project by mid-2026, the company will embark on its largest growth initiative in history. Unfortunately, such a milestone is expected to occur after an extended period of hardwood pulp prices below USD 600/t, a deteriorated contribution from Softys not only amid more intense competition in Brazil but also lower disposable income across countries in Latin America, and a subpar performance of the Biopackaging business unit.

We estimate that the financing of the Natureza project poses major challenges for the company, as the total capex is expected to reach USD 4.6 bn, equivalent to half of CMPC's enterprise value. On the other hand, the investment cycle would begin from an uncomfortable indebtedness. The DFN/EBITDA ratio stood at 3.7x by the end of June, while we forecast a level slightly above 4x by mid-2026 (this does not consider the favorable impact of the recent issuance of hybrid bonds on that indicator). If this initiative were approved by CMPC's BoD in mid-2026, the bulk of the project's disbursements would occur in the period 2027-2028. Looking at its own history, it is worth recalling that the Guaiba II pulp mill was partially financed with two capital increases totaling USD 700mn (~1/3 of the total capex). With a scarce track record in partnerships and low visibility about large assets available for sale, we believe that CMPC would not have options to avoid a dilution risk for minority shareholders. Finally, it is worth mentioning that other pulp producers with operations in Brazil are also pursuing large capacity expansion projects, so the race to line up behind Arauco's Sucuriú project is expected to be intense and time-sensitive.

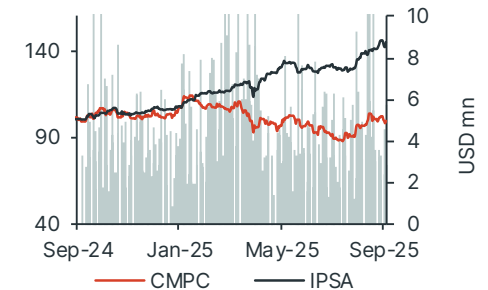
Valuation

At our 2026YE target price of CLP 1,700, CMPC shares would trade at ~6.6x EV / Fwd EBITDA, which is below the 10-year average multiple of 7.2x. The increasing role of China on both sides of the equation, greater FX volatility, and the larger scale of capacity expansion projects are making it very challenging to predict pulp price cycles, which have become sharper and shorter than in the past. With Chilean P&P names involved in an unprecedented investment cycle, we believe that they will continue to trade below their historical valuation ratios.

Stock Data

Ticker	cm pc ci
Price (CLP)	1,501
Target (CLP)	1,700
Total Return	14.1%
LTM Range	1,324 - 1,721
M. Cap (USD mn)	3,936
Shares Outs. (mn)	2,500
Free Float	44%
ADTV (USD mn)	4.5

Price Chart (CLP) and Volumes (USD mn)

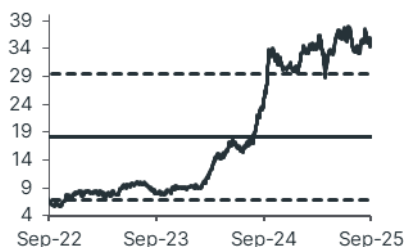


Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	5.7	7.9	7.0	6.2
P/E	8.0	31.2	24.6	13.3
P/CF	10.1	11.4	7.7	5.6
P/BV	0.5	0.5	0.5	0.5
Div. Yield	6.5%	1.9%	0.9%	1.6%

Sources: Company Reports and Credicorp Capital

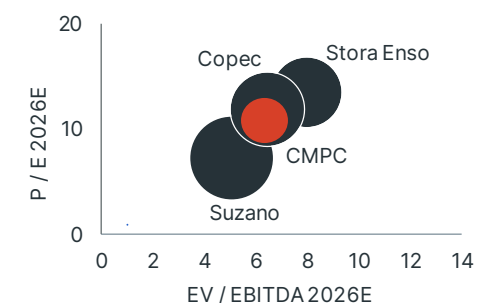
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

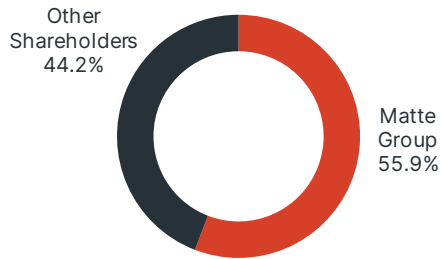


CMPC

Company Description

CMPC is an integrated Chilean forestry company with operations in Chile, Argentina, Peru, Uruguay, Mexico, Colombia, Brazil, and Ecuador. The company is one of the five largest sellers of market pulp worldwide. It also commercializes tissue and personal care products through Softys, being the second-largest competitor in Latin America, and it manufactures packaging products. Matte Group is its controlling shareholder.

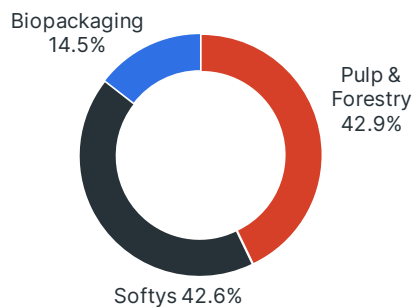
Ownership Structure (As of Dic-24)



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	8,100	7,743	7,552	8,089	8,541
Gross Profit	1,754	1,891	1,463	1,678	1,904
EBITDA	1,337	1,542	1,163	1,317	1,488
Net Income	470	491	126	160	297
EPS (CLP)	165	195	48	61	113
Gross Margin	21.7%	24.4%	19.4%	20.7%	22.3%
EBITDA Margin	16.5%	19.9%	15.4%	16.3%	17.4%
Net Margin	5.8%	6.3%	1.7%	2.0%	3.5%

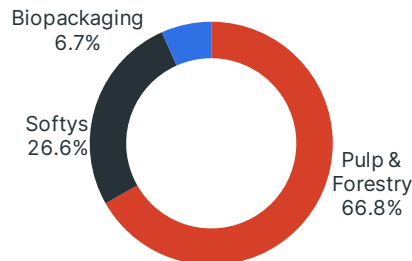
Revenue breakdown by business (LTM)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	918	704	649	708	947
Total Current Assets	4,572	4,255	4,386	4,656	4,972
Total Assets	17,177	16,936	17,400	17,685	18,021
Current Liabilities	2,476	2,045	2,789	2,859	2,882
Financial Debt	5,550	5,614	5,830	5,830	5,830
Total Liabilities	9,292	9,137	9,392	9,551	9,652
Minority Interest	0	0	0	0	0
Shareholders Equity	7,884	7,799	8,008	8,133	8,369
Total Liabilities + Equity	17,177	16,936	17,400	17,685	18,021
Net Debt /EBITDA	3.5	3.2	4.5	3.9	3.3
Financial Debt /EBITDA	4.2	3.6	5.0	4.4	3.9
Financial Debt /Equity	0.7	0.7	0.7	0.7	0.7
ROAE	6.0%	6.3%	1.6%	2.0%	3.6%
ROAA	2.8%	2.9%	0.7%	0.9%	1.7%
ROIC	3.6%	4.2%	2.0%	2.4%	3.4%

EBITDA breakdown by business (LTM)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	855	918	704	649	708
Cash Flow From Operation:	605	1,052	255	618	841
CAPEX	-747	-754	-608	-525	-540
Changes in Financial Debt	700	65	215	0	0
Dividends (Paid) Received	-205	-255	-77	-35	-62
Other CFI & CFF Items	-291	-322	160	0	0
Changes in Equity	0	0	0	0	0
Final Cash	918	704	649	708	947
Change in Cash Position	62	-214	-55	59	239

Management

CEO: Francisco Ruiz-Tagle
 VP Tecnología y Finanzas: Sebastián Moraga
 IRO: Claudia Cavada
www.cmpc.cl

Sources: Company Reports and Credicorp Capital

CMPC

Baa3 / BBB / BBB

Outlook: s / n / n

**Fixed Income Research Chile
Pulp & Paper**

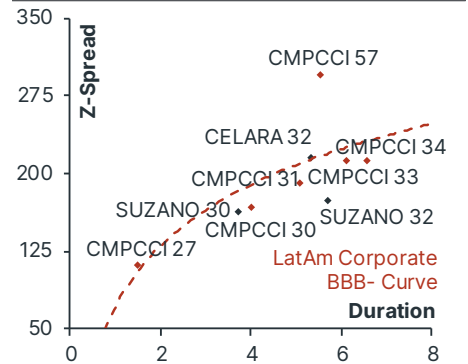
Orlando Barriga - orlandobarriga@credicorpcapital.com

Leverage rising, risk/return unattractive despite hybrid support

Investment Thesis

CMPC's credit profile remains under pressure due to weak margins at Softys, low pulp prices, and elevated leverage (3.6x in 2Q25), amid negative FCF and higher investments, including the Falcon acquisition and progress on the USD 4.6bn Natureza project, which will require additional funding. We view the recent issuance of the hybrid bond CMPCCI 57 (call 2032) as positive, given its 50% equity treatment for at least seven years, which helps reduce debt and prepare for Natureza; however, the challenging operating environment and expectations that leverage will stay above 3x limit any improvement in the outlook. On valuation, CMPCCI 30-34 trade ~20 bps z-spread versus peers like SUZANO and ANTOLN, when we believe they should be at least 30 bps wide to reflect the risk. Therefore, we maintain an Underweight stance on CMPCCI 30, 31, 33, and 34.

CMPC Bonds and comparables



Credit Data

REG-S Notes	6
Outstanding Senior Notes	USD 3,100mn
Closest Call Date	13-Oct-29
Closest Maturity Date	04-Apr-27

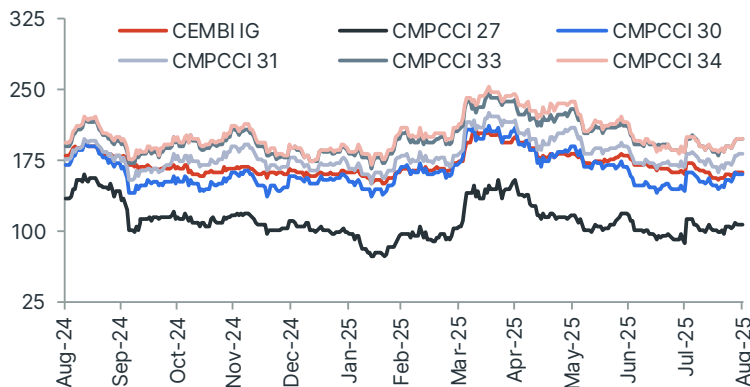
Concerns

- Exposure to pulp price cycles.
- Exposure to economic growth volatility impacting demand for paper products in key markets.
- Increasing competition in Softys.

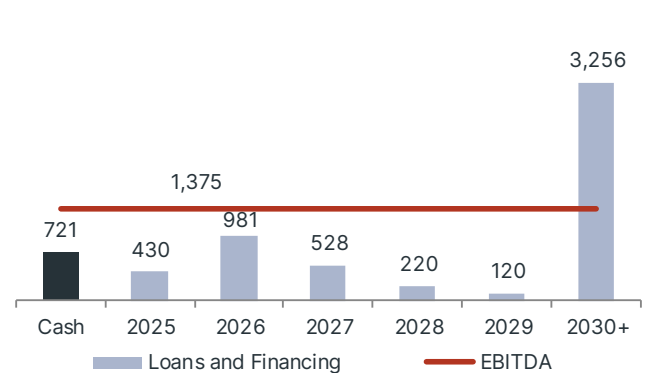
Strengths

- Large scale and adequate geographic and product diversification.
- Low-cost producer in the southern hemisphere.

Z- Spread evolution



Debt Maturity Profile (USD mn)



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
CMPCCI 27	USD 500mn	4.38%	Baa3 / BBB / BBB	111	1.5	100.0	0.4%	4.3%	Neutral
CMPCCI 30	USD 500mn	3.85%	Baa3 / BBB / BBB	166	4.0	95.9	0.3%	4.9%	Underweight
CMPCCI 31	USD 500mn	3.00%	Baa3 / BBB / BBB	190	5.1	89.8	0.3%	5.1%	Underweight
CMPCCI 33	USD 500mn	6.13%	Baa3 / BBB / BBB	213	6.1	103.9	0.5%	5.4%	Underweight
CMPCCI 34	USD 500mn	6.13%	NR / BBB / BBB	211	6.6	104.1	0.5%	5.5%	Underweight
CMPCCI 57	USD 600mn	6.70%	Ba1 / BB+ / BB+	295	5.5	102.3	0.5%	6.3%	Neutral

Ecopetrol

Rating: Hold
TP: COP 2,100 (loc) / USD 9.7 (ADR)
**Equity Research Colombia
Oil & Gas**

Stefania Mosquera - smosquera@credicorpcapital.com

Juan Felipe Becerra - jbecerra@credicorpcapital.com

Weak fundamentals but potential for improvement ahead

Investment thesis

We are introducing our 2026E TP for Ecopetrol of COP 2,100/share while raising our recommendation to HOLD. After a +10% underperformance of Ecopetrol vs the local index since our UPERF recommendation last year, we believe 2026 could be a turning point for Ecopetrol, considering the upcoming elections. Despite what should be a noisy environment for Ecopetrol amid elections and an already controversial management, we believe potential upside from a more market-friendly president in 2026 is enough to be neutral on the name.

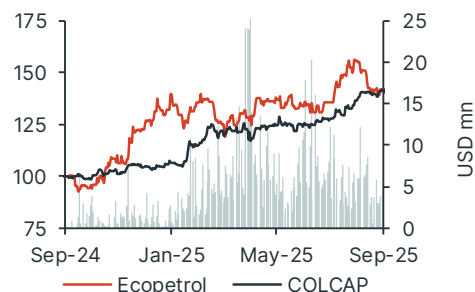
We continue to see significant risks in Ecopetrol's equity story, considering a weak earnings momentum in the upstream and downstream segments and a consequent deterioration in dividend payments. Indeed, we see EBITDA falling from COP 46.8 bn in 2024 to COP 45.1 bn in 2026E from lower Brent oil prices. Furthermore, we note ongoing operating losses in the downstream segment, which are partly explained by maintenance costs that should continue until the end of 2025, alongside a significant increase (+100%) in other fixed costs. This should decrease DPS from COP 214 in 2025 to COP 135 in 2026, according to our estimates (COP 140 according to the government's medium-term fiscal framework), and COP 113 in 2027.

Please note that Colombia currently has high costs of capital for valuations, which impact the state-owned O&G company. Nevertheless, running a scenario of normalized costs of capital, we see an additional upside to our TP to COP 2,700/share

Stock Data

Ticker	ecopetl cb / ec us		
Price (COP)	1,810 (loc)	/	9.3 (ADR)
Target (COP)	2,100 (loc)	/	9.7 (ADR)
Total Return	23.5%		
LTM Range	1,590 - 2,245		
M. Cap (USD mn)	19,090		
Shares Outs. (mn)	41,117		
Free Float	11.5%		
ADTV (USD mn)	4.7		

Price Chart (COP) and Volumes (USD mn)



Valuation Summary

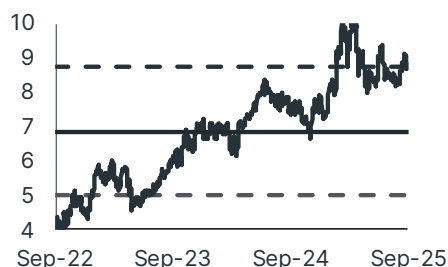
	2024	2025E	2026E	2027E
EV/EBITDA	3.7	4.3	4.5	4.4
P/E	4.8	8.0	9.6	11.4
P/CF	2.1	4.3	4.5	3.7
P/BV	0.8	0.9	0.9	0.8
Div. Yield	18.6%	11.8%	7.5%	6.2%

Sources: Company Reports and Credicorp Capital

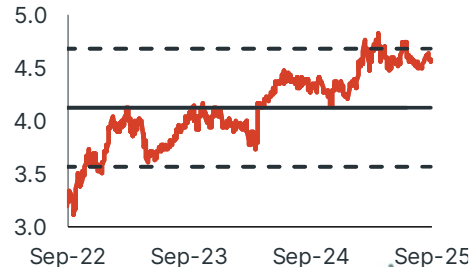
Valuation

We are introducing our new YE2026 TP of COP 2,100/share, keeping our T.P. unaltered but raising our recommendation. Our valuation methodology is based on a SOTP NAV for Ecopetrol's Upstream, Midstream, and Downstream businesses. It also incorporates the company's 51.4% participation in ISA with our target price for that company (COP 25,400/share). Finally, it incorporates the latest ANH data and Ecopetrol's 2024 reserves report.

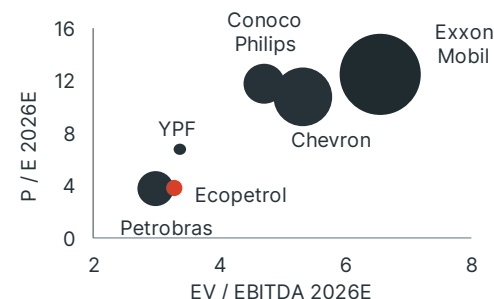
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

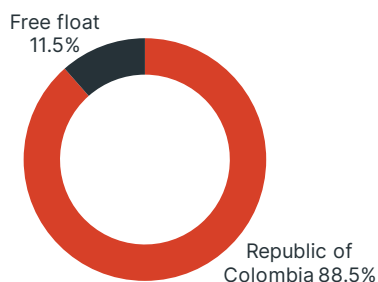


Ecopetrol

Company Description

This state-owned, vertically integrated oil & gas company is one of the largest four O&G companies in LatAm. EC operates mainly in Colombia, which accounts for roughly ~60% of local production. In addition, via partnership agreements and joint ventures, it operates in Brazil, Mexico, and the US, mainly in the Permian Basin through its alliance with Occidental. Also, Ecopetrol has participation in energy transmission businesses and roads through its stake in ISA.

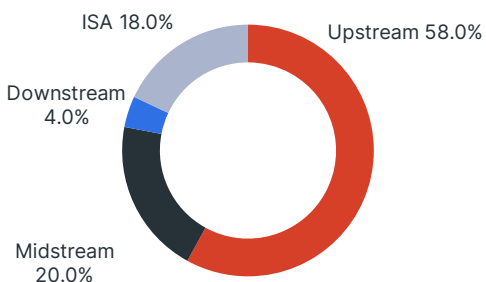
Ownership Structure



Income Statement

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Revenues	143,078	133,328	121,107	118,909	119,038
Gross Profit	54,900	46,847	38,856	36,050	34,024
EBITDA	60,716	54,143	47,200	45,095	45,886
Net Income	19,941	14,230	9,280	7,717	6,528
EPS (COP)	485	346	226	188	159
Gross Margin	38.4%	35.1%	32.1%	30.3%	28.6%
EBITDA Margin	42.4%	40.6%	39.0%	37.9%	38.5%
Net Margin	13.9%	10.7%	7.7%	6.5%	5.5%

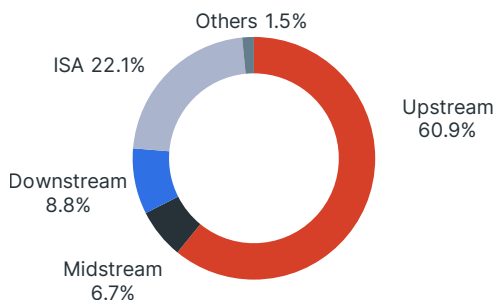
EBITDA breakdown by segment (2024)



Balance Sheet

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	12,336	14,054	14,899	14,917	15,400
Total Current Assets	77,277	68,591	60,643	60,799	61,411
Total Assets	282,280	301,345	300,848	304,091	302,337
Current Liabilities	43,563	39,635	47,438	52,503	54,650
Financial Debt	105,816	119,965	114,805	109,692	102,634
Total Liabilities	179,182	191,369	190,325	190,276	185,366
Minority Interest	24,706	26,279	26,956	28,099	29,358
Shareholders Equity	78,392	83,697	83,567	85,716	87,613
Total Liabilities + Equity	282,280	301,345	300,848	304,091	302,337
Net Debt /EBITDA	1.5	2.0	2.1	2.1	1.9
Financial Debt /EBITDA	1.7	2.2	2.4	2.4	2.2
Financial Debt /Equity	1.3	1.4	1.4	1.3	1.2
ROAE	23.5%	17.6%	11.1%	9.1%	7.5%
ROAA	6.8%	4.9%	3.1%	2.6%	2.2%
ROIC	13.4%	11.6%	8.5%	7.6%	7.3%

CAPEX breakdown by segment (2024)



Cash Flow Statement

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	14,550	12,336	14,054	14,899	14,917
Operating Cash Flow	32,566	61,447	34,038	37,444	37,674
CAPEX	-23,312	-20,943	-22,271	-22,570	-19,587
Changes in Debt	14,149	-5,160	-5,114	-7,058	-9,994
Dividends	-24,382	-12,828	-8,799	-5,568	-4,630
Other CFI & CFF Items	-1,235	-20,798	2,991	-2,230	-2,980
Changes in Equity	-	-	-	-	-
Final Cash	12,336	14,054	14,899	14,917	15,400
Change in Cash Position	-2,214	1,718	845	18	483

Management

CEO: Ricardo Roa
 CFO: Camilo Barco
 IRO: María Fernanda Moreno
www.ecopetrol.com.co

Sources: Company Reports and Credicorp Capital

Ecopetrol

Fixed Income Research Colombia Oil & Gas

Ba1 / BB / BB+

Orlando Barriga - orlandobarriga@credicorpcapital.com

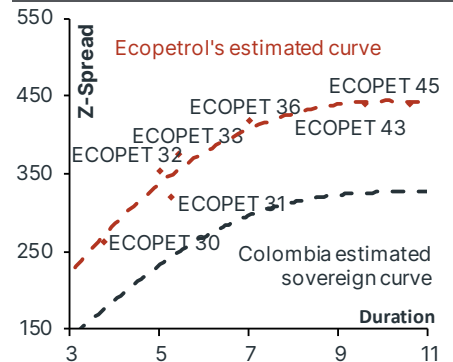
Outlook: s / n / n

Carry opportunity with focus on capital discipline

Investment Thesis

We maintain an Overweight view on Ecopetrol's bonds, supported by attractive carry and fundamentals that remain broadly sound despite a softer macro backdrop and moderate oil prices (Brent in the mid-60s). The company posted 2Q25 results broadly in line, with revenues of COP 29.7 tn and EBITDA of COP 11.1 tn, while leverage stood at 2.4x and could approach 2.7x based on projected EBITDA and current debt levels. This makes capital allocation critical: prioritizing debt reduction would be credit positive, while higher dividends, debt-funded M&A, or incremental capex would weigh on credit quality under current price conditions. For 2025, we forecast revenues of USD 28.8 bn and EBITDA of USD 11.1 bn, assuming Brent at USD 68/bbl, which should keep metrics manageable. At >100 bps z-spread over the sovereign, we favor ECOJET 32, 33, and 36, and recommend monitoring the Colombian sovereign curve as a key driver of Ecopetrol's performance.

Ecopetrol Bonds and comparables



Credit Data

REG-S Notes	9
Outstanding Senior Notes	USD 13,950mn
Closest Call Date	19-Dec-28
Closest Maturity Date	19-Jan-29

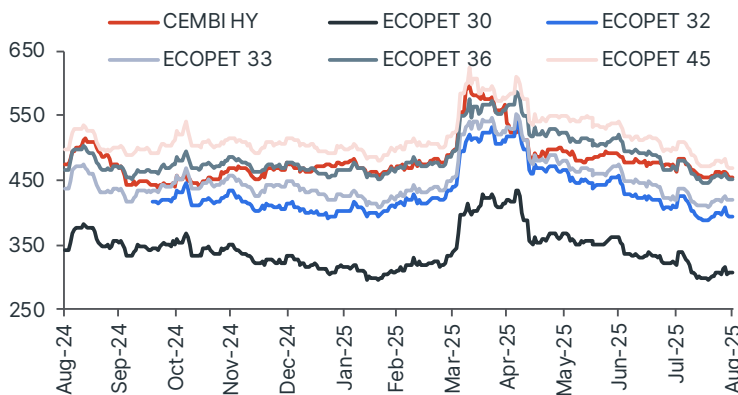
Concerns

- High sensitivity to oil prices amid moderate demand and limited geopolitical premium.
- Political and regulatory risks through dividend pressure and energy transition policies in Colombia.

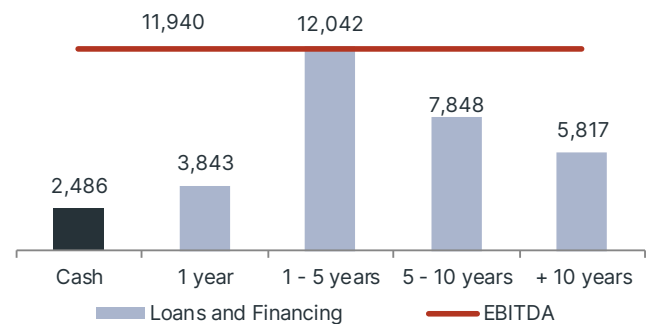
Strengths

- Relevance for Colombia as the major O&G producer in the country.
- Integrated business model across upstream, midstream, and refining.
- Manageable leverage at 2.4x, expected to remain under control.

Z- Spread evolution



Debt Maturity Profile (USD mn)



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
ECOJET 29	USD 1,200mn	8.63%	Ba1 / BB / BB+	222	2.9	109.7	0.7%	5.3%	Neutral
ECOJET 30	USD 2,000mn	6.88%	Ba1 / BB / BB+	260	3.8	104.1	0.6%	5.8%	Neutral
ECOJET 31	USD 1,250mn	4.63%	Ba1 / BB / BB+	319	5.3	90.8	0.4%	6.5%	Neutral
ECOJET 32	USD 1,750mn	7.75%	Ba1 / BB / BB+	352	5.0	104.9	0.6%	6.8%	Overweight
ECOJET 33	USD 2,300mn	8.88%	Ba1 / BB / BB+	375	5.4	110.1	0.7%	7.0%	Overweight
ECOJET 36	USD 1,850mn	8.38%	Ba1 / BB / BB+	417	7.0	105.1	0.7%	7.6%	Overweight
ECOJET 43	USD 850mn	7.38%	Ba1 / BB / BB+	439	9.6	93.1	0.7%	8.1%	Neutral
ECOJET 45	USD 2,000mn	5.88%	Ba1 / BB / BB+	438	10.6	77.9	0.6%	8.1%	Neutral
ECOJET 51	USD 750mn	5.88%	Ba1 / BB / BB+	441	11.5	75.3	0.7%	8.2%	Neutral

Empresas Copec

Rating: Hold
TP: CLP 8,300

 Rodrigo Godoy - rgodoy@credicorpcapital.com
 María Ignacia Montt - mmonttq@credicorpcapital.com

We stay positive on Copec's fundamentals. However, investors could stay on the sidelines amid an unprecedented investment cycle.

Investment Thesis

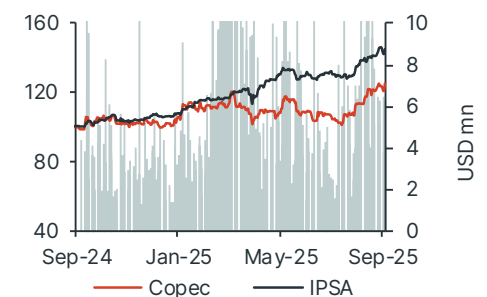
We are introducing a 2026YE TP of CLP 8,300/share, and downgrading our recommendation to Hold. We remain positive on Copec's more resilient business profile than CMPC, supported by its energy business, a less price-volatile pulp production mix, the cash contribution through dividends from non-controlling stakes in Mina Justa and Metrogas/Agesa, and the almost nonexistent risk for a capital increase amid the construction period of the Sucuriú project in Brazil (given the potential sale of non-core assets valued ~at USD1 bn).

However, we believe that the stock will unlikely outperform the market in the medium-term as investors could stay on the sidelines for a while, given the prevailing low hardwood pulp prices amid the construction of the Sucuriú project. They are closely monitoring the execution of such a project, particularly with respect to possible delays, cost overruns, and waiting for more information about the required investments outside the fence (logistics and forests). As the delay in the start-up of the MAPA project and the associated cost overruns are still fresh in investors' memories, we believe that as the construction of the Sucuriú project progresses on time and on budget, the market will gradually take into account the incremental value added by this investment.

Stock Data

Ticker	copec ci
Price (CLP)	7,449
Target (CLP)	8,300
Total Return	13.5%
LTM Range	5,879 - 7,449
M. Cap (USD mn)	10,157
Shares Outs. (mn)	1,300
Free Float	39%
ADTV (USD mn)	8.3

Price Chart (CLP) and Volumes (USD mn)



Valuation

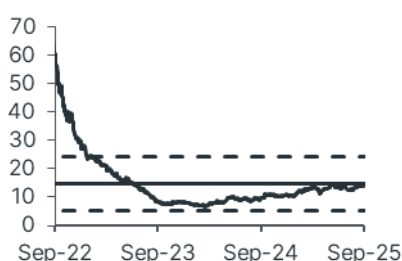
At our 2026YE target price of CLP 8,300, COPEC shares would trade at ~7.3x EV / Fwd EBITDA. This is below the 10-year average multiple of 8.0x. The increasing role of China on both sides of the equation, greater FX volatility, and the larger scale of capacity expansion projects are making it very challenging to predict pulp price cycles, which have become sharper and shorter than in the past. With Chilean P&P names involved in an unprecedented investment cycle, we believe that they will continue to trade below their historical valuation ratios.

Valuation Summary

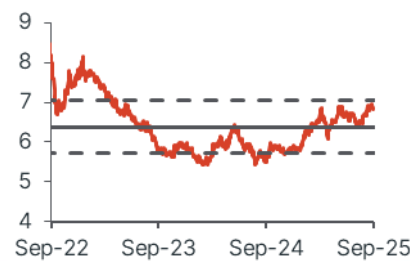
	2024	2025E	2026E	2027E
EV/EBITDA	5.4	7.4	7.2	6.7
P/E	7.2	14.0	13.4	11.5
P/CF	10.7	-17.1	-11.6	1322.1
P/BV	0.6	0.7	0.7	0.7
Div. Yield	4.1%	3.6%	2.1%	2.4%

Sources: Company Reports and Credicorp Capital

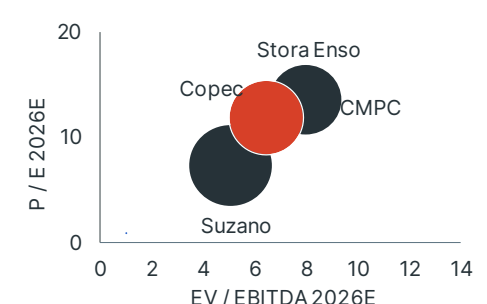
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

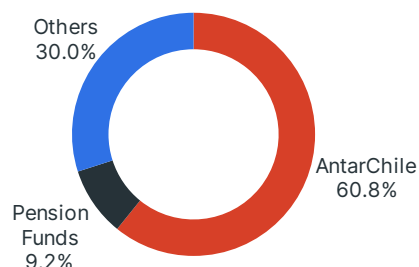


Copec

Company Description

COPEC is a Chilean conglomerate with interests in forestry, fuels, mining, and fishing. Through Arauco, it is one of the world's largest wood pulp and wood panel manufacturers and the largest sawn timber producer in LatAm. In the fuel business, it leads the distribution of liquid fuels in Chile and Colombia (Terpel) and is the main distributor of LPG in these countries, as well as in Peru. It owns a 40% stake in the Mina Justa copper mine (Peru) and 100% of Blue Express (last-mile company). COPEC is controlled by AntarChile (Angeliní Group).

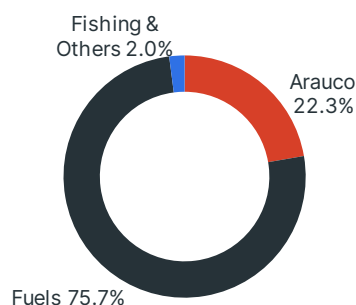
Ownership Structure (As of Mar-25)



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	29,179	28,115	29,507	31,530	33,119
Gross Profit	3,744	4,411	4,306	4,552	4,901
EBITDA	2,292	3,006	2,740	2,842	3,050
Net Income	349	1,111	724	756	885
EPS (CLP)	236	850	530	554	649
Gross Margin	12.8%	15.7%	14.6%	14.4%	14.8%
EBITDA Margin	7.9%	10.7%	9.3%	9.0%	9.2%
Net Margin	1.2%	4.0%	2.5%	2.4%	2.7%

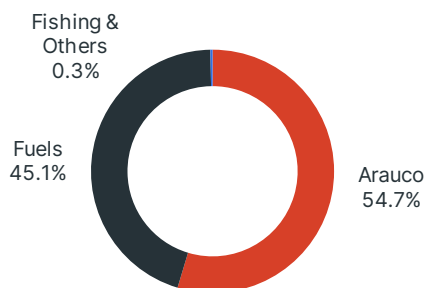
Revenue breakdown by business (LTM)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,943	2,347	1,595	567	700
Total Current Assets	8,865	8,466	8,107	7,447	7,662
Total Assets	28,718	28,482	30,920	32,695	34,786
Current Liabilities	4,718	3,988	4,183	4,375	4,429
Financial Debt	10,830	10,171	11,215	12,015	13,215
Total Liabilities	15,751	14,992	16,321	17,480	18,852
Minority Interest	552	529	603	678	757
Shareholders Equity	12,415	12,960	13,997	14,538	15,177
Total Liabilities + Equity	28,718	28,482	30,920	32,695	34,786
Net Debt /EBITDA	3.9	2.6	3.5	4.0	4.1
Financial Debt /EBITDA	4.7	3.4	4.1	4.2	4.3
Financial Debt /Equity	0.9	0.8	0.8	0.8	0.9
ROAE	2.9%	8.8%	5.4%	5.3%	6.0%
ROAA	1.2%	3.9%	2.4%	2.4%	2.6%
ROIC	2.8%	5.6%	4.7%	4.2%	4.4%

EBITDA breakdown by business (LTM)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	1,733	1,943	2,347	1,595	567
Cash Flow From Operation:	1,234	3,730	536	1,425	1,645
CAPEX	-1,843	-2,079	-2,718	-3,113	-2,545
Changes in Financial Debt	682	-658	1,044	800	1,200
Dividends (Paid) Received	-459	-328	-367	-215	-246
Other CFI & CFF Items	596	-261	753	75	79
Changes in Equity	0	0	0	0	0
Final Cash	1,943	2,347	1,595	567	700
Change in Cash Position	210	404	-752	-1,028	133

Management

CEO: Eduardo Navarro
CFO: Rodrigo Huidobro
IRO: Cristian Palacios
www.empresascopecl.cl

Sources: Company Reports and Credicorp Capital

Hunt Oil Company of Peru

Fixed Income Research Peru Oil & Gas

Ba1 / NR / BBB

Orlando Barriga - orlandobarriga@credicorpcapital.com

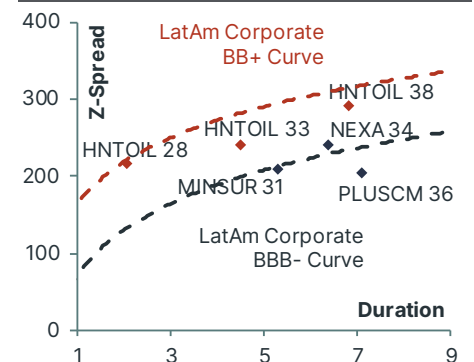
Outlook: s / nr / s

At fair value, still supported by strong fundamentals and yield

Investment Thesis

HOCOP delivered a solid 2Q25 with revenues of USD 246 mn and EBITDA of USD 77 mn, slightly above our expectations, while gross and net leverage reached 2.2x and 1.7x, slightly better than our forecast of 2.3x and 1.9x, supported by strong liquidity of USD 219 mn post-bond issuance. We forecast USD 340 mn EBITDA in 2025 and USD 300 mn on average for 2026–2028, with leverage peaking at 2.5x/2.2x by 2026 and interest coverage staying below 5x, breaching Moody's 6.0x threshold and posing a risk of rating action. Despite this, we expect metrics to improve post-2029 as cash retention strengthens. We maintain Overweight on HNTOIL 38 (Ba1/NR/BBB), which trades ~87 bps z-spread wide to PLUSCM 36, inside our fair range of 85–90 bps, offering attractive carry and supported by HOCOP's stable operations, extended maturity profile, and robust liquidity.

HOCOP Bonds and comparables



Credit Data

REG-S Notes	3
Outstanding Senior Notes	USD 834mn
Closest Call Date	18-Jun-33
Closest Maturity Date	01-Jun-28

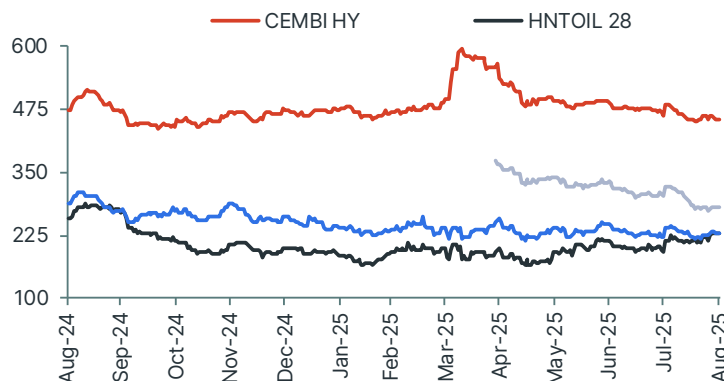
Concerns

- Exposure to price volatility.
- Exclusively concentrated in a single geographic region.
- No operating control over gas blocks and operating dependence on only 2 pipelines.

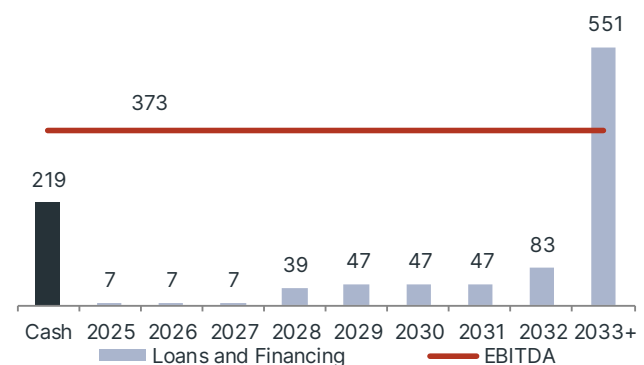
Strengths

- Manageable capex investment plan required to maintain reserve life.
- Steady production levels amid low production costs.
- Long-term license agreements.

Z- Spread evolution



Debt Maturity Profile (USD mn)



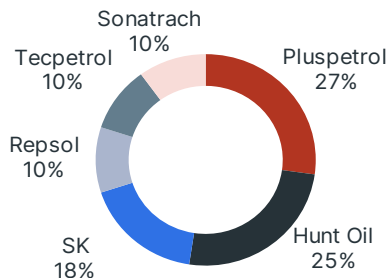
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
HNTOIL 28	USD 57mn	6.38%	Ba1 / NR / BBB	216	2.1	101.3	0.5%	5.6%	Neutral
HNTOIL 33	USD 147mn	8.55%	Ba1 / NR / BBB	240	4.5	112.6	0.6%	5.9%	Neutral
HNTOIL 38	USD 630mn	7.75%	Ba1 / NR / BBB	291	6.9	109.3	0.6%	6.4%	Overweight

Hunt Oil

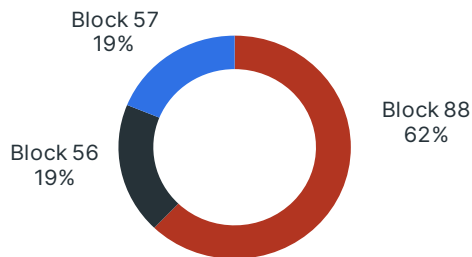
Company Description

Hunt Oil Company of Peru (HOCP) is a wholly owned indirect subsidiary of U.S.-based Hunt Oil Company and holds a 25.2% stake in the Camisea Consortium, Peru's largest natural gas producer. The consortium is operated by Pluspetrol (27.2%) and includes SK Innovation (17.6%), Repsol, Tecpetrol, and Sonatrach (each 10%). HOCP participates in Blocks 88 and 56 and in the Malvinas and Pisco processing plants, which supply both the domestic market and LNG exports. The company plays a strategic role in Peru's energy sector, supported by long-term contracts and competitive cost structures.

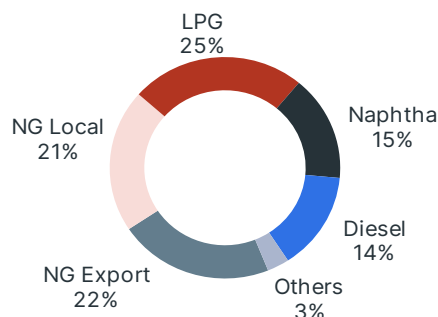
Camisea consortium



Prod. Breakdown by Block in 2Q25 (Boe)



Revenue Breakdown by Product in 2Q25



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
EBITDA Interest Coverage	10.9x	15.2x	8.1x	6.3x	4.3x
Gross Debt/EBITDA	1.3x	0.8x	1.9x	1.8x	2.2x
Net Debt/EBITDA	0.9x	0.7x	1.4x	1.4x	1.6x
Net Debt/Equity	2.6x	2.7x	6.6x	9.5x	N.M.
ST Debt/ Gross Debt	9%	10%	5%	5%	2%

Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Net Revenues	1,023	1,503	993	1,020	1,046
Gross Profit	394	582	305	331	315
EBIT	418	599	320	340	324
Interest Expenses	-42	-42	-45	-61	-87
EBITDA	455	640	367	386	373
Gross Margin	39%	39%	31%	32%	30%
EBITDA Margin	45%	43%	37%	38%	36%
Net Margin	26%	25%	21%	19%	18%

Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash	140	100	195	160	219
Current Assets	354	328	361	319	374
Total Assets	946	883	923	887	936
Current Liabilities	171	171	64	76	59
Total Liabilities	782	727	845	832	937
Equity	164	156	78	55	0
Net Debt	431	421	511	525	614
Gross Debt	571	521	712	691	834
Short Term Debt	53	53	36	35	19
Long Term Debt	517	468	676	656	765
ROE	161%	243%	272%	354%	N.M.
ROA	28%	43%	23%	22%	20%

Cash Flow Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Operating Activities	299	453	244	311	306
Investing Activities	-26	-21	-27	-55	-38
Financing Activities	-192	-471	-122	-292	-193

Sources: Company Reports and Credicorp Capital

Minsur

Rating: Buy
TP: PEN 4.9

Equity Research Peru Mining

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Ana Paula Galvez - agalvezm@credicorpcapital.com

Resilient metals driving attractive total return via rerating and yield

Investment Thesis

We upgrade our recommendation on Minsur from HOLD to BUY and raise our 2026 TP to PEN 4.9. Our call is underpinned by a combination of operational strength, supportive macro fundamentals for tin and copper, and a compelling dividend yield of ~9%, which stands out as highly attractive for investors seeking both value and income. The company's robust financial position, its recent divestment of non-core assets, and its current valuation, trading at a 60% discount versus a 2-year average of 44%, present an attractive entry point. While liquidity constraints have historically capped upside, we believe the combination of earnings visibility and capital returns justifies a re-rating.

In terms of operations, we expect tin production at San Rafael/Pisco to remain robust, with volumes rising 4% y/y in 2025 and 2026 before stabilizing through 2027–2028, supported by higher ore grades and recoveries. Resource extensions should sustain mine life until 2031. At Mina Justa, we model a -15% y/y drop in copper production in 2026 due to lower grades, but output should gradually decrease thereafter. Importantly, as the Mina Justa Underground project develops, it should underpin stable copper production, with reserves extending until 2038. Meanwhile, at Pucamarca, we incorporate mine depletion, with average output of ~35koz over 2025–2028. We revise our tin price deck to USD/t 32,000 / 31,000 / 32,000 / 33,000 / 34,000 for 2025–2029. Copper forecasts are lifted to USD 9,500/t for 2025–2026 and USD 10,100/t for the long term. On costs, San Rafael's treatment charges are seen at USD 131/t (2025–2028), while Mina Justa's are expected to average USD 24/t. In sum, we forecast EBITDA of USD 1.6 / 1.5 / 1.5 / 1.6 bn for 2025–2028, translating into average margins of 64%, a step-up from the 56% average in 2020–2024. CAPEX is projected at ~USD 347 mn annually for 2025–2028, reflecting growth investments in Mina Justa Underground.

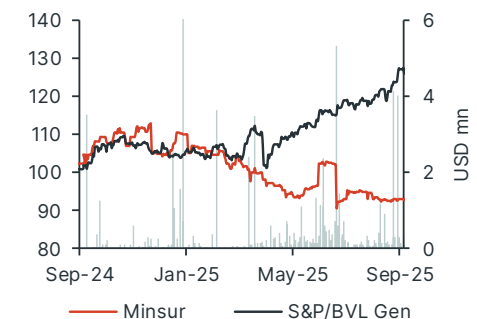
Valuation

We consider a 60% DCF valuation (TP of PEN 4.36) and 40% EV/EBITDA valuation model (TP of PEN 5.71). For our DCF valuation (WACC 9.7%), we forecast the current operations until the end of reserves at Mina Justa and San Rafael. The remaining resources of Mina Justa and the Nazareth & Mina Marta projects are valued at 13% and 6% of their R&R value, respectively. In addition, we include the value of the company shares in Melon (cement business) at a 9.0x EV/EBITDA multiple. In our relative valuation, we value Minsur at 4.3x EV/EBITDA 2027E, ~30% below its peers' valuations.

Stock Data

Ticker	minsuri1 pe
Price (PEN)	4.0
Target (PEN)	4.9
Total Return	30.9%
LTM Range	3.9 - 4.9
M. Cap (USD mn)	3,323
Shares Outs. (mn)	2,883
Free Float	32%
ADTV (USD mn)	0.3

Price Chart (PEN) and Volumes (USD mn)

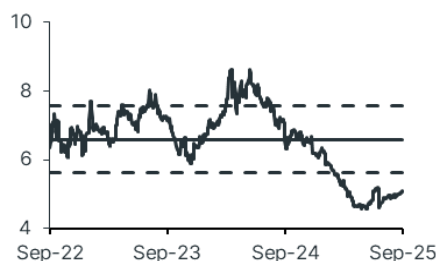


Valuation Summary

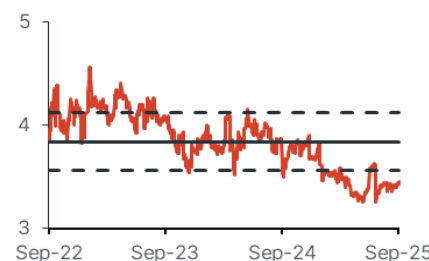
	2024	2025E	2026E	2027E
EV/EBITDA	4.0	2.9	3.1	3.1
P/E	7.8	5.7	5.8	5.5
P/CF	5.1	3.4	4.4	5.1
P/BV	2.2	2.0	1.8	1.6
Div. Yield	13.1%	15.8%	8.6%	9.2%

Sources: Company Reports and Credicorp Capital

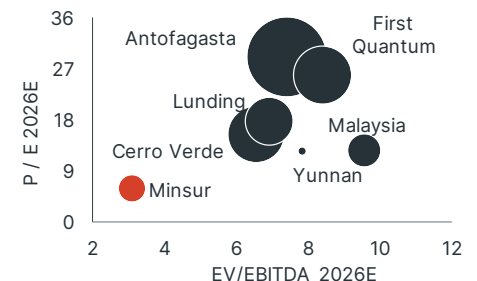
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

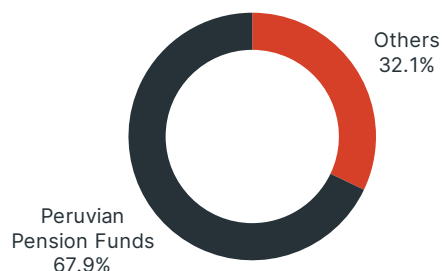


Minsur

Company Description

Minsur is the world's second-largest integrated tin producer, supplying around 11% of the world's output. It engages in the smelting and refining of tin concentrates from its San Rafael mine in Puno (Southern Peru) and extracts gold at its Pucamarca mine in Tacna (also in southern Peru). Its main subsidiary is Marcobre (owner of the Mina Justa copper mine in Peru), in which Minsur has a 60% stake.

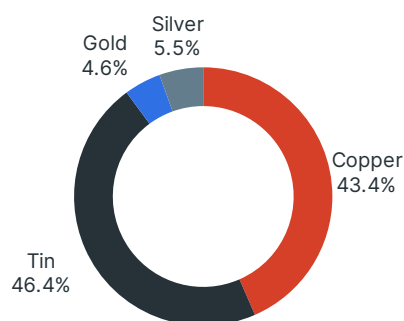
Ownership Structure - Investment Shares



Income Statement

USD mn	2023	2024	2025E	2026E	2027E
Revenues	2,267	2,170	2,493	2,325	2,346
Gross Profit	1,149	1,229	1,551	1,392	1,425
EBITDA	1,195	1,308	1,595	1,485	1,501
Net Income	395	464	576	572	608
EPS (USD)	0.1	0.2	0.2	0.2	0.2
Gross Margin	50.7%	56.6%	62.2%	59.9%	60.8%
EBITDA Margin	52.7%	60.3%	64.0%	63.9%	64.0%
Net Margin	17.4%	21.4%	23.1%	24.6%	25.9%

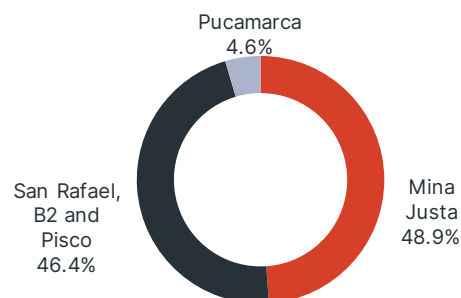
Revenue breakdown by metal (2026E)



Balance Sheet

USD mn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	346	231	497	943	1,209
Total Current Assets	928	1,224	1,060	1,479	1,745
Total Assets	4,813	4,678	4,426	4,652	4,893
Current Liabilities	701	1,119	924	919	913
Financial Debt	1,308	1,140	1,140	1,140	1,140
Total Liabilities	2,368	2,350	2,002	1,993	1,982
Minority Interest	699	702	778	840	903
Shareholders Equity	1,747	1,626	1,646	1,819	2,009
Total Liabilities + Equity	4,813	4,678	4,426	4,652	4,893
Net Debt /EBITDA	0.8	0.7	0.4	0.1	0.0
Financial Debt /EBITDA	1.1	0.9	0.7	0.8	0.8
Financial Debt /Equity	0.7	0.7	0.7	0.6	0.6
ROAE	24.1%	27.5%	35.2%	33.0%	31.8%
ROAA	8.4%	9.8%	12.7%	12.6%	12.7%
ROIC	17.8%	19.5%	29.5%	25.1%	26.8%

Revenue breakdown by mining unit (2026E)



Cash Flow Statement

USD mn	2023	2024	2025E	2026E	2027E
Initial Cash	230	346	231	497	943
Cash Flow From Operations	897	762	1,204	1,205	1,115
CAPEX	-237	-173	-313	-314	-385
Changes in Financial Debt	-45	-168	0	0	0
Minsur Dividends	-174	-477	-525	-286	-304
Other CFI & CFF Items	-313	49	-208	-159	-161
Changes in Equity	-13	-108	108	0	0
Final Cash	346	231	497	943	1,209
Change in Cash Position	116	-115	266	447	265

Management

CEO: Juan Luis Kruger
 CFO: Gabriel Ayllón
 IR: Rodrigo Shiguemura
www.minsur.com

Sources: Company Reports and Credicorp Capital

Minsur

NR / BB+ / BBB-
Outlook: nr / s / s
**Fixed Income Research Peru
Metals & Mining**

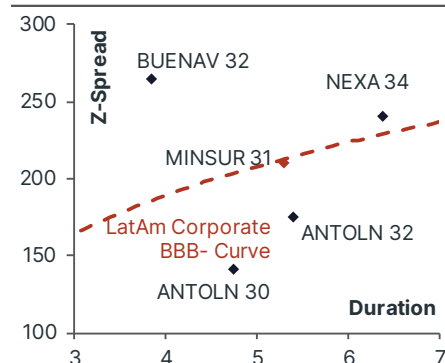
Orlando Barriga - orlandobarriga@credicorpcapital.com

Fundamentals strong, valuation fair, neutral maintained

Investment Thesis

We maintain a Neutral stance on Minsur, supported by strong fundamentals and a defensive profile. Tin prices should stay near USD 32.0k/t through 2026–2028 in a balanced market, while copper is expected around USD 10.0k/t, sustaining robust cash generation. In 1H25, EBITDA reached USD 761 mn (+36% y/y) and net leverage improved to 0.3x, with USD 649 mn in cash. Its defensive profile reflects globally competitive costs (tin at USD 9.6k/t; copper C1 at USD 2.9k/t by 2Q25), diversified exposure to tin and copper, and a conservative financial policy prioritizing liquidity and low leverage. While capex will rise with the Justa Underground project, we expect it to be fully funded by Mina Justa's cash flow, reducing dividends but with minimal credit impact. On valuation, MINSUR 31 trades ~51 bps z-spread over ANTOLN 30/32 vs. our 50 bps fair value, and ~55 bps inside BUENAV 32 vs. our 60 bps fair value, leaving the bond fairly priced supporting our Neutral view.

Minsur Bonds and comparables



Credit Data

REG-S Notes		1
Outstanding Senior Notes	USD 500mn	
Closest Call Date		-
Closest Maturity Date	28-Oct-31	

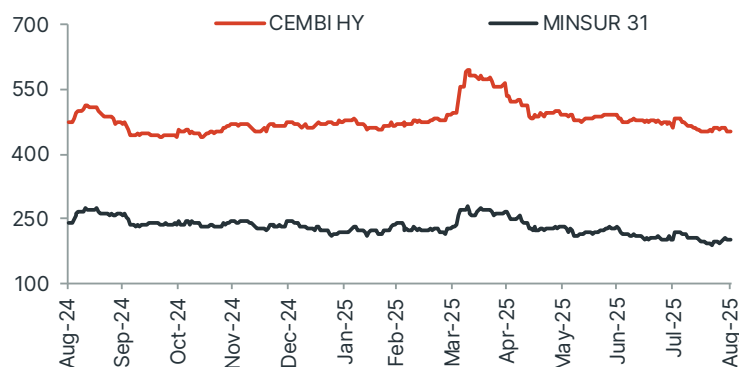
Concerns

- Exposure to metal price volatility inherent to the sector.
- Operations concentrated in one country.

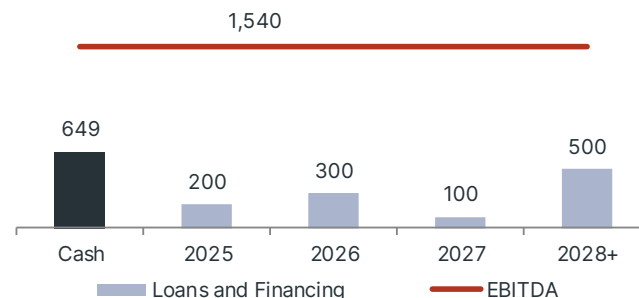
Strengths

- Good track record on credit metrics due to conservative financial policies.
- Low-cost tin and copper producer.
- Increased metal diversification and greater scale of operation.

Z- Spread evolution



Debt Maturity Profile (USD mn)



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
MINSUR 31	USD 500mn	4.50%	NR / BB+ / BBB-	209	5.3	95.5	0.4%	5.3%	Neutral

Nexa Resources

Ba2 / BBB- / BBB-

Outlook: s / s / s

Fixed Income Research Peru Metals & Mining

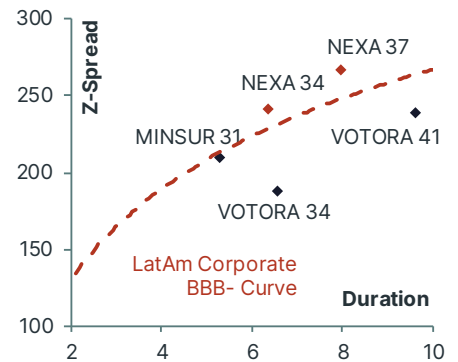
Orlando Barriga - orlandobarriga@credicorpcapital.com

Valuation reflects risks, carry compelling

Investment Thesis

We maintain an Overweight stance on Nexa, supported by attractive carry and improving fundamentals. In 2Q25, Adjusted EBITDA rose to USD 161 mn (+29% q/q), FCF turned positive at USD 17 mn, and liquidity stood at ~USD 738 mn (including a USD 320 mn RCF), while net leverage increased to 2.3x on lower LTM EBITDA and a short-term loan. Aripuanã's ramp-up remains delayed, with full capacity expected by 2Q26 after a fourth filter installation, while Vazante should recover in 2H25 after explosives-related disruptions. Smelter profitability declined, but with 80–85% of 2025 sales locked at 2024 TCs, near-term pressure is limited; spot TCs have improved to USD 90–100/t and could reach ~USD 150/t by 2026, supporting margins ahead. On valuation, NEXA 34 trades 52 bps z-spread wide to VOTORA 34 and NEXA 37 53 bps wide to the average of VOTORA 34 and 41, levels we view as fair. With carry among the most attractive in IG, we reaffirm our OW on both bonds.

Nexa Resources Bonds and comparables



Credit Data

REG-S Notes	3
Outstanding Senior Notes	USD 1,211mn
Closest Call Date	18-Oct-27
Closest Maturity Date	18-Jan-28

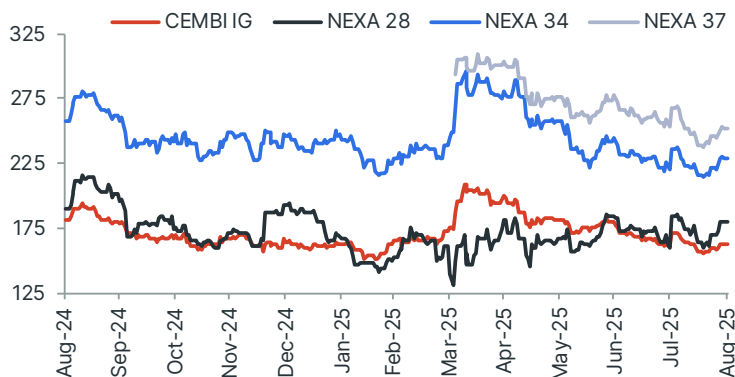
Concerns

- High single commodity exposure (zinc).
- High smelting cash costs net of by-products.
- Slower-than-expected Aripuanã's ramp-up.

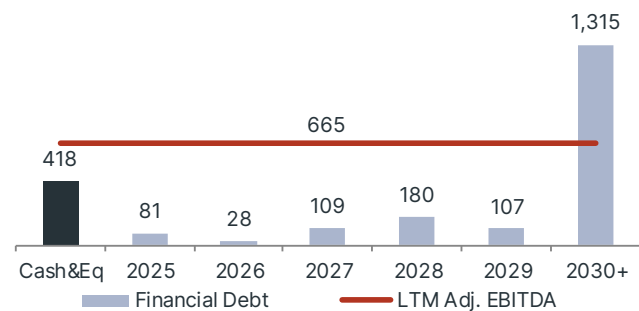
Strengths

- Shareholder support.
- Geographic diversification across Peru and Brazil.
- Vertically integrated operations across mining and smelting.
- Solid financial position.

Z- Spread evolution



Debt Maturity Profile (USD mn)



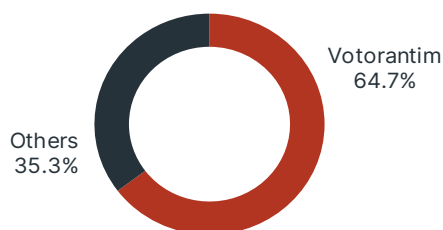
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
NEXA 28	USD 111mn	6.50%	Ba2 / BBB- / BBB-	183	2.0	102.5	0.5%	5.1%	Neutral
NEXA 34	USD 600mn	6.75%	NR / BBB- / BBB-	241	6.4	106.2	0.5%	5.8%	Overweight
NEXA 37	USD 500mn	6.60%	NR / BBB- / BBB-	267	8.0	102.9	0.5%	6.2%	Overweight

NEXA

Company Description

Nexa Resources is an integrated mining-smelting zinc company operating in Peru and Brazil. Nexa owns and operates the polymetallic mines of Cerro Lindo, El Porvenir, and Atacocha in Peru and the Vazante, and Aripuana mines in Brazil. Additionally, it owns the Cajamarquilla smelter (the only zinc smelting plant in Peru) and the Tres Marias and Juiz de Fora smelters in Brazil. The company also has a sound portfolio of zinc and copper projects.

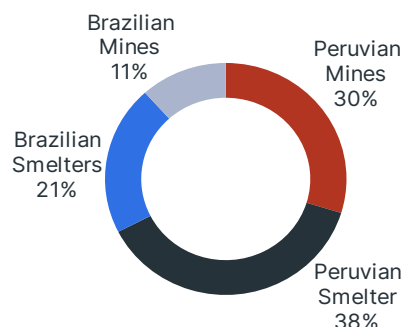
Owership Structure



Est. Rev. Breakdown by Metal (2Q25)



Est. Rev. Breakdown by Segment (2Q25)



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
EBITDA Interest Coverage	5.2x	4.5x	1.9x	2.9x	2.6x
Gross Debt / EBITDA	2.3x	2.2x	4.4x	2.6x	2.9x
Net Debt / EBITDA	1.3x	1.5x	3.3x	1.7x	2.3x
Net Debt / Equity	0.6x	0.7x	0.9x	1.1x	1.3x
ST Debt / Gross Debt	3%	3%	8%	3%	5%

*Based on the financial statements below

Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Net Revenues	2,622	3,034	2,573	2,766	2,786
Gross Profit	633	639	299	538	529
EBIT	446	359	-153	276	320
Financial Expenses	-142	-169	-210	-244	-258
EBITDA	744	760	406	714	665
Gross Margin	24%	21%	12%	19%	19%
EBITDA Margin	28%	25%	16%	26%	24%
Net Margin	-25%	5%	3%	-11%	-2%

Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash&Eq	763	516	468	640	418
Current Assets	1,473	1,220	1,060	1,207	1,089
Total Assets	4,905	4,892	4,904	4,637	4,874
Current Liabilities	989	899	1,093	1,132	1,175
Total Liabilities	3,261	3,182	3,452	3,332	3,455
Equity	1,644	1,710	1,452	1,060	1,146
Net Debt	956	1,158	1,335	1,218	1,521
Gross Debt	1,719	1,674	1,803	1,859	1,938
Short Term Debt	47	51	143	51	96
Long Term Debt	1,653	1,618	1,582	1,712	1,724
ROE	-40%	9%	5%	-28%	-6%
ROA	-13%	3%	2%	-6%	-1%

Cash Flow Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Operating Activities	493	267	256	350	271
Investing Activities	-469	-379	-270	-238	-212
Financing Activities	-344	-149	-35	62	-114

Sources: Company Reports and Credicorp Capital

PERU LNG

Fixed Income Research Peru Oil & Gas

B2 / nr / B

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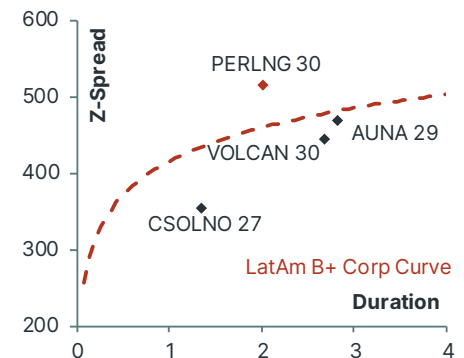
Outlook: n / nr / s

Tight liquidity and unappealing risk/return

Investment Thesis

We move to Underweight on PERU LNG given its tight liquidity and unattractive risk/return (YTW 7.6%), despite its strategic role as Peru's sole LNG exporter and key player in the Camisea value chain. 2Q25 results were weak, with EBITDA at USD 34 mn and cash falling to USD 23 mn, prompting management to cut FY25 guidance to USD 220 mn (from USD 255 mn); we now forecast USD 210 mn (vs. USD 240 mn prior). For 2026, we estimate EBITDA of USD 240 mn (from USD 250 mn) and cash flow before working capital of USD 215 mn versus ~USD 195 mn in debt service plus USD 57 mn for the Minimum Manzanillo accrual, leaving cash near zero by 3Q26 without additional funding. While we see shareholder support as likely, proactive measures such as reducing receivables from Shell, extending payables to Camisea, or securing new credit lines or capital injections are critical to avoid operating with near-zero liquidity. Until then, we see risk/reward skewed to the downside.

PERU LNG Bonds and comparables



Credit Data

REG-S Notes	1
Outstanding Senior Notes	USD 783mn
Closest Call Date	-
Closest Maturity Date	22-Mar-30

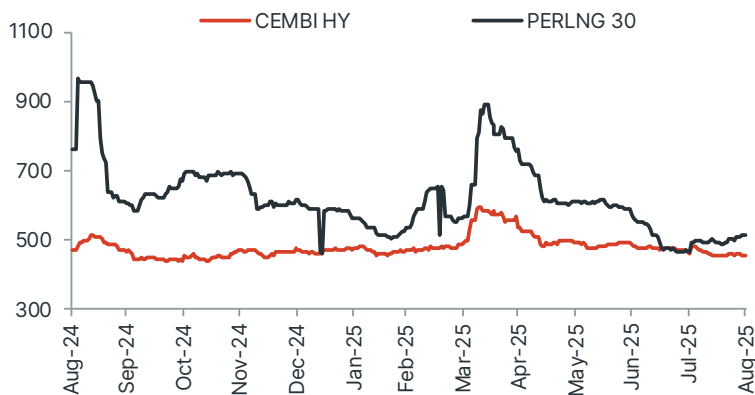
Concerns

- Liquidity stress, with minimal cash versus heavy near-term debt service.
- Weak performance, with 2Q25 EBITDA miss and lower FY25 guidance.

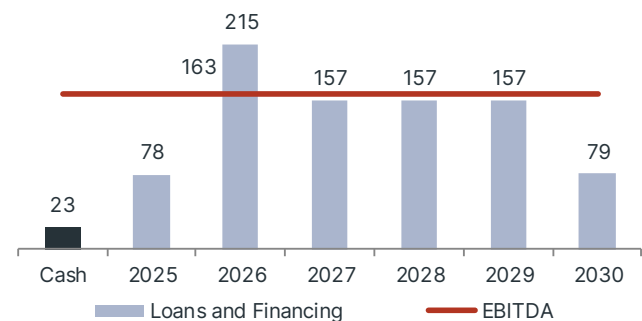
Strengths

- Strategic asset, as Peru's only LNG exporter and sole outlet for Camisea gas.
- Backed by strong sponsors, including Hunt Oil, Shell, Marubeni, and MidOcean.
- Long-term contracts.

Z- Spread evolution



Debt Maturity Profile (USD mn)



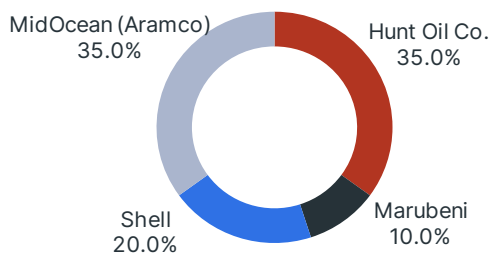
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
PERLNG 30	USD 783mn	5.38%	B2 / NR / B	515	2.0	95.4	0.5%	7.6%	Underweight

PERU LNG

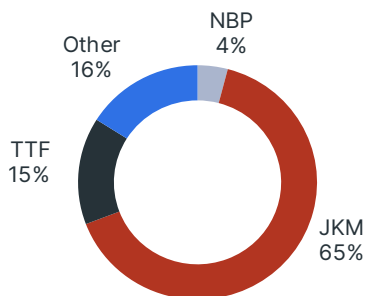
Company Description

PERU LNG (PLNG) operates South America's first LNG plant and is Peru's sole LNG exporter, a key player in the natural gas value chain. It owns a 4.45 MTPA liquefaction facility in Pampa Melchorita, a 408 km pipeline to Camisea, and a marine export terminal. PLNG is a joint venture of Hunt Oil (35%), MidOcean Energy (35%, 49% owned by Aramco), Shell (20%), and Marubeni (10%). Operations rely on long-term offtake agreements, mainly with Shell, and its strategic role as the only outlet for Camisea gas exports makes it vital for Peru's energy security and fiscal revenues.

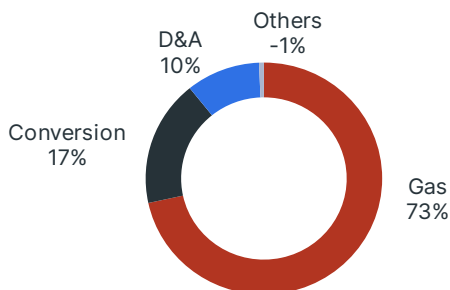
Ownership Structure



Revenue Breakdown (LTM2Q25)



OpEx breakdown (LTM2Q25)



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
EBITDA Interest coverage	2.6x	3.5x	3.1x	2.1x	3.2x
Gross Debt / EBITDA	6.7x	2.6x	5.5x	7.5x	5.2x
Net Debt / EBITDA	6.1x	1.8x	4.0x	6.6x	5.1x
Net Debt / Equity	0.8x	0.6x	0.6x	0.8x	0.9x
ST Debt / Gross Debt	4%	1%	10%	19%	27%

Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Net Revenues	1,608	3,179	1,483	1,315	1,501
Gross Profit	142	299	90	26	75
EBIT	-4	211	20	-38	10
Interest Expenses	-55	-102	-56	-54	-51
EBITDA	145	361	173	116	163
Gross Margin	9%	9%	6%	2%	5%
EBITDA Margin	9%	11%	12%	9%	11%
Net Margin	-3%	2%	-1%	-5%	-2%

Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash & Equivalents	89	301	267	102	23
Current Assets	638	666	471	412	314
Total Assets	2,675	2,583	2,295	2,140	1,979
Current Liabilities	541	481	336	522	432
Total Liabilities	1,586	1,416	1,195	1,226	1,058
Equity	1,089	1,167	1,100	914	921
Net Debt	882	648	684	770	829
Gross Debt	971	949	951	872	852
Short Term Debt	36	14	92	169	227
Long Term Debt	935	935	859	703	625
ROE	-4%	7%	-2%	-7%	-3%
ROA	-2%	3%	-1%	-3%	-1%

Cash Flow Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Operating Activities	-55	281	16	48	53
Investing Activities	-24	-22	-23	-11	-10
Financing Activities	29	-47	-27	-202	-92

Sources: Company Reports and Credicorp Capital

Southern Copper

**Equity Research Peru
Mining**
Rating: Uperf
TP: USD 87.9

Miguel Leiva - miguelleiva@credicorpcapital.com
Ana Paula Galvez - agalvezm@credicorpcapital.com

Operational resilience meets premium valuation

Investment Thesis

We set our new 2026 TP at USD 87.9/sh (vs. USD 71.1/sh previously) and reiterate our UPERF stance. Despite the company's robust financial and operating fundamentals, as well as its extensive reserves and resources (R&R), the stock is currently trading ~16% above our fair value estimate, following a ~16% stock return over the past 12 months. In relative terms, valuation remains stretched, with SCCO trading at ~14x EV/EBITDA 2026E, implying a ~103% premium to peers.

SCCO continues to reinforce its leadership among global copper producers. Copper-mined volumes are expected to remain broadly stable, declining slightly from 974 kt in 2024 to 965/900/852/903 kt in 2025–2028 (excluding Tía María, which is expected to start contributing in 2027 with around 98 kt, and 119 kt in 2028), with some moderation in Buenavista, Cuajone, and Toquepala operations. By-products should represent ~22% of consolidated output during 2025–2028, supported by the ramp-up of the Buenavista zinc plant. On costs, while inflationary pressures persist, SCCO has preserved competitiveness, with cash costs before by-products projected at USD 4,615/t (USD 2.1/lb) in 2025, moderating to USD 4,492/t (USD 2.0/lb) by 2028 as operating efficiencies take hold.

Consequently, we project EBITDA of USD 6.9/6.5/6.3/6.8 bn for 2025–2028, with an average EBITDA margin of 59%, based on copper price assumptions of USD 9,500/t for 2025 and 2026, USD 9,600/t for 2027, USD 10,000/t in 2028, and USD 10,100/t for 2029. Additionally, SCCO boasts a strong greenfield project pipeline (copper production: Tía María: 120 kt, El Arco: 190 kt, Los Chancas: 130 kt, Michiquillay: 225 kt), which we have valued separately. These projects would allow SCCO to increase its copper production by 88% by 2032.

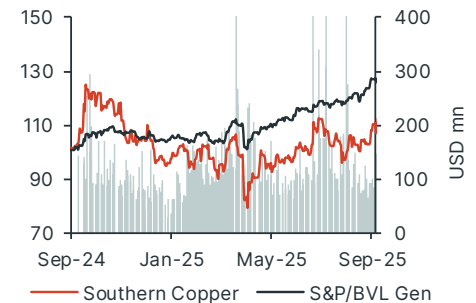
Valuation

Our TP is 60% determined by a DCF (TP of USD 85.4) and 40% determined by an EV/EBITDA valuation multiple (TP of USD 91.7). We value the current operations and El Pilar project (70% of TP) through a DCF (WACC 9.0%), including reserves and part of the resources (R&R), and the projects (30% of TP) through the implicit EV/production multiple of the current SCCO operations, adjusted according to the start date and life of mine of each project, minus required CAPEX. In our RV, we use a 12.2x EV/EBITDA 2027 multiple.

Stock Data

Ticker	scco us
Price (USD)	105.1
Target (USD)	87.9
Total Return	-13.3%
LTM Range	74.1 - 116.5
M. Cap (USD mn)	85,320
Shares Outs. (mn)	804
Free Float	11%
ADTV (USD mn)	123.5

Price Chart (USD) and Volumes (USD mn)

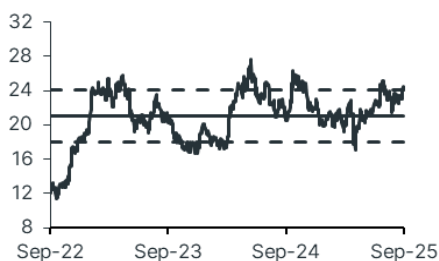


Valuation Summary

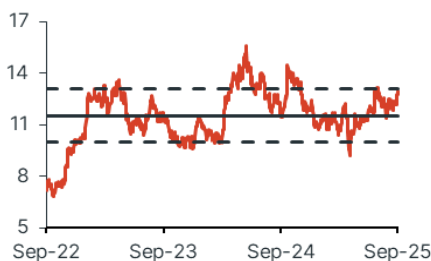
	2024	2025E	2026E	2027E
EV/EBITDA	11.8	13.0	13.8	14.4
P/E	21.3	23.5	25.2	26.3
P/CF	19.2	29.7	25.1	24.5
P/BV	7.9	8.2	7.6	7.0
Div. Yield	2.3%	2.8%	3.0%	2.8%

Sources: Company Reports and Credicorp Capital

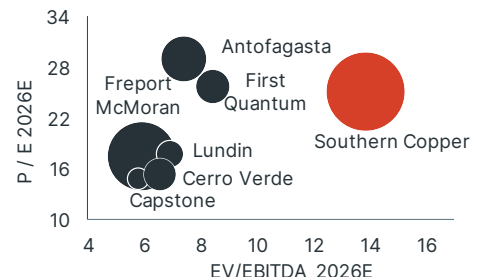
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

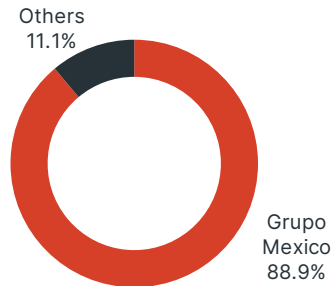


S. Copper

Company Description

Southern Copper Corporation (SCCO) is one of the world's largest vertically integrated copper miners, with significant production of molybdenum, zinc, and silver. As of 2024, it ranked as the fifth-largest copper producer and held the largest copper reserves among publicly traded companies worldwide. SCCO is engaged in the exploration, mining, smelting, and refining of copper and other minerals in Mexico, through its subsidiary Minera Mexico, and in Peru, through its Peru Branch, and in exploration activities in those same countries as well as Argentina, Ecuador, and Chile.

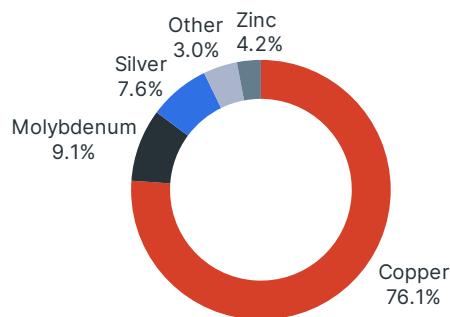
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	9,896	11,433	11,815	11,100	10,576
Gross Profit	4,375	5,746	6,195	5,720	5,430
EBITDA	5,030	6,406	6,944	6,510	6,256
Net Income	2,425	3,377	3,589	3,355	3,214
EPS (USD)	3.1	4.3	4.5	4.2	4.0
Gross Margin	44.2%	50.3%	52.4%	51.5%	51.3%
EBITDA Margin	50.8%	56.0%	58.8%	58.6%	59.1%
Net Margin	24.5%	29.5%	30.4%	30.2%	30.4%

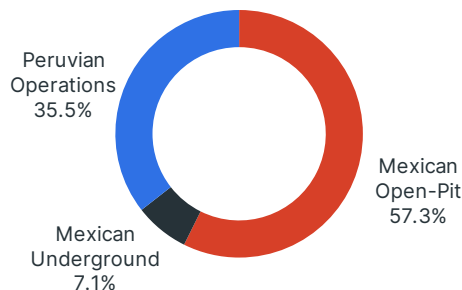
Revenue breakdown by metal (2026E)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,751	3,503	4,325	5,074	6,129
Total Current Assets	4,430	6,174	7,256	7,951	8,876
Total Assets	16,725	18,714	20,023	20,786	21,578
Current Liabilities	1,389	2,229	1,349	1,312	1,328
Financial Debt	6,952	6,935	7,435	7,435	7,435
Total Liabilities	9,244	9,475	9,596	9,559	9,523
Minority Interest	63	67	69	67	66
Shareholders Equity	7,418	9,172	10,359	11,161	11,989
Total Liabilities + Equity	16,725	18,714	20,023	20,786	21,578
Net Debt /EBITDA	1.0	0.5	0.4	0.4	0.2
Financial Debt /EBITDA	1.4	1.1	1.1	1.1	1.2
Financial Debt /Equity	0.9	0.8	0.7	0.7	0.6
ROAE	31.3%	40.7%	36.8%	31.2%	27.8%
ROAA	14.3%	19.1%	18.5%	16.4%	15.2%
ROIC	20.2%	27.7%	28.1%	25.1%	24.1%

Revenue breakdown by segment (2026E)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	2,278	1,751	3,503	4,325	5,074
Cash Flow From Operations	3,573	4,422	3,981	4,429	4,392
CAPEX	-1,009	-1,027	-1,245	-1,113	-939
Changes in Financial Debt	-73	-17	500	0	0
Dividends (Paid) Received	-3,092	-1,637	-2,402	-2,553	-2,386
Other CFI & CFF Items	72	-1,929	-3,539	-14	-12
Changes in Equity	2	1,942	3,528	0	0
Final Cash	1,751	3,503	4,325	5,074	6,129
Change in Cash Position	-527	1,753	822	749	1,055

Management

CEO: Oscar Gonzalez Rocha
 CFO: Raul Jacob Ruisanchez
 IRO: Victor Pedraglio
www.southerncoppercorp.com/eng

Sources: Company Reports and Credicorp Capital

Southern Copper Corp

Fixed Income Research Peru Metals & Mining

Baa1 / BBB+ / BBB+

Orlando Barriga - orlandobarriga@credicorpcapital.com

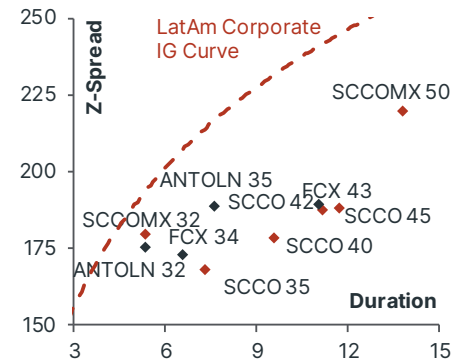
Outlook: n / s / s

Strong fundamentals and copper outlook, but tight spreads

Investment Thesis

We view SCCO's credit profile as strong, supported by competitive operating cash costs of USD 4.7k/t before by-products and USD 1.4k/t net of by-products in 2Q25, along with a conservative financial policy that keeps net leverage below 1.0x. In the same quarter, adjusted EBITDA reached USD 1,791 mn (-0.3% YoY) with a 58.7% margin, and operating cash flow was USD 977 mn, reflecting solid cash generation. Our constructive view on copper prices, averaging around USD 10k/t for 2026–2028, reinforces conviction in SCCO's operational and financial strength. We also welcome the decision to partially pay dividends in stock, which helps preserve liquidity ahead of significant CapEx for projects. With tariff risk removed and spreads at tight levels, SCCO bonds offer limited carry versus the LatAm IG benchmark and lack clear positive or negative catalysts. Thus, we maintain a Neutral stance across the curve, acknowledging strong fundamentals but limited relative value.

SSCO Bonds and comparables



Credit Data

REG-S Notes	6
Outstanding Senior Notes	USD 6,800mn
Closest Call Date	12-Dec-31
Closest Maturity Date	12-Feb-32

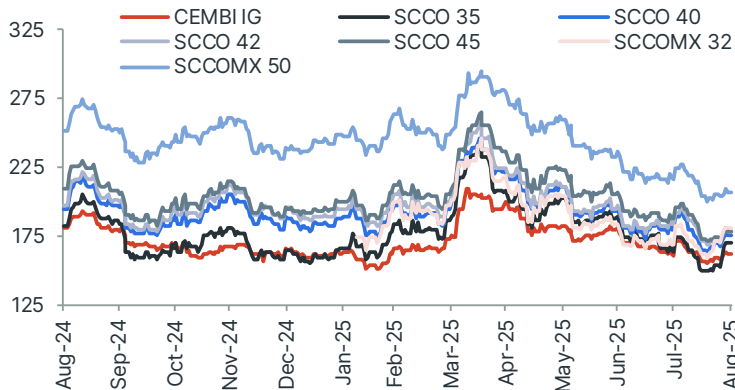
Concerns

- Exposure to metal price volatility inherent to the sector.
- Capex execution risk.

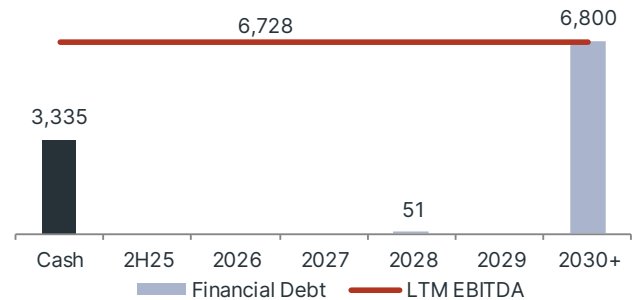
Strengths

- Largest copper reserves in the world.
- Strong liquidity with no debt maturity pressures.
- Conservative financial policies.

Z- Spread evolution



Debt Maturity Profile (USD mn)



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
SSCO 35	USD 1,000mn	7.50%	Baa1 / BBB+ / BBB+	168	7.3	118.0	0.5%	5.1%	Neutral
SSCO 40	USD 1,100mn	6.75%	Baa1 / BBB+ / BBB+	178	9.6	112.6	0.5%	5.4%	Neutral
SSCO 42	USD 1,200mn	5.25%	Baa1 / BBB+ / BBB+	188	11.2	95.5	0.5%	5.6%	Neutral
SSCO 45	USD 1,500mn	5.88%	Baa1 / BBB+ / BBB+	188	11.7	102.2	0.5%	5.7%	Neutral
SCCOMX 32	USD 1,000mn	5.63%	Baa1 / BBB+ / BBB+	179	5.3	102.8	0.5%	5.1%	Neutral
SCCOMX 50	USD 1,000mn	4.50%	Baa1 / BBB+ / BBB+	220	13.8	80.4	0.5%	6.0%	Neutral

SQM
Rating: Uperf
TP: CLP 41,000 (loc) / USD 45.6 (ADR)
**Equity Research Chile
Mining**

Miguel Leiva - miguelleiva@credicorpcapital.com
Ana Paula Galvez - agalvezm@credicorpcapital.com

Near-term lithium price pressure overshadows strong execution and resilience across other business segments

Investment Thesis

Following a sharp rebound in SQM's share price, we downgrade our recommendation to Underperform and set a 2026 TP of CLP 41,000/share and USD 45.6/ADR. After bottoming at ~USD 29/ADR in Jun-25, its lowest level in nearly five years, the stock recovered alongside lithium prices, which rose from an average of USD 8,420/t in Jun-25 to USD 10,560/t in early Sep-25. The rally was fueled by the suspension of several Chinese operations, most notably CATL's Jianxiawo mine (~3% of global supply) after its license expired. These curtailments eased surplus concerns and supported prices temporarily. Still, the market remains oversupplied: Cochilco projects surpluses of 103 kt in 2025 and 60 kt in 2026, with demand growing 19% p.a. (though at risk from trade frictions) versus 15% supply growth. Reflecting this, we cut our 2026 lithium price forecast to USD 11,000/t (vs. USD 15,000/t) and lowered our long-term assumption to USD 18,000/t by 2030 (from USD 20,000/t previously).

We expect weaker operating results on lower lithium prices, partly offset by higher output and solid performance in other businesses. For 2026, we forecast lithium sales of 263 kt, including 23 kt from Mt. Holland, generating USD 2,657 mn in revenues and a gross margin (ex-D&A) of ~30%. Operational execution remains strong in lithium, with additional volumes cushioning the impact of lower prices. Regarding other segments, we see stable iodine revenues of USD 1,037 mn with a 59% gross margin, and modest growth in Specialty Plant Nutrition to USD 1,043 mn with a 26% gross margin, underscoring the resilience of SQM's diversified portfolio. Overall, we project EBITDA of USD 1,536 mn in 2026 with a 31% margin. Finally, based on current lithium price assumptions, we estimate a limited contribution from the Codelco partnership (~USD 1.6/ADR), though it provides optionality to capture a potentially more favorable lithium market by extending exposure from 2030 to 2060.

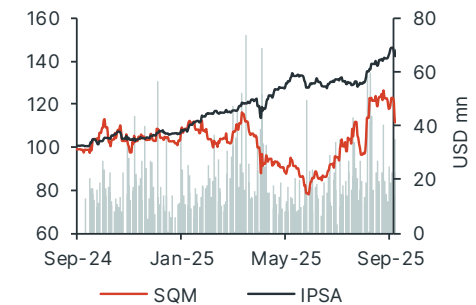
Valuation

Our 2026 TP of USD 45.6/ADR is based on the following factors: (i) 60% from current operations, investments in affiliates, and the incremental value of the MoU (USD 48.6/ADR); and (ii) 40% from a target multiple of 6.9x 27E EBITDA, derived from the peer multiple of 8.6x that we expect to prevail, given our lithium price forecast of USD 13,500/t in 2027, and applying a 20% discount to SQM shares (vs. ~33% 5Y avg.) in light of the progress made with the partnership agreement with Codelco (USD 41.0/ADR).

Stock Data

Ticker	sqm/b ci / sqm us
Price (CLP)	40,500 (loc) / 42.6 (ADR)
Target (CLP)	41,000 (loc) / 45.6 (ADR)
Total Return	4.4%
LTM Range	28,090 - 45,428
M. Cap (USD mn)	11,823
Shares Outs. (mn)	286
Free Float	39%
ADTV (USD mn)	19.2

Price Chart (CLP) and Volumes (USD mn)

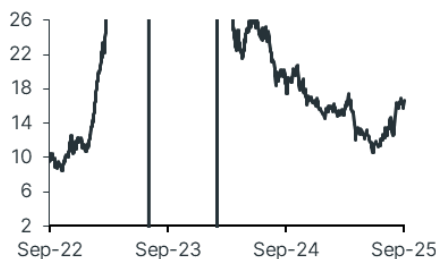


Valuation Summary

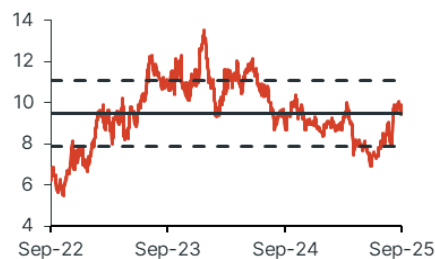
	2024	2025E	2026E	2027E
EV/EBITDA	8.5	9.7	9.5	7.1
P/E	-25.5	17.2	17.2	11.5
P/CF	16.6	289.5	26.2	12.5
P/BV	2.0	2.1	2.0	1.9
Div. Yield	0.7%	1.7%	3.2%	6.1%

Sources: Company Reports and Credicorp Capital

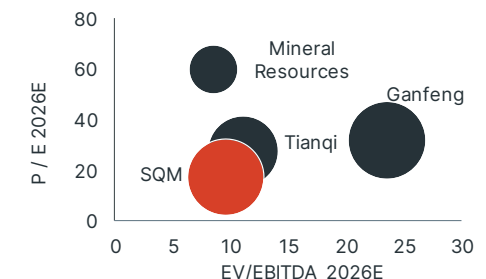
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

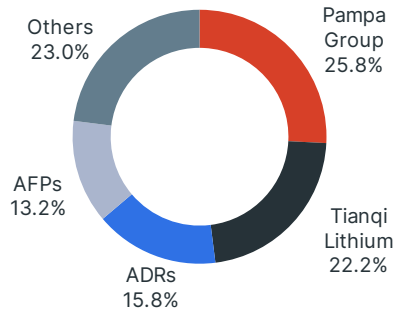


SQM

Company Description

SQM is an integrated producer and distributor of lithium, iodine, fertilizers (potash and special plant nutrients) and industrial chemicals. Its production facilities span Chile and Australia (under development Mt Holland lithium project), and it runs a global distribution network. The company has a leading position in the global markets of lithium, specialty fertilizers (potassium nitrate) and iodine. Main shareholders are Pampa Group and the Chinese lithium company Tianqi.

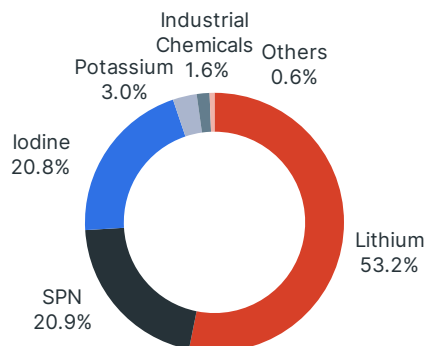
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	7,467	4,529	4,477	4,997	6,015
Gross Profit	3,075	1,327	1,317	1,328	1,812
EBITDA	3,180	1,484	1,515	1,536	2,054
Net Income	2,013	-404	705	707	1,059
EPS (CLP)	6,194	-1,408	2,350	2,358	3,530
Gross Margin	41.2%	29.3%	29.4%	26.6%	30.1%
EBITDA Margin	42.6%	32.8%	33.8%	30.7%	34.2%
Net Margin	27.0%	-8.9%	15.7%	14.2%	17.6%

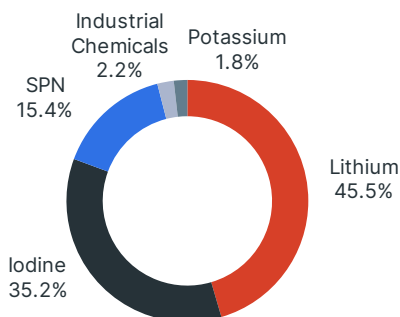
Revenue by business (2026E)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	2,367	2,457	2,094	2,184	2,451
Total Current Assets	5,866	5,578	5,229	5,247	5,639
Total Assets	11,706	11,496	11,777	12,335	12,906
Current Liabilities	2,351	2,219	1,941	2,106	2,278
Financial Debt	4,470	4,764	4,600	4,600	4,600
Total Liabilities	6,139	6,298	6,086	6,325	6,576
Minority Interest	36	37	37	38	39
Shareholders Equity	5,531	5,161	5,654	5,972	6,290
Total Liabilities + Equity	11,706	11,496	11,777	12,335	12,906
Net Debt /EBITDA	0.7	1.6	1.7	1.6	1.0
Financial Debt /EBITDA	1.4	3.2	3.0	3.0	2.2
Financial Debt /Equity	0.8	0.9	0.8	0.8	0.7
ROAE	38.6%	-7.6%	13.0%	12.2%	17.3%
ROAA	17.9%	-3.5%	6.1%	5.9%	8.4%
ROIC	34.4%	-5.7%	9.8%	9.2%	13.2%

Gross Profit ex-D&A by business (2026E)



Management

CEO: Ricardo Ramos
CFO: Gerardo Illanes
IRO: Isabel Bendeck
www.sqm.com

Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	3,617	2,367	2,457	2,094	2,184
Cash Flow From Operations	-685	979	1,392	1,378	1,607
CAPEX	-1,104	-972	-1,000	-900	-600
Changes in Financial Debt	1,553	294	-164	0	0
Dividends (Paid) Received	-1,471	-67	-211	-389	-741
Other CFI & CFF Items	458	-143	-380	1	2
Changes in Equity	0	0	0	0	0
Final Cash	2,367	2,457	2,094	2,184	2,451
Change in Cash Position	-1,249	90	-363	90	268

Sources: Company Reports and Credicorp Capital

Volcan

Fixed Income Research Peru Metals & Mining

B3 / NR / B-
Outlook: s / nr / p

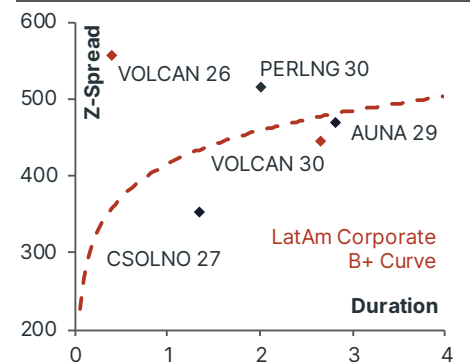
Orlando Barriga - orlandobarriga@credicorpcapital.com

Neutral. Awaiting refinancing and the Romina project execution.

Investment Thesis

We are Neutral on VOLCAN 30 (YTW ~7.7%), as bonds trade broadly in line with B+ peers and upside appears limited. 2Q25 results were solid but slightly below estimates due to cost overruns and production shortfalls, and the company cut 2025 zinc and silver guidance by 2% and 7%, pressuring our outlook for 2H25 and 2026. Despite stronger silver prices, weaker zinc fundamentals and a high-cost base constrain cash generation. We now forecast EBITDA of ~USD 450 mn in 2025 and ~USD 420 mn in 2026, leaving internal cash flow insufficient to fund Romina and debt service, potentially reducing cash to ~USD 40 mn by end-2026. Refinancing the syndicated loan and 2026 notes—or securing Romina financing—is essential to preserve liquidity and credit quality. For a potential re-rating toward BB-, we would need (i) a refinancing plan before Peru’s 2026 elections and (ii) successful Romina funding and construction. Until then, we see risk/reward as balanced.

Volcan Bonds and comparables



Credit Data

REG-S Notes	2
Outstanding Senior Notes	USD 368mn
Closest Call Date	21-Sep-25
Closest Maturity Date	11-Feb-26

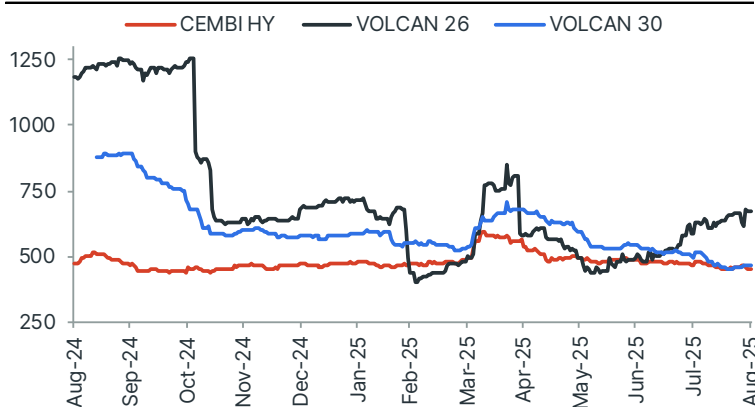
Concerns

- Low life of mines.
- High all-in-sustaining zinc cash cost.
- Exposure to metal price volatility inherent to the sector.
- CapEx execution risks for the development of the Romina project.

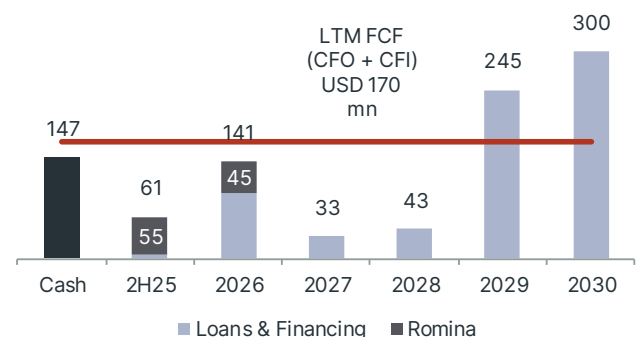
Strengths

- Potential asset sales to enhance liquidity (Polpaico and real estate assets).
- Diversification across base metals and precious metals (zinc and silver mainly).

Z- Spread evolution



Debt Maturity Profile (USD mn)



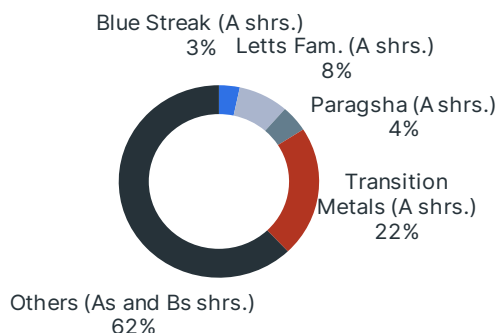
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
VOLCAN 26	USD 68mn	4.38%	Caa1 / NR / B-	556	0.4	97.7	0.4%	9.2%	Neutral
VOLCAN 30	USD 300mn	8.75%	B3 / NR / B-	443	2.7	102.6	0.7%	7.7%	Neutral

Volcan

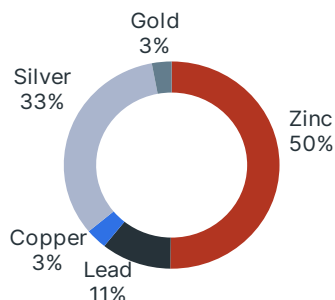
Company Description

Volcan is among the most significant zinc, silver, and lead producers worldwide. It is under the control of Integra Capital, which purchased Glencore's participation in 2024. Volcan operates four mining units in Central Peru, with four operating underground mines, two operating open-pit mines, five operating concentrator plants, and one lixiviation plant. Volcan recently sold two hydro plants and spin-off its 40% stake in the Chancay Port. Volcan still has a hydroelectric power plant, a 23% participation in Cementos Polpaico, 100% of the Chancay Park Project, and 11% of holding company IPCH.

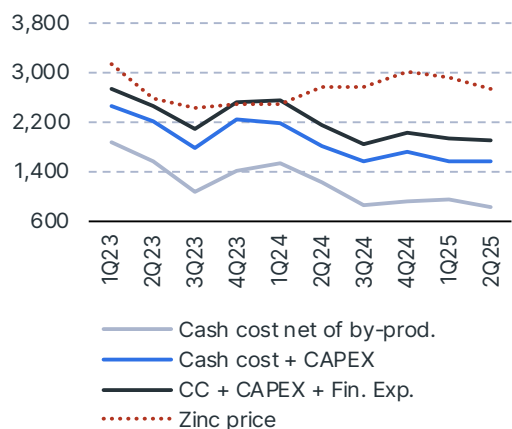
Ownership Structure



Revenue Breakdown by Metal (LTM2Q25)



Zinc price and cash costs evolution (USD/t)



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
EBITDA Interest Coverage	6.3x	5.2x	3.9x	4.8x	5.6x
Gross Debt / EBITDA	2.4x	2.6x	2.8x	1.9x	1.5x
Net Debt / EBITDA	1.8x	2.4x	2.6x	1.5x	1.2x
Net Debt / Equity	1.5x	1.9x	2.0x	1.3x	1.1x
ST Debt / Gross Debt	47%	2%	15%	2%	11%

*Based on the financial statements below

Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Net Revenues	937	951	883	961	1,134
Gross Profit	281	189	158	261	391
Op. Profit	195	74	70	187	289
Financial Expenses	-62	-57	-71	-79	-85
Reported EBITDA	389	299	277	382	473
Gross Margin	30%	20%	18%	27%	35%
EBITDA Margin	42%	31%	31%	40%	42%
Net Margin	4%	-9%	-1%	14%	19%

*As reported to the Peruvian Securities Market Regulator (SMV)

Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash & Equivalents	231	74	62	156	147
Current Assets	391	225	208	296	297
Total Assets	2,166	1,976	1,875	1,841	1,829
Current Liabilities	755	361	440	320	379
Total Liabilities	1,709	1,601	1,511	1,391	1,334
Equity	457	375	365	450	494
Net Debt	685	714	713	564	552
Gross Debt	916	788	775	720	699
Short Term Debt	431	16	113	12	78
Long Term Debt	485	772	662	708	621
ROE	9%	-22%	-3%	30%	44%
ROA	2%	-4%	-1%	7%	12%

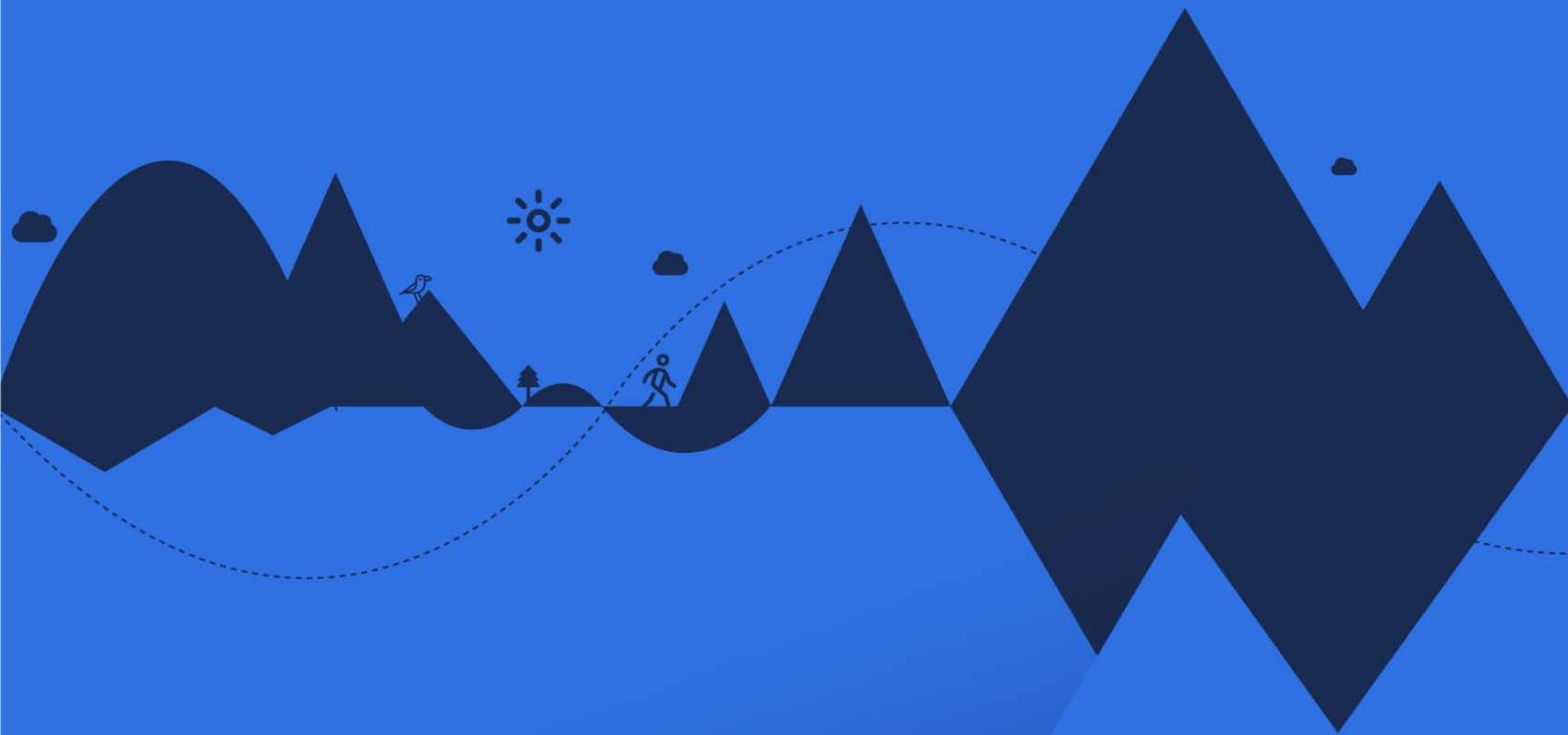
*As reported to the Peruvian Securities Market Regulator (SMV)

Cash Flow Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Operating Activities	366	336	248	298	330
Investing Activities	-174	-290	-180	-148	-161
Financing Activities	-76	-204	-80	-56	-91

Sources: Company Reports and Credicorp Capital

4.4 / Consumption Exposure



Retail & Real Estate

From boom to balance: andean retail enters a new phase

Andean Retail - We are about to see if once again the sector will surpass our bets. Despite 2024 being a year of recovery in local consumption, performance has exceeded expectations in 2025, with each player shining at different moments, driven by distinct catalysts. Now, with valuations already approaching fair levels, we believe results may still surprise to the upside, but we prefer to adopt a wait-and-see stance.

We maintain a relative preference for Cencosud in basic consumption and Falabella on the discretionary side

Regarding discretionary retailers, this has been a golden year. Local consumption continues to rebound, supported by ongoing contributions from Argentine and Brazilian tourism, momentum that has persisted since last year and shows no signs of fading in the short term. This increased dynamism, combined with the groundwork laid in previous years focused on long-term profitability and adaptability, leads us to believe that the next bottom of the cycle, whenever it comes, will likely be less painful than in the past. Looking ahead, although the upcoming comparison base will be particularly demanding, there are encouraging signals. Local consumption activity continues to support sector growth despite a non-optimal macro environment, and several long-term initiatives from the companies have matured over the past few years and should finally begin to become fully tangible in results next year. Therefore, while names most exposed to discretionary spending are now showing more limited upside, we expect the trend of upward earnings revisions as seen in the first half of the year to continue, particularly for Falabella, which has been one of our top picks this year. We observe a similar trend in Falabella USD bonds. Although spread compression appears limited, we still see potential for outperformance, as strong earnings momentum could accelerate the IG rebound.

We see shopping centers with good perspectives but closer to fair prices

As for staples, this has not been an easy year. While we can't say with certainty that next year will bring a significant improvement, we believe the worst is likely behind us. In this context, supermarket names offer the most attractive returns, and while we remain confident in their fundamental value, timing becomes key and we do not see much urgency. Among them, we are more constructive on Cencosud, as second-half should bring stronger momentum in results and diversification within countries seems to be paying.

Chilean Shopping malls - Catch up has been felt, waiting for new announcements. Shopping centers have also had a spectacular year, continuing their post-pandemic recovery and growth trend, even as the interest rate environment has not been supportive of valuations in the sector. In this context, while we have revised our target prices upward across the board, we also see a more limited upside, especially after a particularly strong month for Parque Arauco, which had remained our top pick for most of the year. As a result, our two preferred names are now trading close to their updated target prices. However, in both cases, we still see potential for positive surprises, as both players have meaningful growth plans in place. Even with valuations appearing somewhat tighter, we continue to highlight the stability of the sector. Top-line performance remains indexed to inflation plus a spread -one that has expanded thanks to strong retail momentum-. Looking ahead, we expect local consumption to grow in the mid-single digits next year, plus sustained tourism activity. With resilient revenue growth and stable margins, we continue to view these stocks as a relatively safe bet within a balanced portfolio.

Beverages

Mixed views on the stocks under coverage in Chile. Andina is still our preferred name.

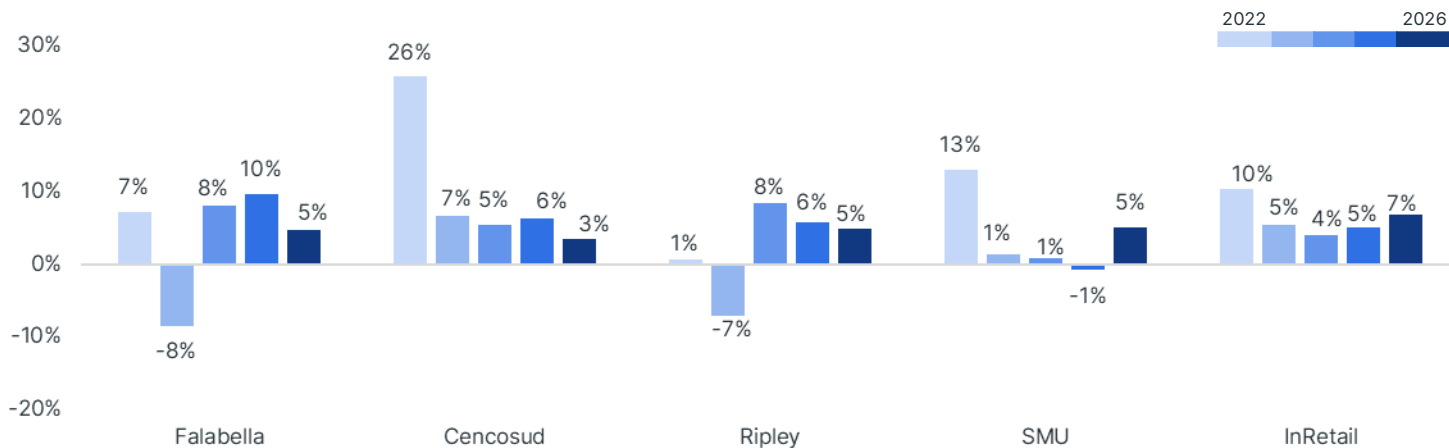
We are reinstating our Buy recommendation on Andina-B, and reiterating our neutral stance on CCU and Concha y Toro.

For Coca-Cola Andina, we are reinstating our Buy call on Andina-B series following the downgrade released in late May, and introducing a 2026YE TP of CLP 4,400/share. Our buying stance relies on its resilient results and appealing dividend yield. In our opinion, the partial recovery observed in the price of Andina-B shares since the end of July has legs. Firstly, private consumption forecasts for Brazil and Argentina have remained stable for 2026-2027. Additionally, the BRL has shown signs of stabilization in recent months, appreciating above 10% this year (stable in the first two months of this quarter compared to the same period in 2024). Thirdly, we estimate that the business performance in 3Q25 will reaffirm the resilience of its results. Finally, we are approaching the season of generous dividend distribution. We estimate a dividend yield of around 5% for the next 8 months. A factor that could challenge our buy recommendation in the short term is the outcome of the next October parliamentary elections in Argentina.

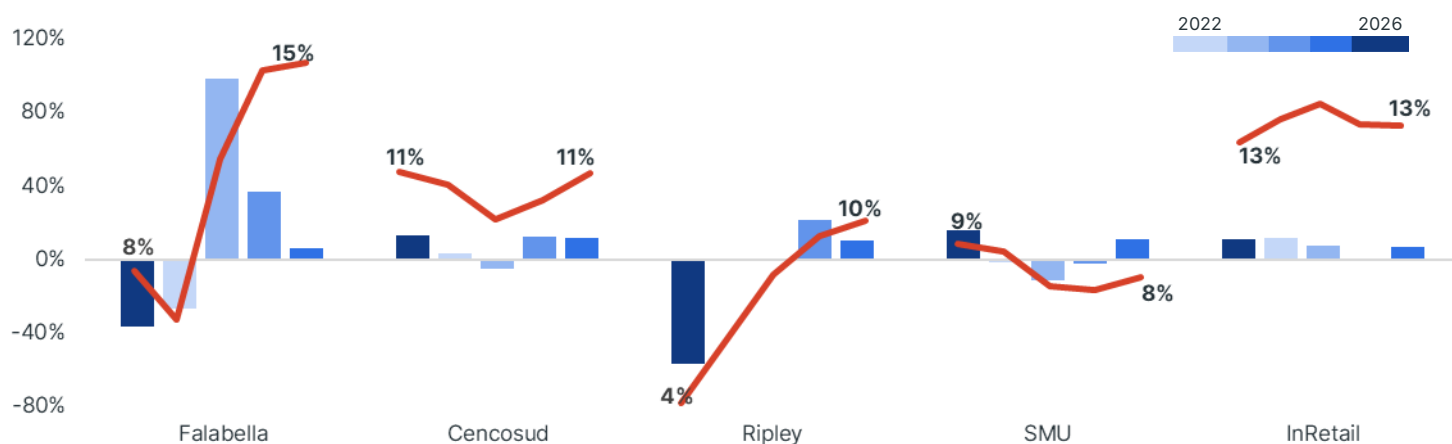
We retain our Hold recommendation for CCU, with a new 2026YE TP of CLP 6,600/share. Given the lack of volume growth across business segments and continued cost pressures, we stay neutral on CCU. Overall, we see a more limited upside and a less encouraging historical path in CCU's profitability metrics compared to Coca-Cola Andina. This is attributed to: i) the subpar performance of its international operations, explained mainly by Argentina, where the company is a price taker as AB InBev leads the market; ii) a more intense competition in the beer segment in Chile, which has posed challenges for the company to pass through cost pressures to prices; and iii) the challenges faced by the wine business. Additionally, its JV with Grupo Postobón in Colombia continues to negatively impact the company's results, with low visibility regarding a potential reversal in that trend.

Finally, we reiterate our Hold recommendation for Concha y Toro, while introducing a new 2026YE TP of CLP 1,250/share. We believe that the industry's modest growth and closest peer derating may prevent the stock from outperforming the IPSA despite the progress in premiumization. Concha y Toro's management has done a good job in timely implementing efficiency and productivity measures and successfully introducing new products to adapt to new trends, enabling the company to exhibit a partial recovery in operating margins and profitability metrics. However, the contraction in wine consumption, intense competition in all price segments, the impact of import tariff hikes, and additional cost pressures have resulted in modest sales growth this year and a slower-than-expected recovery in operating margins. We believe that the remarkable lag recorded by the stock so far this year should not reverse in the medium term due to the derating exhibited by Treasury Wine Estates (TWE) since last year. TWE is a well-respected Australian winery, with a portfolio of luxury and premium products representing almost 90% of its sales revenue, and recording operating margins and profitability metrics well above those of Concha y Toro.

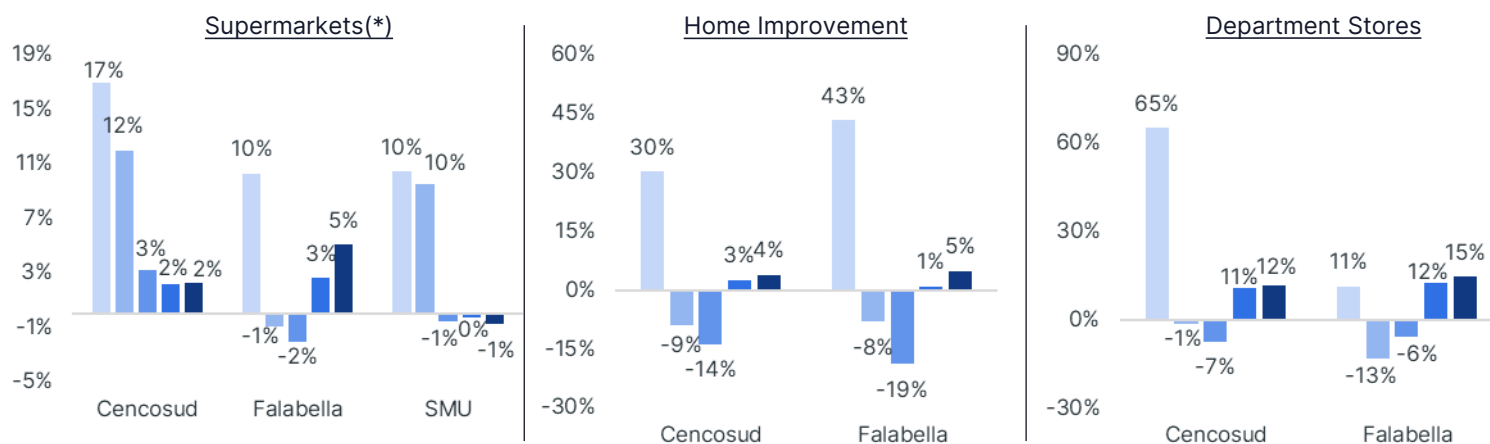
Revenue Growth (local currency)



EBITDA Growth (bars) & EBITDA Margin (lines)

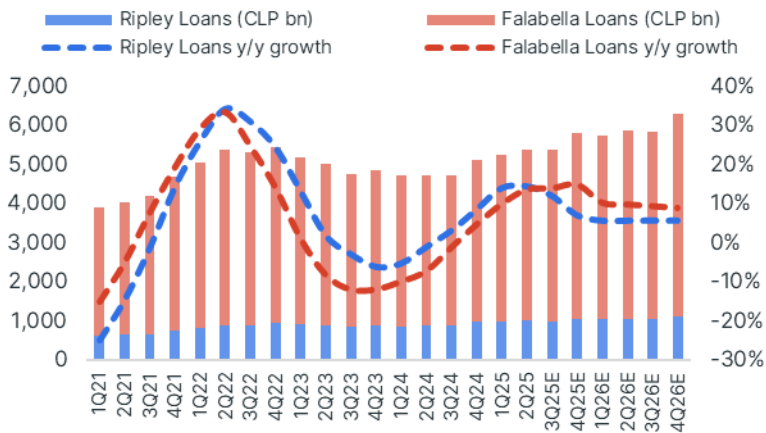


Same-Store-Sales by category (from 2021 to 2025)

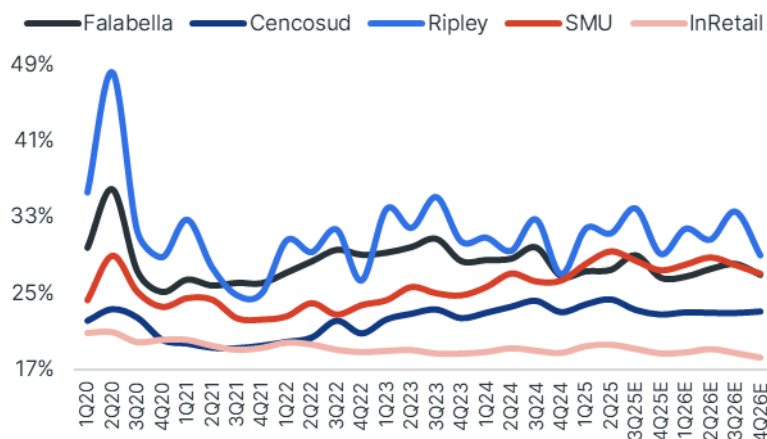


(*) Cencosud's data includes Santa Isabel and Jumbo. SMU only includes Unimarc.
Source: Company Financial Statements, Credicorp Capital.

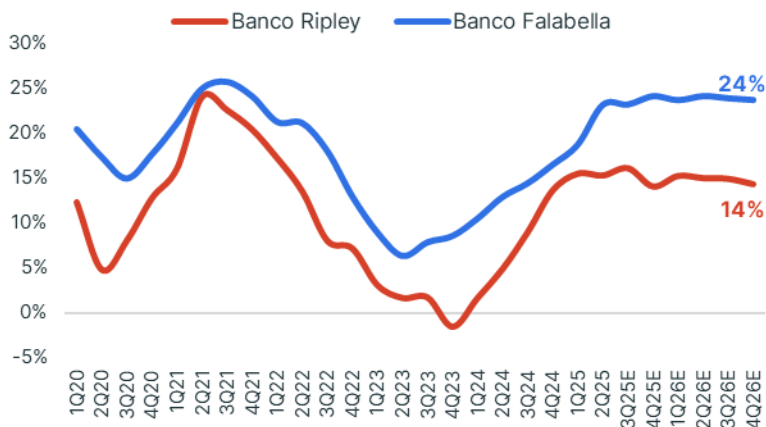
Banco Falabella and Ripley Loans (% growth)



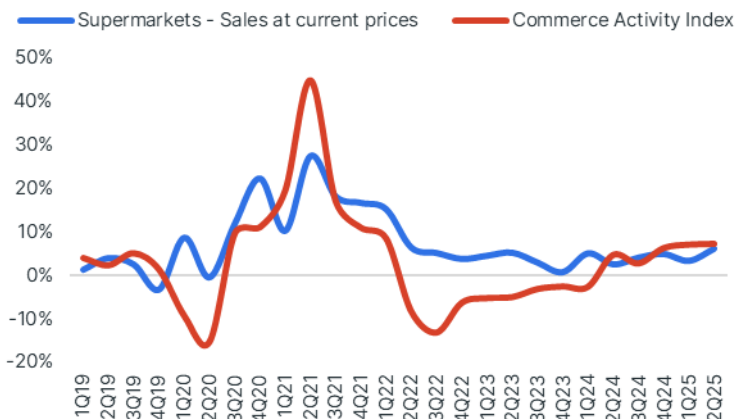
SG&A as a % of sales (local currency)



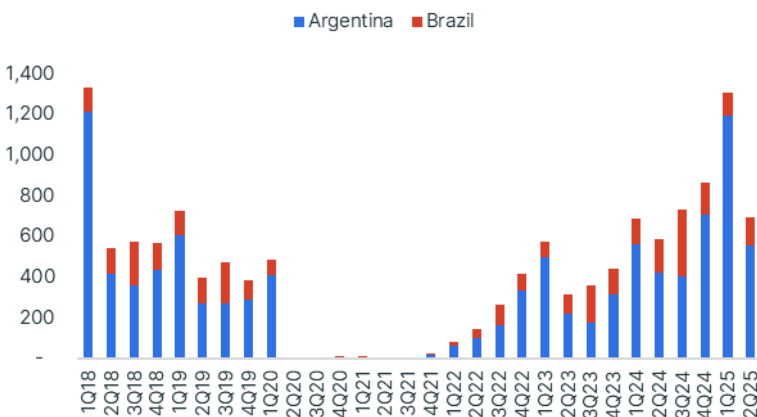
Banco Falabella and Ripley ROE (%)



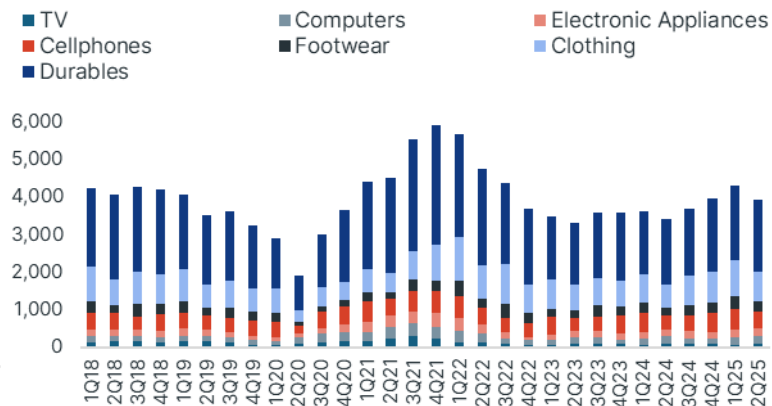
Supermarket sales and commerce activity index (y/y%)



Foreign tourist arrivals to the country (in thousands)

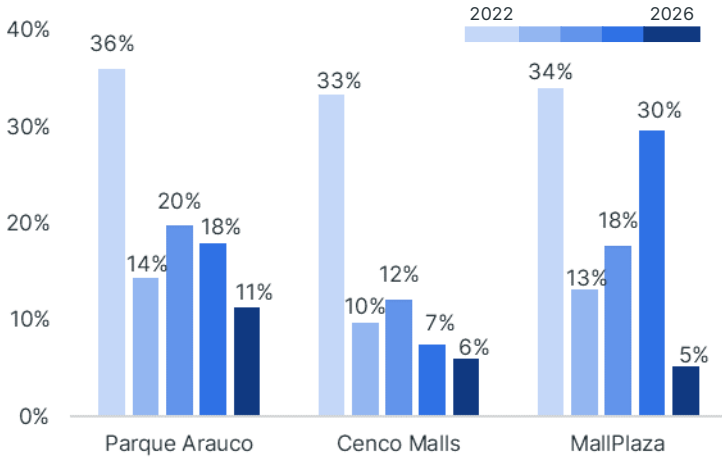


Chile – Imports of goods (CIF, USD mn)

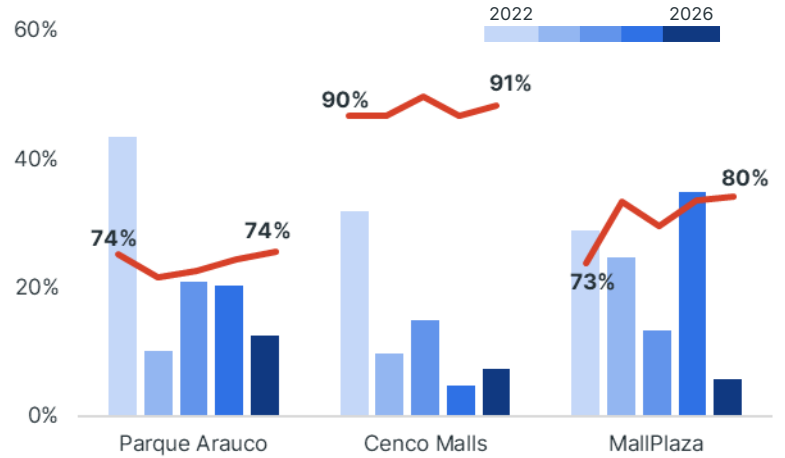


Source: INE, Banco Central de Chile, Company Financial Statements, Credicorp Capital.

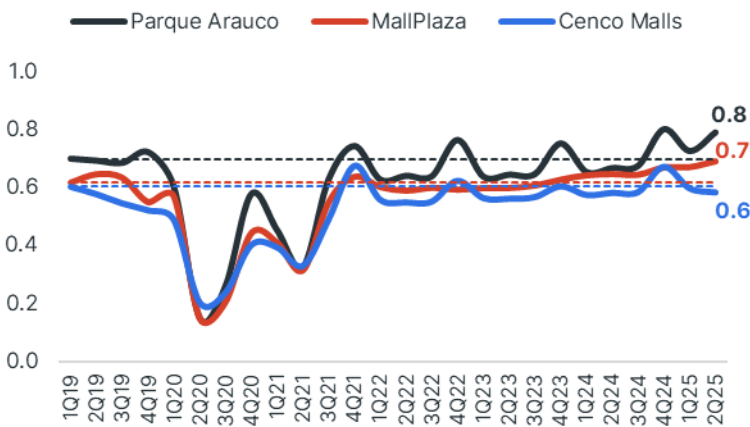
Revenue Growth (local currency)



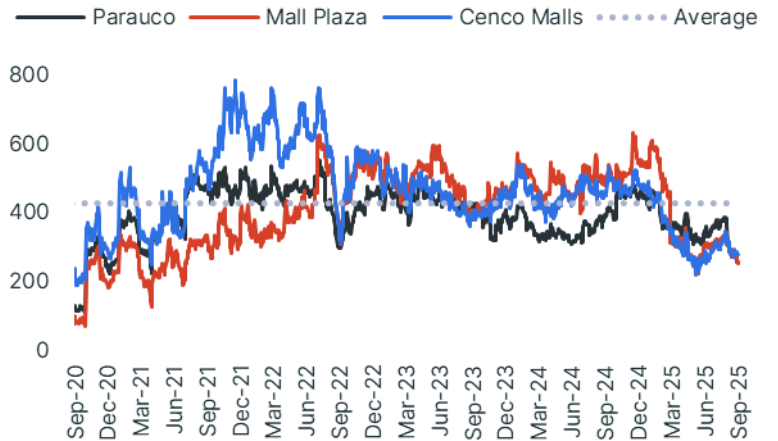
EBITDA Growth (bars) & EBITDA Margin (lines)



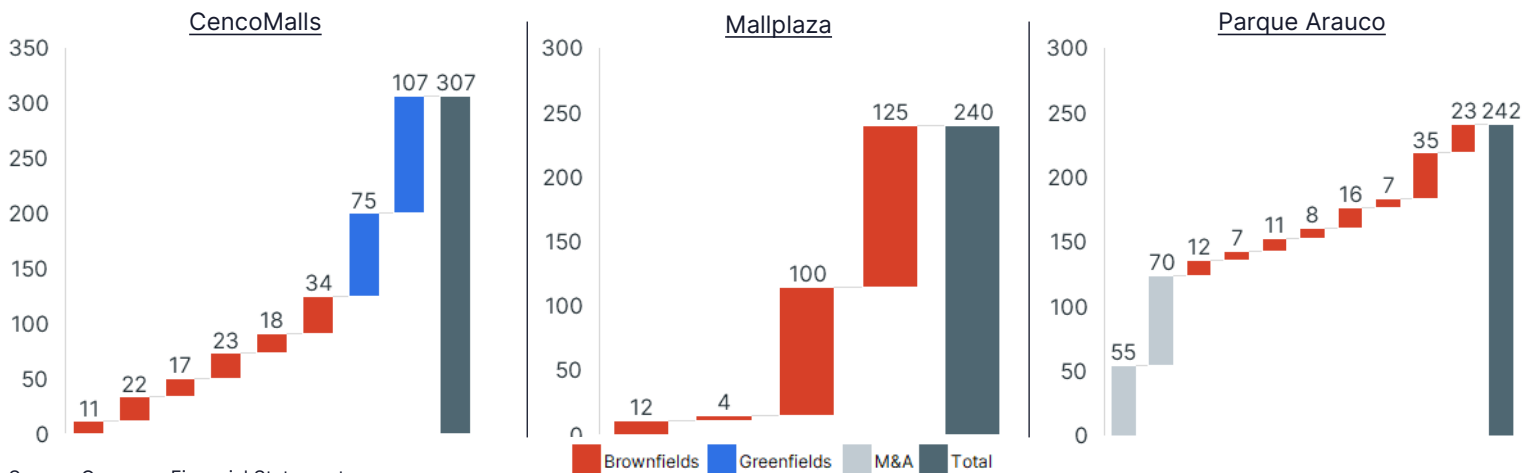
Monthly Revenues UF/SQM – Chilean operations



Spread 12m Fwd Cap Rate and 10Y Bond



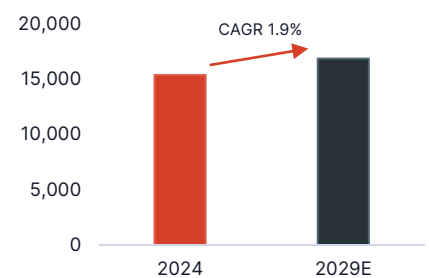
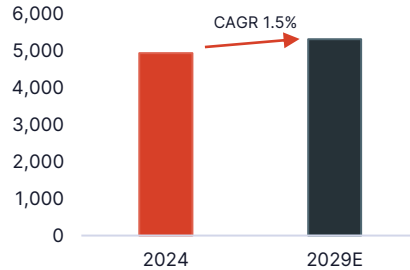
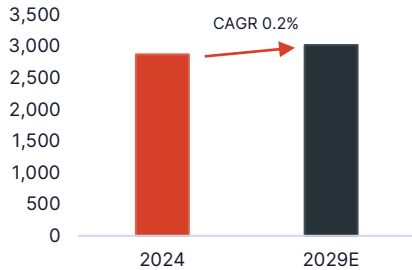
Greenfield and Brownfield Capex Plan (GLA in sqm)



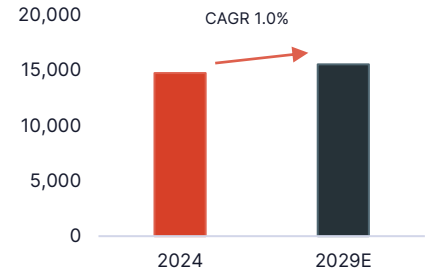
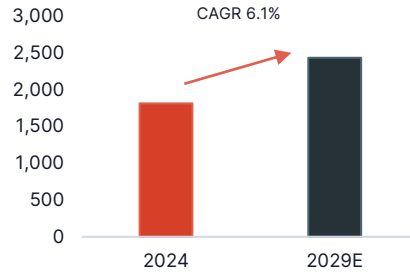
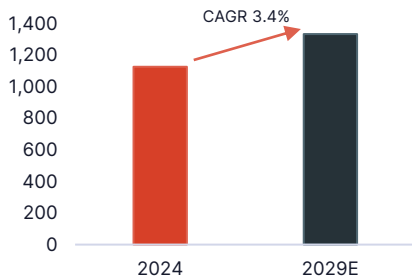
Source: Company Financial Statements

Beverages Trends Monitor

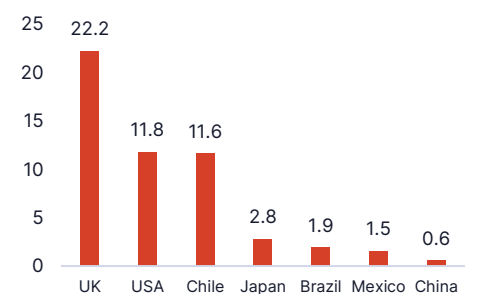
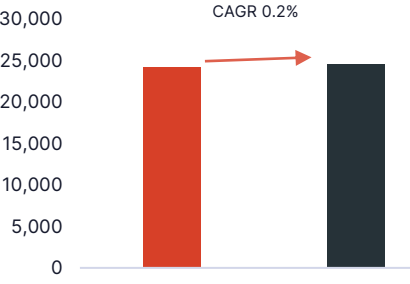
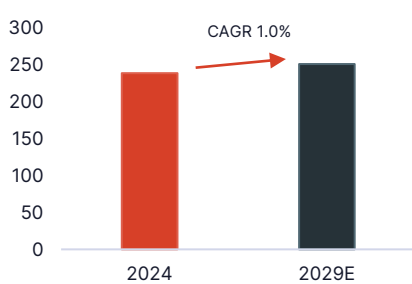
Carbonates Soft Drinks Market Growth (volume) – Chile, Argentina & Brazil



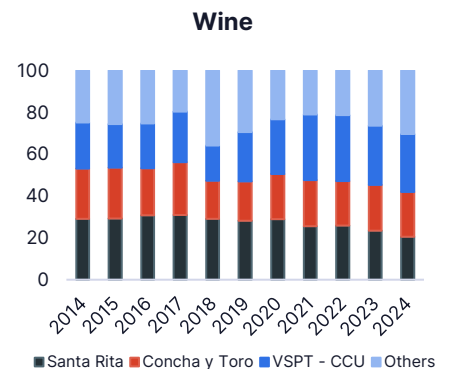
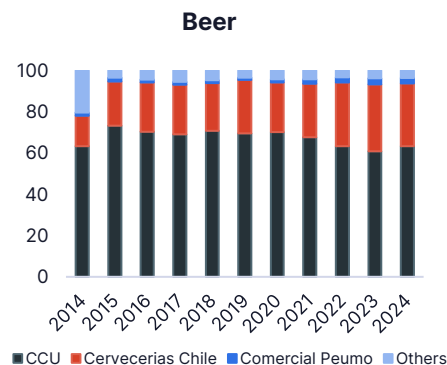
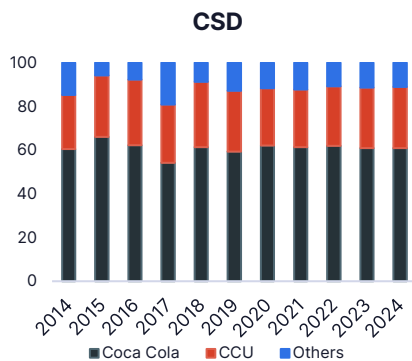
Beer Market Growth (volume) - Chile, Argentina & Brazil



Wine Market Growth (volume) – Chile, World & Per Capita Consumption in 2024 (liters)



Market Shares Evolution in Chile



Relative Valuation – Beverages

Company	Country	Market Cap (USD mn)	P/E				EV/EBITDA			
			2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
Wine										
Chile										
Concha y Toro (*)	Chile	887	10.4	9.8	8.5	8.0	8.3	8.3	7.5	7.2
Average			10.4	9.8	8.5	8.0	8.3	8.3	7.5	7.2
Global Wine										
Australian Vintage	Australia	30	9.1	6.8	4.7	2.5	6.2	7.3	5.5	4.1
Treasury Wine Estates	Australia	4,122	14.6	13.2	12.5	11.2	14.0	8.9	8.3	7.8
Average			11.8	10.0	8.6	6.8	10.1	8.1	6.9	5.9
Wine, Liquor & Distribution										
Brown-Forman	USA	12,972	14.9	16.6	15.8	14.7	15.5	12.8	12.3	11.8
Diageo	UK	57,431	13.6	15.4	15.2	14.4	14.2	11.3	12.2	11.7
C&C Group	Ireland	834	17.2	15.3	13.8	12.7	8.2	8.6	8.2	8.3
Pernod Ricard	France	26,890	11.5	12.6	14.2	13.5	12.5	10.3	11.7	11.3
Remy Cointreau	France	2,844	18.8	23.3	20.3	17.9	11.1	13.0	11.9	10.9
Anhui Gujin Distillery	China	12,838	16.6	16.4	15.3	14.1	9.7	9.4	8.7	7.9
Thai Beverages	Thailand	9,016	10.9	10.0	9.5	9.0	11.4	10.1	9.8	9.5
Average			14.8	15.7	14.9	13.8	11.8	10.8	10.7	10.2
Beer										
LatAm										
CCU (*)	Chile	2,241	13.2	12.7	12.4	11.9	7.1	6.9	6.3	5.9
AmBev	Brazil	36,275	13.8	13.4	12.3	11.5	5.6	6.2	5.9	5.6
Average			13.5	13.1	12.4	11.7	6.3	6.6	6.1	5.7
Global										
Boston Beer	USA	2,395	23.3	24.4	20.5	17.8	14.2	10.0	9.1	8.5
Constellation Brands	USA	25,232	10.4	12.3	11.3	10.8	11.3	11.1	10.3	10.1
Molson Coors	USA	9,240	8.2	9.0	8.6	8.2	7.2	7.0	7.0	7.0
AB Inbev	Belgium	115,511	15.0	15.8	14.1	12.5	8.4	9.3	8.8	8.3
Heineken	Netherlands	43,615	13.6	13.9	12.8	11.8	8.7	8.5	8.1	7.7
Carlsberg	Denmark	15,863	15.0	13.3	12.1	11.0	7.8	8.8	8.3	7.8
Royal Unibrew	Denmark	3,846	16.9	16.2	14.4	12.9	11.8	10.8	10.0	9.3
Kirin Holdings	Japan	12,063	30.5	12.2	10.4	10.8	9.1	9.7	9.1	8.7
Ashai Group	Japan	18,799	14.5	14.7	12.9	11.4	9.1	9.5	8.9	8.4
Average			16.4	14.6	13.0	11.9	8.9	9.1	8.6	8.2
Non-Alcoholic Beverages										
LatAm										
Andina (*)	Chile	3,685	11.1	14.5	13.6	12.8	6.0	7.6	7.1	6.8
Femsa	Mexico	18,220	14.2	13.5	11.8	11.2	6.9	6.6	6.0	5.6
Arca	Mexico	16,951	16.1	14.0	12.5	11.8	7.2	7.2	6.6	6.2
Average			13.8	14.0	12.6	11.9	6.7	7.1	6.6	6.2
North America										
Pepsico	USA	197,524	17.7	18.0	16.9	16.0	14.0	13.4	12.8	12.1
Coca Cola Co	USA	293,231	23.5	22.7	21.0	19.6	19.9	20.2	18.9	17.5
Monster Beverage	USA	62,530	39.4	33.5	30.0	27.8	24.0	24.4	22.4	20.9
Keurig Dr Pepper Inc.	USA	37,543	14.4	13.5	12.7	11.7	13.3	11.3	10.8	10.3
Average			23.7	21.9	20.1	18.8	17.8	17.3	16.2	15.2
Telecom & IT										
Entel (*)	Chile	1,089	13.2	11.5	8.5	8.1	4.1	4.1	3.8	3.7
Megacable Holdings	Mexico	1,532	20.6	16.3	12.9	10.9	3.6	4.7	4.3	4.0
Tim	Brazil	10,131	21.5	14.3	12.2	10.6	3.5	4.9	4.6	4.4
America Movil	Mexico	61,501	41.4	13.5	11.6	10.0	4.8	5.3	5.0	4.8
Telefonica Brazil	Brazil	19,857	19.8	17.4	12.9	10.8	3.9	4.9	4.5	4.2
Vodafone	UK	28,574	13.2	11.8	10.1	8.9	5.3	5.4	5.2	5.0
Telefonica	Spain	30,251		18.6	12.7	11.8	6.3	6.0	6.0	5.8
Average			21.6	14.8	11.6	10.2	4.5	5.0	4.8	4.6

(*) Multiples are calculated with Credicorp Capital Estimates

Source: Factset and Credicorp Capital Estimates

Alicorp

Rating: Buy
TP: PEN 11.0

 Rodrigo Godoy - rgodoy@credicorpcapital.com
 María Ignacia Montt - mmonttq@credicorpcapital.com

The exit from the crushing business in Bolivia, the acquisition of RdE in Peru, Aquafeed's revival, and share buybacks have created value.

Investment Thesis

We are upgrading our recommendation for Alicorp shares to Buy from Hold, and introducing a 2026YE TP of PEN 11.0/share. A year ago, Alicorp's 1H24 results showed y/y increases of over 50% in the EBITDA of the CGP business and over 20% for the B2B platform, thanks to the successful implementation of a commercial strategy focused on its leading brands and categories. Subsequently, the EBITDA of these two units continued to exhibit double-digit growth in the 2H24 (~+20% y/y), while investors welcomed the sale of the crushing business in Bolivia last November, as its results were very volatile and its operation was working capital-intensive. On the other hand, starting from the 3Q24, the company Refinería del Espino began to be consolidated with a significant contribution to the volumes of the B2B business (~20%). Finally, the results of Aquafeed have shown a solid recovery so far this year, with sales volume and EBITDA that could reach record levels in 2025.

With all the above, and the approval at the end of February of a fourth share buyback program for 10% of the outstanding common shares (still in place, with a remaining balance to be purchased of around 3%), Alicorp's stock began to internalize all these positive developments, exhibiting a rally of over 35% from the day after the buyback approval until mid-July. We estimate that the correction recorded by the stock since then (~-10%) would offer a buying opportunity for medium and long-term investors. It trades at undemanding valuations (~4.5x EV/EBITDA for 2026), while its DY would stay at mid-single digits, being relatively conservative in our payout assumption (~45%).

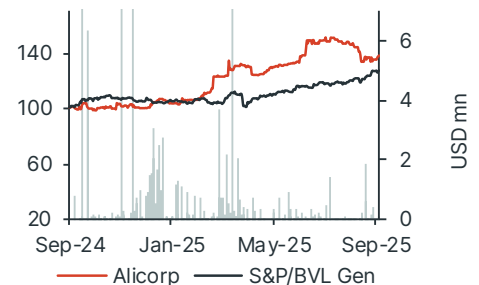
Valuation

At our new TP of 11.0/share by December 2026, Alicorp's stock would trade at ~5x EV / Fwd EBITDA, which is ~25% below its 5-year history. While we acknowledge that our implied target multiple seems conservative with room for further upside on a historical basis, we believe that the sharp decrease in the stock liquidity resulting from several corporate events (three buyback programs already completed and one in progress, in addition to the mid-2023 tender offer launched by a controlling shareholder-related entity) may keep valuations at a discount.

Stock Data

Ticker	alicorc1 pe
Price (PEN)	9.0
Target (PEN)	11.0
Total Return	28.2%
LTM Range	6 - 10
M. Cap (USD mn)	1,611
Shares Outs. (mn)	625
Free Float	15%
ADTV (USD mn)	0.9

Price Chart (PEN) and Volumes (USD mn)

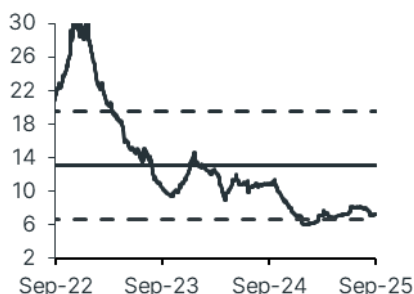


Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	5.5	4.9	4.6	4.4
P/E	13.9	7.7	7.0	6.7
P/CF	3.9	4.1	5.0	5.1
P/BV	2.2	2.6	2.1	1.8
Div. Yield	0.0%	4.2%	5.8%	6.4%

Sources: Company Reports and Credicorp Capital

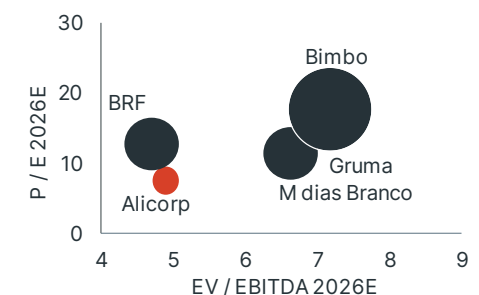
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

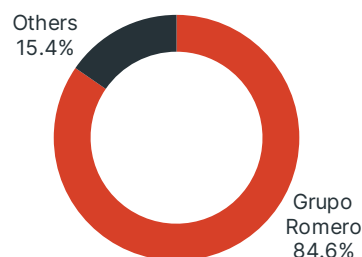


Alicorp

Company Description

Alicorp is the leading Peruvian consumer goods company with emblematic brands in food, home, and personal care products. It also has a presence in Bolivia, Ecuador, and other countries in the region. In addition, through its B2B platform, it serves industrial clients and the Horeca channel (mostly bakery, food service, and cleaning products). Finally, Aquafeed's subsidiary produces nutritional solutions for the shrimp industry in Ecuador, Peru, and Honduras, and salmon exporters in Chile.

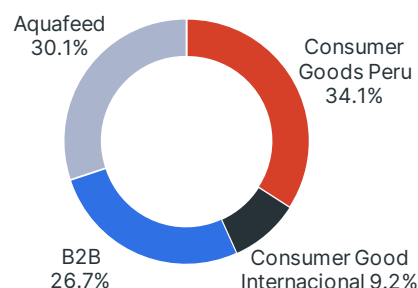
Ownership (Jun-25) Ex-treasury shares



Income Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Revenues	13,656	10,598	11,931	12,652	13,192
Gross Profit	2,419	2,865	3,133	3,315	3,448
EBITDA	1,149	1,460	1,724	1,834	1,903
Net Income	188	342	674	741	773
EPS (PEN)	0.22	0.49	1.16	1.28	1.33
Gross Margin	17.7%	27.0%	26.3%	26.2%	26.1%
EBITDA Margin	8.4%	13.8%	14.4%	14.5%	14.4%
Net Margin	1.4%	3.2%	5.6%	5.9%	5.9%

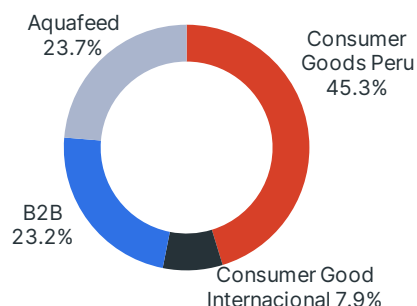
Revenue breakdown by segment (LTM)



Balance Sheet

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,494	1,984	2,076	2,337	2,627
Total Current Assets	6,053	5,183	5,726	6,212	6,561
Total Assets	12,917	12,232	12,677	13,469	14,033
Current Liabilities	5,221	5,216	6,152	6,446	6,523
Financial Debt	5,094	5,137	5,157	5,157	5,157
Total Liabilities	10,049	9,979	10,572	10,913	11,021
Minority Interest	56	93	74	88	103
Shareholders Equity	2,812	2,159	2,031	2,468	2,908
Total Liabilities + Equity	12,917	12,232	12,677	13,469	14,033
Net Debt /EBITDA	3.1	2.2	1.8	1.5	1.3
Financial Debt /EBITDA	4.4	3.5	3.0	2.8	2.7
Financial Debt /Equity	1.8	2.4	2.5	2.1	1.8
ROAE	6.6%	13.8%	32.2%	32.9%	28.8%
ROAA	1.4%	2.7%	5.4%	5.7%	5.6%
ROIC	5.7%	7.9%	18.4%	19.0%	19.2%

EBITDA breakdown by segment (LTM)



Cash Flow Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	940	1,494	1,984	2,076	2,337
Cash Flow From Operation:	1,182	2,223	1,339	1,021	1,101
CAPEX	-412	-818	-444	-471	-492
Changes in Financial Debt	24	43	19	0	0
Dividends (Paid) Received	-214	0	-219	-303	-333
Other CFI & CFF Items	-27	-797	-534	14	15
Changes in Equity	0	-161	-69	0	0
Final Cash	1,494	1,984	2,076	2,337	2,627
Change in Cash Position	554	490	92	261	290

Management

CEO: Álvaro Correa
 CFO: Luis Banchemo
 IR Manager: Roberto Dongo-Soria
www.alicorp.com.pe

Sources: Company Reports and Credicorp Capital

Our preferred name in the beverages space. We resume a buying stance on resilient results and an attractive DY, although not without ST risks.

Investment Thesis

We are upgrading our recommendation to Buy on Andina-B, and introducing a 2026YE TP of CLP 4,400/share. Since our downgrade to Hold was released in late May, Andina-B has notably underperformed the IPSA, recording a slight drop and even slightly lagging behind CCU and Concha y Toro. While this could be attributed to the prevailing risk-on mode in the market, we believe investors took profits following Andina-B's remarkable long-standing outperformance. Additionally, news from Argentina and Brazil has deteriorated market sentiment regarding the expected contribution from those franchises, which accounted for about half of Andina's consolidated EBITDA in 2024. Regarding Argentina, we refer to the depreciation of the ARS following the partial lifting of the currency controls, as well as the decline in confidence in the government and alleged acts of corruption affecting figures very close to President Milei, just before the midterm parliamentary elections scheduled for October. Meanwhile, in Brazil, investors are weighing the potential impact of the tariffs imposed by the US on imports from Brazil.

In our opinion, the partial recovery observed in the price of Andina-B shares since the end of July has legs. Firstly, private consumption projections for Brazil and Argentina reveal expectations that have remained stable for both this year and the next. Additionally, the BRL has shown signs of stabilization in recent months, appreciating above 10% so far this year (stable in the first two months of this quarter compared to the same period in 2024). Thirdly, we estimate that the business performance in 3Q25 will reaffirm the resilience of its results. Finally, we are approaching the season of generous dividend distribution. We estimate a dividend yield of around 5% for the next 8 months.

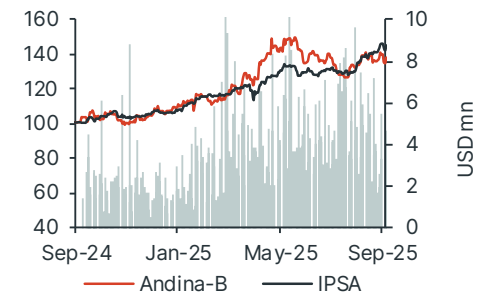
Valuation

Our December 2026 target price of CLP 4,400/share is based on a 10-year DCF model, resulting in an implied EV/Fwd EBITDA multiple of 7.0x, which aligns with its 10-year historical average valuation. According to consensus, Andina-B stock trades at a single-digit discount compared to its 10-year average. In contrast, Coca-Cola Femsa shares trade in line, while Arca's implied valuation appears more discounted.

Stock Data

Ticker	andinab ci / ako/b us
Price (CLP)	3,890 (loc) / 24.4 (ADR)
Target (CLP)	4,400 (loc) / 4.6 (ADR)
Total Return	18.6%
LTM Range	2,796 - 4,214
M. Cap (USD mn)	3,555
Shares Outs. (mn) (A+B series)	947
Free Float (A+B series)	47%
ADTV (USD mn) - B series	3.5

Price Chart (CLP) and Volumes (USD mn)



Valuation Summary

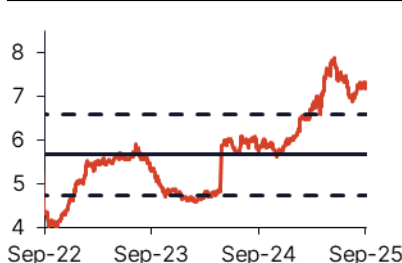
	2024	2025E	2026E	2027E
EV/EBITDA	6.0	7.6	7.1	6.8
P/E	11.1	14.5	13.6	12.8
P/CF	26.2	19.5	13.9	12.8
P/BV	2.6	3.2	3.0	2.9
Div. Yield	6.2%	5.7%	5.5%	6.0%

Sources: Company Reports and Credicorp Capital

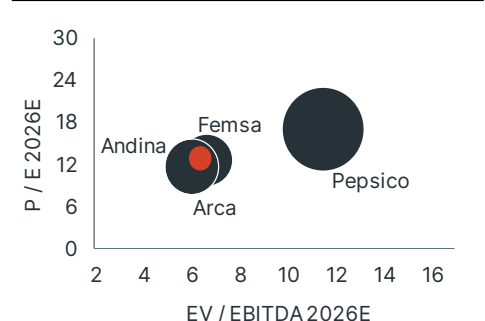
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

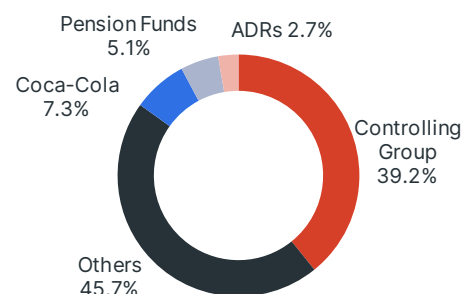


Andina-B

Company Description

Coca-Cola Andina is among the three largest KO bottlers in Latin America, servicing franchised territories with almost 58 million people. In 2024, the company delivered over 900 million unit cases of soft drinks, juices, bottled water, beer, and other alcoholic beverages. Coca-Cola Andina holds the franchise to produce and commercialize Coca-Cola products in certain territories in Argentina, Brazil, Chile, and all of Paraguay. The controlling group consists of 4 Chilean families (39.2% stake), who have a shareholders' agreement which includes The Coca-Cola Company (7.3% stake).

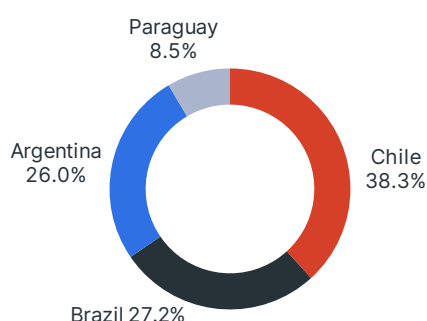
Ownership Structure (As of Dic-24)



Income Statement

CLP mn	2023	2024	2025E	2026E	2027E
Revenues	2,618,437	3,224,233	3,367,244	3,560,675	3,725,588
Gross Profit	1,016,440	1,278,870	1,329,055	1,411,915	1,480,861
EBITDA	470,108	578,192	613,620	652,899	686,675
Net Income	171,441	232,663	253,683	271,625	287,551
EPS (CLP)	181	246	268	287	304
Gross Margin	38.8%	39.7%	39.5%	39.7%	39.7%
EBITDA Margin	18.0%	17.9%	18.2%	18.3%	18.4%
Net Margin	6.5%	7.2%	7.5%	7.6%	7.7%

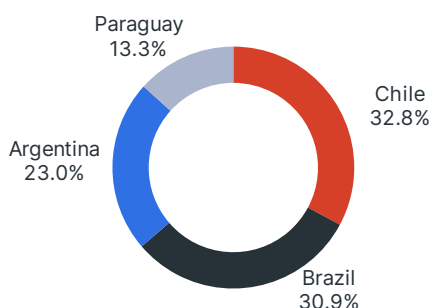
Revenue breakdown by country (LTM)



Balance Sheet

CLP mn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	370,969	325,486	269,200	252,259	274,049
Total Current Assets	981,771	1,013,196	943,332	962,923	998,662
Total Assets	2,921,521	3,291,104	3,426,597	3,541,855	3,670,736
Current Liabilities	692,871	906,144	873,231	908,294	931,387
Financial Debt	1,097,323	1,176,874	1,189,778	1,191,050	1,217,600
Total Liabilities	2,000,535	2,276,707	2,246,356	2,290,187	2,350,767
Minority Interest	34,695	37,988	38,380	41,129	44,042
Shareholders Equity	886,291	976,409	1,141,861	1,210,540	1,275,927
Total Liabilities + Equity	2,921,521	3,291,104	3,426,597	3,541,855	3,670,736
Net Debt /EBITDA	1.5	1.5	1.5	1.4	1.4
Financial Debt /EBITDA	2.3	2.0	1.9	1.8	1.8
Financial Debt /Equity	1.2	1.2	1.0	1.0	1.0
ROAE	19.7%	25.0%	24.0%	23.1%	23.1%
ROAA	5.8%	7.5%	7.6%	7.8%	8.0%
ROIC	13.0%	15.0%	14.6%	14.1%	14.3%

EBITDA breakdown by country (LTM)



Cash Flow Statement

CLP mn	2023	2024	2025E	2026E	2027E
Initial Cash	554,727	370,969	325,486	269,200	252,259
Cash Flow From Operation:	317,590	305,758	307,838	428,307	470,398
CAPEX	-192,707	-291,542	-289,189	-246,323	-255,908
Changes in Financial Debt	-174,781	79,551	12,904	1,272	26,550
Dividends (Paid) Received	-165,877	-158,408	-210,405	-202,946	-222,164
Other CFI & CFF Items	32,019	19,157	122,566	2,749	2,913
Changes in Equity	0	0	0	0	0
Final Cash	370,969	325,486	269,200	252,259	274,049
Change in Cash Position	-183,757	-45,484	-56,286	-16,941	21,790

Management

CEO: Miguel Angel Peirano

CFO: Andrés Wainer

IRO: Paula Vicuña

www.koandina.cl

Sources: Company Reports and Credicorp Capital

Rating: Hold
TP: CLP 6,600 (loc) / USD 13.9 (ADR)

Rodrigo Godoy - rgodoy@credicorpcapital.com

María Ignacia Montt - mmonttq@credicorpcapital.com

We stay neutral on CCU given the lack of volume growth across business segments and continued cost pressures.

Investment Thesis

We are reiterating our Hold recommendation for CCU and introducing a new 2026YE TP of CLP 6,600/share. Once again, the underperformance of CCU's stock so far this year compared to Coca-Cola Andina is based on less consistent sales volume patterns in its main product categories in Chile, as well as in the international segment, particularly in Argentina, in addition to the persistence of certain cost pressures (aluminum, wine, CLP/USD parity). Given the relevance of CCU's operations in Argentina, the most recent news has also not contributed to improving investor sentiment towards the name.

Overall, we see a more limited upside and a less encouraging historical path in CCU's profitability metrics compared to Coca-Cola Andina. This is attributed to: i) the subpar performance of its international operations, mostly explained by Argentina, where the company is a price taker as the market is led by AB InBev; ii) a more intense competition in the beer segment in Chile, which has posed challenges for the company to pass through cost pressures to prices; and, iii) the challenges faced by the wine business. Additionally, its JV with Grupo Postobón in Colombia continues to negatively impact the company's results, with low visibility regarding a potential reversal in that trend.

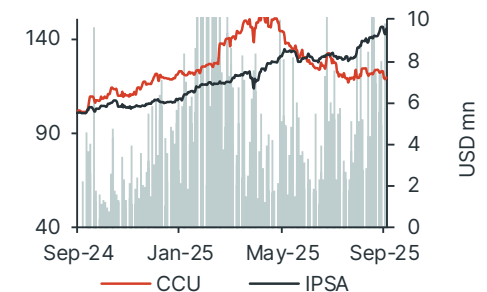
Valuation

Our December 2026 target price of CLP 6,600/share is derived from a 10-year DCF model, resulting in an implied EV/Fwd EBITDA of 6.2x, which is 22% lower than its 10-year historical valuation. While the latter figure looks appealing, it is worth noting that other names with global exposure to the beer category trade at EV/Fwd EBITDA multiples with a similar discount to that of CCU shares compared to their respective histories, while Ambev stock appears even more discounted.

Stock Data

Ticker	ccu ci / ccu us
Price (CLP)	5,792 (loc) / 13.1 (ADR)
Target (CLP)	6,600 (loc) / 13.9 (ADR)
Total Return	18.2%
LTM Range	4,850 - 7,380
M. Cap (USD mn)	2,245
Shares Outs. (mn)	370
Free Float	34%
ADTV (USD mn)	4.8

Price Chart (CLP) and Volumes (USD mn)

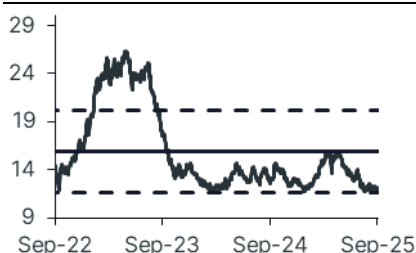


Valuation Summary

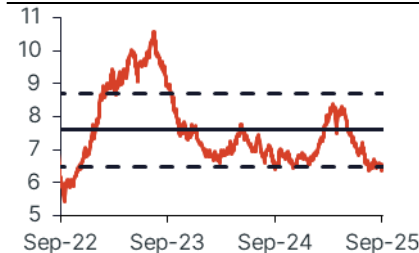
	2024	2025E	2026E	2027E
EV/EBITDA	7.1	6.9	6.3	5.9
P/E	13.2	12.7	12.4	11.9
P/CF	14.5	11.7	12.1	9.3
P/BV	1.4	1.4	1.3	1.2
Div. Yield	3.8%	3.7%	4.2%	4.8%

Sources: Company Reports and Credicorp Capital

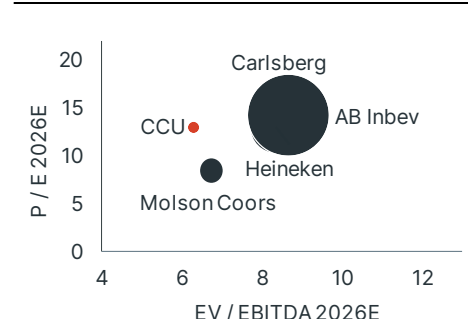
P/E 12M Forward



EV/EBITDA 12M Forward

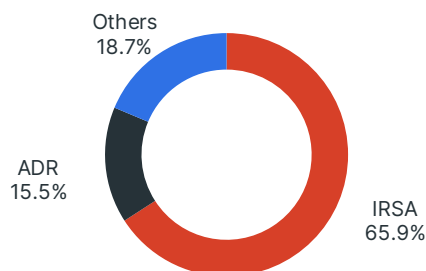


Relative Valuation

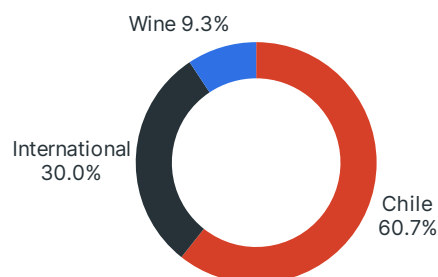


CCU
Company Description

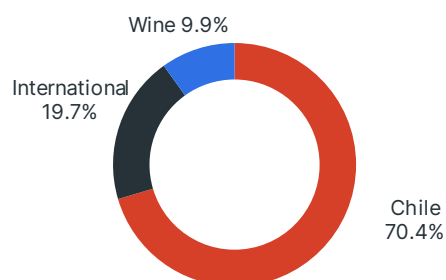
CCU is a multicategory bottler and distribution company, leading beer production in Chile, controlled by IRSA, a 50-50 partnership between the Luksic Group (Quiñenco) and Heineken. The company produces and distributes soft drinks (Pepsico and Schweppes), wines (VSPT winery), spirits, cider in Argentina and snacks. In the past years, it has entered to new markets such as Uruguay, Paraguay, Bolivia and Colombia.

Ownership Structure (As of Jun-25)

Income Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Revenues	2,565,556	2,904,566	3,089,411	3,278,088	3,452,368
Gross Profit	1,186,944	1,313,609	1,380,419	1,469,995	1,560,848
EBITDA	379,402	415,936	421,711	463,763	498,275
Net Income	105,653	160,944	168,156	172,228	180,537
EPS (CLP)	286	436	455	466	489
Gross Margin	46.3%	45.2%	44.7%	44.8%	45.2%
EBITDA Margin	14.8%	14.3%	13.7%	14.1%	14.4%
Net Margin	4.1%	5.5%	5.4%	5.3%	5.2%

Sales by business division (LTM)

Balance Sheet

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	625,595	719,022	612,301	643,854	761,352
Total Current Assets	1,601,683	1,771,267	1,616,118	1,685,816	1,836,076
Total Assets	3,423,946	3,989,717	3,791,995	3,886,216	4,030,551
Current Liabilities	687,483	860,006	766,899	780,581	802,851
Financial Debt	1,348,540	1,399,885	1,242,418	1,223,904	1,243,970
Total Liabilities	2,086,564	2,317,202	2,075,168	2,069,463	2,115,969
Minority Interest	119,018	147,332	150,117	168,503	187,777
Shareholders Equity	1,218,365	1,525,183	1,566,710	1,648,249	1,726,805
Total Liabilities + Equity	3,423,946	3,989,717	3,791,995	3,886,216	4,030,551
Net Debt /EBITDA	1.9	1.6	1.5	1.3	1.0
Financial Debt /EBITDA	3.6	3.4	2.9	2.6	2.5
Financial Debt /Equity	1.1	0.9	0.8	0.7	0.7
ROAE	8.3%	11.7%	10.9%	10.7%	10.7%
ROAA	3.0%	4.3%	4.3%	4.5%	4.6%
ROIC	13.0%	12.7%	11.1%	9.5%	10.1%

EBITDA by business division (LTM)

Cash Flow Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	642,740	625,595	719,022	612,301	643,854
Cash Flow From Operation:	338,709	27,980	355,725	306,687	351,893
CAPEX	-129,448	-160,086	-181,134	-184,317	-171,753
Changes in Financial Debt	-22,166	51,345	-157,467	-18,515	20,067
Dividends (Paid) Received	-65,583	-81,797	-79,856	-90,689	-101,981
Other CFI & CFF Items	-138,656	255,986	-43,989	18,387	19,274
Changes in Equity	0	0	0	0	0
Final Cash	625,595	719,022	612,301	643,854	761,352
Change in Cash Position	-17,145	93,427	-106,721	31,553	117,499

Management

CEO: Patricio Jottar
 CFO: Felipe Dubernet
 IRO: Claudio Las Heras
www.ccu.cl

Sources: Company Reports and Credicorp Capital

Cenco Malls

Rating: Hold
TP: CLP 2,250

**Equity Research Chile
Real Estate**

Macarena Gutiérrez - mgutierrez@credicorpcapital.com
Sebastian Oré - sebastianore@credicorpcapital.com

Holding the line: exceptional margin strength vs. execution risks

Investment Thesis

We maintain our HOLD recommendation on Cenco Malls and introduce a 2026YE target price of CLP 2,250/share, implying a potential upside of approximately 5%, alongside an expected 2026E dividend yield of 4.2%.

Margins offer comfort, execution keeps us on our toes. Local operational performance has maintained quite good trends, with healthy top-line trends and margins still rising above the long-term 90% EBITDA margin, even when the Company has been strengthening its team and increasing headcount. Regarding international operations, we do see some headwinds coming as seen recently. With Perú trying to handle the value proposition in Cenco La Molina, this as the second phase of the asset, the one that contains a considerable part of the commercial offering, remains incomplete. About Colombia, the story does not seem any easier, as Cenco Limonar should be completed by the end of the year, headcount rises, and some assets face higher tax land payments. In both these cases, the impact is quite limited in consolidated results, but it does make us feel a little more cautious about the ongoing investment plan, especially the greenfield projects that are the primary source of growth for the Company. In the case of Cenco Vitacura in Chile, permits are still being processed, and the advance is even less as far as Cenco SJD. **Looking ahead, the portfolio remains solid**, with a strong concentration of top assets like Cenco Costanera and Alto Las Condes, which together account for roughly 40% of NOI and continue to support above-average occupancy and foot traffic. Operational margins remain healthy, with occupancy costs below pre-pandemic levels, allowing the Company to absorb and pass through cost pressures such as inflation and property tax increases. We maintain a positive view of the commercial real estate sector, supported by internal and external drivers.

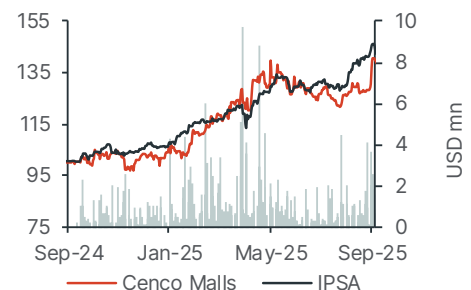
Valuation

Our target price is derived from a 50/50 blend of a ten-year discounted cash flow (DCF) (WACC 8% - Ke 11%) model and a multiple-based valuation, incorporating a 9% forward 12-month Cap Rate and a 10.5x P/FFO multiple. We project CAGRs of 6.7% and 8.0% for EBITDA and FFO, respectively, over the 2025-2028 period.

Stock Data

Ticker	cencomal ci
Price (CLP)	2,135
Target (CLP)	2,250
Total Return	9.6%
LTM Range	1,482 - 2,148
M. Cap (USD mn)	3,820
Shares Outs. (mn)	1,706
Free Float	28%
ADTV (USD mn)	1.1

Price Chart (CLP) and Volumes (USD mn)

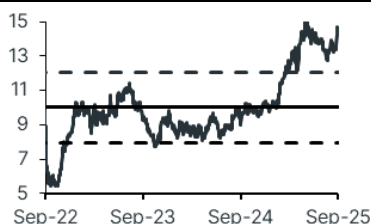


Valuation Summary

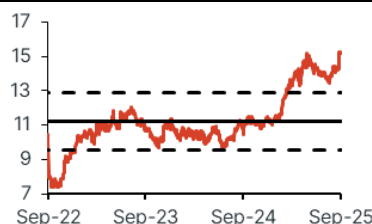
	2024	2025E	2026E	2027E
EV/EBITDA	10.3	12.8	11.9	11.4
P/E	9.8	14.4	13.9	13.6
P/CF	16.4	86.8	23.1	20.5
P/BV	0.9	1.3	1.2	1.2
Div. Yield	7.6%	4.5%	4.2%	4.3%

Sources: Company Reports and Credicorp Capital

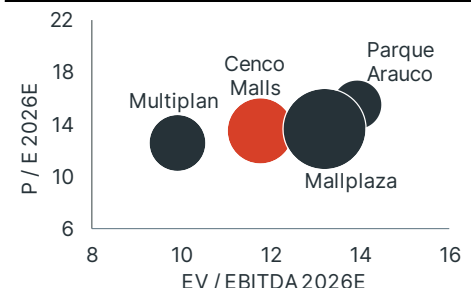
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

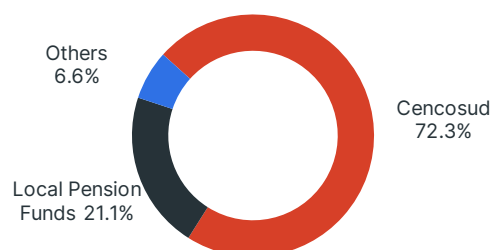


Cenco Malls

Company Description

Cenco Malls is a Chilean Real Estate developer and shopping mall operator. The company is part of the Cencosud Holding and was listed on the Santiago Stock Exchange in June 2019, being the largest listing on the local market. Its portfolio includes regional malls, neighborhood malls, power centers, and offices across Chile, Peru and Colombia, reaching a total GLA of 1,399,653 sqm. The company is the second mall operator in Chile in terms of GLA and revenues.

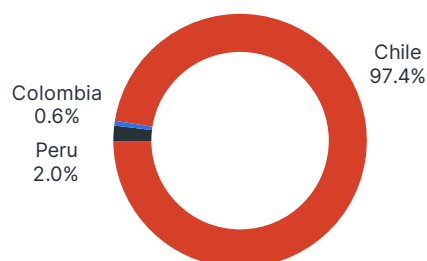
Ownership Structure



Income Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Revenues	314,785	353,184	379,484	402,148	422,841
Gross Profit	303,378	341,252	365,044	389,567	409,901
EBITDA	283,452	326,023	341,575	367,012	386,186
Net Income	187,474	272,299	253,414	261,622	267,740
EPS (CLP)	110	160	149	153	157
Gross Margin	96.4%	96.6%	96.2%	96.9%	96.9%
EBITDA Margin	90.0%	92.3%	90.0%	91.3%	91.3%
Net Margin	59.6%	77.1%	66.8%	65.1%	63.3%

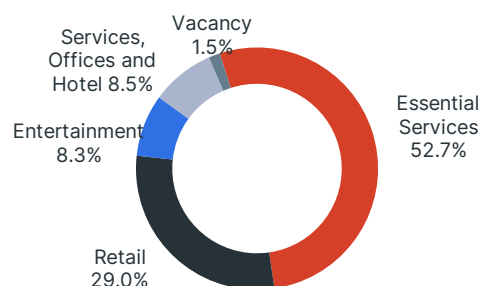
EBITDA breakdown by country (LTM)



Balance Sheet

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	116,450	115,052	136,691	199,267	152,480
Total Current Assets	163,242	151,627	175,555	244,538	197,306
Total Assets	4,147,696	4,291,156	4,570,671	4,779,964	4,841,148
Current Liabilities	73,152	85,631	108,039	108,372	90,371
Financial Debt	766,621	794,908	972,656	1,072,599	1,041,567
Total Liabilities	1,396,949	1,456,656	1,674,910	1,774,310	1,724,634
Minority Interest	5,992	6,468	6,965	7,284	7,378
Shareholders Equity	2,744,755	2,828,032	2,888,795	2,998,369	3,109,136
Total Liabilities + Equity	4,147,696	4,291,156	4,570,671	4,779,964	4,841,148
Net Debt /EBITDA	2.3	2.1	2.4	2.4	2.3
Financial Debt /EBITDA	2.7	2.4	2.8	2.9	2.7
Financial Debt /Equity	0.3	0.3	0.3	0.4	0.3
ROAE	6.9%	9.8%	8.9%	8.9%	8.8%
ROAA	4.6%	6.5%	5.7%	5.6%	5.6%
ROIC	6.5%	7.0%	6.8%	7.0%	7.1%

GLA breakdown by category (LTM)



Management

CEO: Sebastián Bellocchio

CFO: Agustin Letelier

IRO: Irina Axenova

www.cencomalls.com/corporativo

Cash Flow Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	98,965	116,450	115,052	136,691	199,267
Cash Flow From Operations	191,968	325,998	292,238	255,292	250,192
CAPEX	-63,819	-73,354	-201,213	-108,757	-87,925
Changes in Financial Debt	30,859	28,287	177,748	99,943	-31,032
Dividends (Paid) Received	-162,054	-202,994	-163,380	-152,048	-156,973
Other CFI & CFF Items	20,530	-79,334	-83,754	-31,853	-21,049
Changes in Equity	0	0	0	0	0
Final Cash	116,450	115,052	136,691	199,267	152,480
Change in Cash Position	17,485	-1,398	21,639	62,576	-46,787

Sources: Company Reports and Credicorp Capital

Cencosud

Rating: Buy
TP: CLP 3,500

 Macarena Gutiérrez - mgutierrez@credicorpcapital.com
 Sebastian Oré - sebastianore@credicorpcapital.com

No discounts needed: value already on the shelf

Investment Thesis

We are maintaining our BUY recommendation, slightly changing our target price, introducing a new 2026YE price of CLP 3,500/share (previously for 2025YE CLP 3,600/share). Cencosud is one of the most attractive options within the retail sector, as its multiple parts converge into a positive speech: Chile is expected to remain stable, supported by a supermarket strategy that should help navigate the softer phase of basic consumption. Retail and shopping center operations should remain supported by steady local consumption performance, with further support expected from tourism. Argentina may remain volatile in the near term, but normalization is underway, with the company maintaining its strong market position. The US business is expected to move forward with its expansion plan, as recently opened stores mature and support the upward trend in consolidated margins. Peru continues a stable path with resilient margins. Brazil is moving toward stronger margins, following the deconsolidation of underperforming assets. Lastly, Colombia, having made significant progress in profitability, stands to benefit from a more favorable macroeconomic outlook. With this, Cencosud offers a combination of attractive valuation and a promising outlook for results delivery, which we see as more tangible over the medium term.

Alongside, the company is currently trading at 7.7x EV/EBITDA NTM, comparing positively with pre pandemic levels, not even incorporating a more stabilized operations in Argentina, and the participation in the US, also, which accounts for an even more attractive profile from Cencosud.

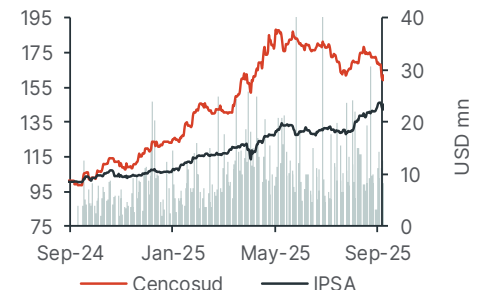
Valuation

Our TP is based 50/50 on a ten-year DCF model (WACC 10% - Ke 14%) and a SOTP multiple valuation. In our multiple valuations, we are assuming EV/EBITDA of 8.0x for Super, 12.0x for Home, and 7x for D. Stores, while we are valuing Cenco Malls at CLP ~2,250/share. We estimate 2025-2028 CAGRs of 7% and 15% for EBITDA and net income, respectively, which will be driven by maintaining the strong operational performance in Chile, Peru, and Brazil while improving margins in the USA.

Stock Data

Ticker	cencosud ci
Price (CLP)	2,881
Target (CLP)	3,500
Total Return	23.4%
LTM Range	1,755 - 3,348
M. Cap (USD mn)	8,480
Shares Outs. (mn)	2,806
Free Float	44%
ADTV (USD mn)	10.1

Price Chart (CLP) and Volumes (USD mn)

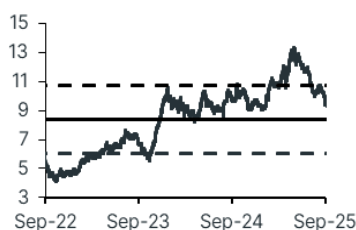


Valuation Summary

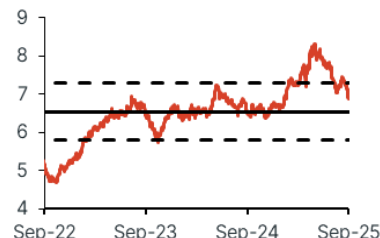
	2024	2025E	2026E	2027E
EV/EBITDA	7.4	8.2	7.4	7.1
P/E	11.5	12.4	10.0	9.0
P/CF	6.2	9.6	6.6	6.4
P/BV	1.3	1.7	1.5	1.3
Div. Yield	1.0%	0.6%	2.0%	3.2%

Sources: Company Reports and Credicorp Capital

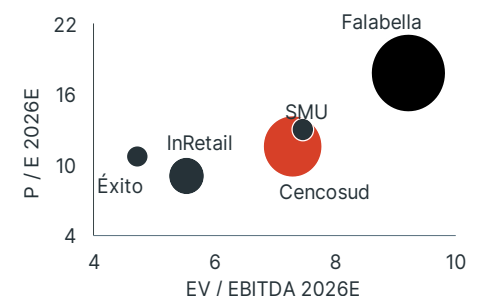
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

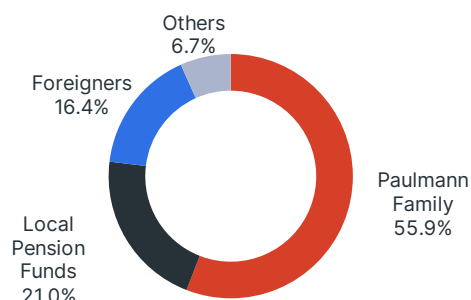


Cencosud

Company Description

Cencosud is a Chilean multi-format retailer, integrating Supermarkets (Jumbo, Santa Isabel, Disco, The Fresh Market, Giga), Department Stores (Paris), Real Estate, Home Improvement (Easy) and Financial Services. The company has over 60 years of history and ranks among the largest retailers in Latam, with operations in Chile, Argentina, Brazil, Colombia, Peru and United States.

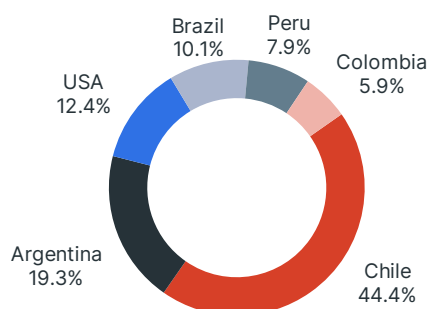
Ownership Structure



Income Statement

CLP bn	2023	2024	2025E	2026E	2027E
Revenues	15,230	16,061	17,076	17,666	18,410
Gross Profit	4,680	4,868	5,163	5,397	5,629
EBITDA	1,634	1,556	1,754	1,957	2,021
Net Income	751	540	652	812	899
EPS (CLP)	266	191	231	287	318
Gross Margin	30.7%	30.3%	30.2%	30.6%	30.6%
EBITDA Margin	10.7%	9.7%	10.3%	11.1%	11.0%
Net Margin	4.9%	3.4%	3.8%	4.6%	4.9%

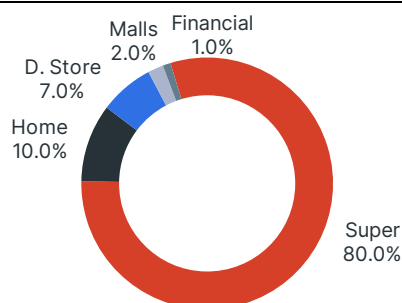
Revenue breakdown by country (LTM)



Balance Sheet

CLP bn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	740	1,009	688	841	864
Total Current Assets	2,976	3,898	3,302	3,626	3,766
Total Assets	13,573	15,322	14,904	15,164	15,215
Current Liabilities	3,799	4,249	3,963	4,180	4,340
Financial Debt	5,490	5,707	5,321	4,544	3,817
Total Liabilities	9,295	10,011	9,377	8,798	8,202
Minority Interest	607	632	647	834	837
Shareholders Equity	3,671	4,679	4,879	5,533	6,176
Total Liabilities + Equity	13,573	15,322	14,904	15,164	15,215
Net Debt /EBITDA	2.9	3.0	2.6	1.9	1.5
Financial Debt /EBITDA	3.4	3.7	3.0	2.3	1.9
Financial Debt /Equity	1.5	1.2	1.1	0.8	0.6
ROAE	20.5%	12.9%	13.6%	15.6%	15.4%
ROAA	5.6%	3.7%	4.3%	5.4%	5.9%
ROIC	14.5%	11.6%	9.9%	11.0%	11.6%

Revenue breakdown by business (LTM)



Cash Flow Statement

CLP bn	2023	2024	2025E	2026E	2027E
Initial Cash	590	740	1,009	688	841
Cash Flow From Operations	1,301	897	1,037	1,348	1,447
CAPEX	-336	-452	-591	-444	-440
Changes in Financial Debt	310	218	-386	-777	-728
Dividends (Paid) Received	-289	-59	-46	-158	-255
Other CFI & CFF Items	-835	-335	-334	185	0
Changes in Equity	0	0	0	0	0
Final Cash	740	1,009	688	841	864
Change in Cash Position	151	269	-321	153	23

Management

CEO: Rodrigo Larraín

CFO: Andrés Neely

IRO: Irina Axenova

www.cencosud.com/inversionistas

Sources: Company Reports and Credicorp Capital

Cencosud

Fixed Income Research Chile Retail

Baa3 / NR / BBB

Josefina Valdivia - jvaldivia@credicorpcapital.com

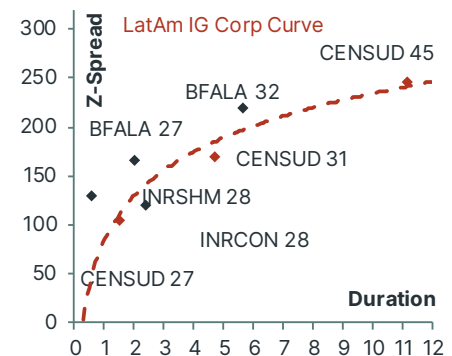
Outlook: s / nr / s

Resilient business and clear strategy

Investment Thesis

We expect Cencosud's performance to improve over the coming quarters, supported by a resilient supermarket business in Chile, solid retail figures, improved profitability in Peru, and continued progress in the turnaround of its Colombian operations. Notably, Argentina should maintain real top-line growth, while EBITDA margins benefit from a more normalized comparison base. Although Brazil remains a weak spot, recent trends show signs of gradual improvement. Leverage remains manageable at 3.2x, and we continue to view Cencosud as a defensive credit, underpinned by the resilience of its core operations and the effective execution of its strategy across key markets and formats. We maintain our Overweight on CENSUD 31, favoring it as a defensive option, albeit with limited room for further spread tightening.

Cencosud Bonds and comparables



Credit Data

REG-S Notes	3
Outstanding Senior Notes	USD 1,975mn
Closest Call Date	17-Apr-27
Closest Maturity Date	17-Jul-27

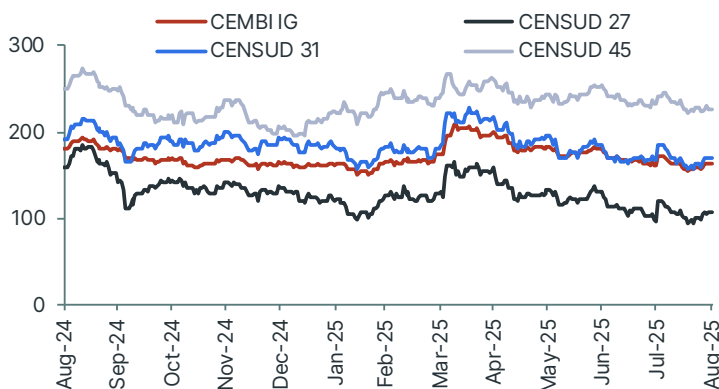
Concerns

- Exposure to consumption trends
- Intense competitive dynamics, particularly in Brazil and Colombia.

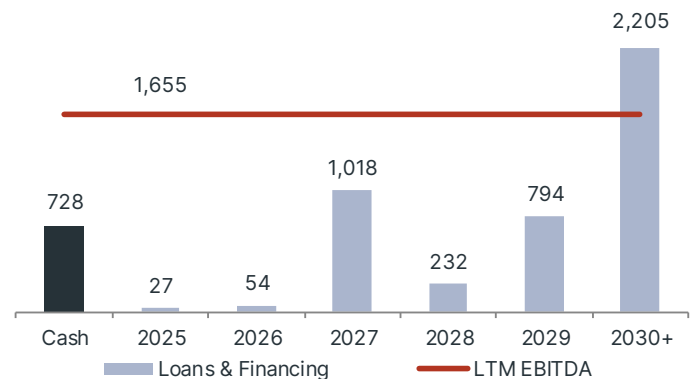
Strengths

- Diversification by geography and business, with solid market position
- Strong positioning in the defensive supermarket businesses (leader in Chile and Argentina) and solid margins for a supermarket-concentrated business
- Strong capital structure

Z-Spread evolution



Debt Maturity Profile



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
CENSUD 27	USD 975mn	4.38%	Baa3 / NR / BBB	103	1.5	100.0	0.4%	4.3%	Neutral
CENSUD 31	USD 650mn	5.95%	Baa3 / NR / BBB	169	4.7	104.8	0.5%	4.9%	Overweight
CENSUD 45	USD 350mn	6.63%	Baa3 / NR / BBB	245	11.2	104.5	0.5%	6.2%	Neutral

Concha y Toro

Rating: Hold
TP: CLP 1,250

Rodrigo Godoy - rgodoy@credicorpcapital.com
María Ignacia Montt - mmonttq@credicorpcapital.com

The industry's modest growth and closest peer derating may prevent the stock from outperforming despite the progress in premiumization.

Investment Thesis

We are reiterating our Hold recommendation for Concha y Toro and introducing a new 2026YE TP of CLP 1,250/share. There is no doubt that Concha y Toro's management has done a good job in timely implementing efficiency and productivity measures and successfully introducing new products to adapt to new trends, which has enabled a partial recovery of its operating margins and profitability metrics. However, the contraction in wine consumption, intense competition in all price segments, the impact of import tariff hikes, and additional cost pressures (increased wine costs in Chile and higher taxes in certain markets, particularly the UK) have resulted in modest sales growth this year and a slower-than-expected recovery in operating margins. Consequently, the market has adjusted its earnings expectations downward.

In this context, the remarkable lag recorded by the stock so far this year, accumulating four years of returns below the IPSA, shows no signs of a reversal in the medium-term. In our opinion, this thesis is reinforced by the derating exhibited by Treasury Wine Estates (TWE) since last year (currently trading at around ~8x EV / 12m Fwd EBITDA with a discount of over 30% compared to its 5-year average). TWE is a well-respected Australian winery (market capitalization of ~USD 4.1 billion) with a portfolio of luxury and premium products that represent almost 90% of its sales revenue, recording operating margins and profitability metrics well above those of Concha y Toro.

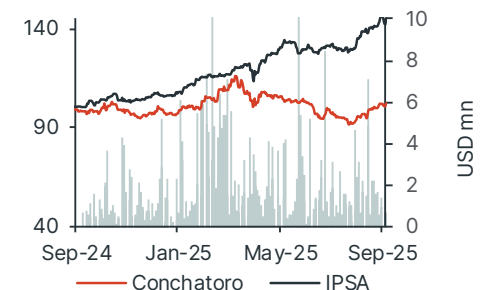
Valuation

At our new TP of CLP 1,250/share by December 2026, the stock would trade at an EV/Fwd EBITDA of 7.4x, below its 5-year-end average EV/Fwd EBITDA (9x). In our view, the discount relies on the modest growth prospects of the industry, the increased volatility of the CLP and other currencies to which the company is exposed, and the derating observed in its closest comparable. Concha y Toro's shares are trading at not particularly appealing discounts versus its own history compared to what is observed for its closest peer (TWE) and other more diversified alcoholic beverage producers.

Stock Data

Ticker	concha ci
Price (CLP)	1,145
Target (CLP)	1,250
Total Return	13.3%
LTM Range	1,025 - 1,299
M. Cap (USD mn)	888
Shares Outs. (mn)	739
Free Float	62%
ADTV (USD mn)	1.9

Price Chart (CLP) and Volumes (USD mn)

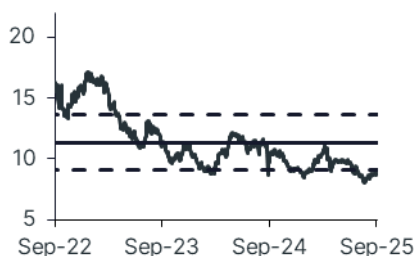


Valuation Summary

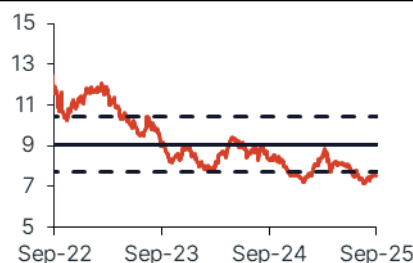
	2024	2025E	2026E	2027E
EV/EBITDA	8.3	8.3	7.5	7.2
P/E	10.4	9.8	8.5	8.0
P/CF	12.1	18.2	12.2	8.4
P/BV	1.0	1.0	0.9	0.8
Div. Yield	2.6%	3.9%	4.1%	4.7%

Sources: Company Reports and Credicorp Capital

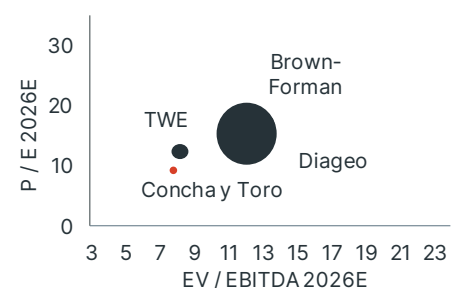
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

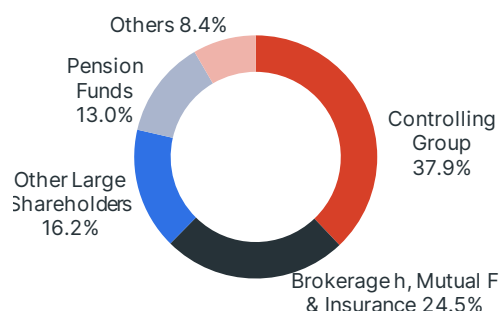


Conchatoro

Company Description

Concha y Toro is the leading Latin American wine producer and one of the world's largest wine companies, exporting to over 130 countries worldwide. The company sold ~30 million cases in 2024 (~33 million cases including beer and spirits commercialized in Chile). It currently owns over 12,000 hectares of vineyards in Chile, Argentina, and the USA. The company has a network of 12 commercial offices and its own distribution subsidiaries in North America, South America, Asia, and Europe. Its wine portfolio boasts iconic brands such as Don Melchor and its flagship brand Casillero del Diablo.

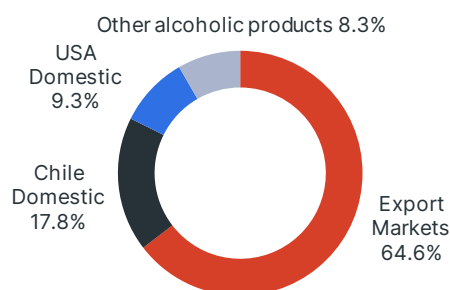
Ownership Structure (As of Dic-24)



Income Statement

CLP mn	2023	2024	2025E	2026E	2027E
Revenues	837,213	958,630	996,566	1,011,838	1,023,459
Gross Profit	309,431	372,692	394,042	408,110	417,191
EBITDA	95,423	151,375	159,174	176,175	184,460
Net Income	43,126	77,420	86,360	99,316	105,732
EPS (CLP)	58	105	117	134	143
Gross Margin	37.0%	38.9%	39.5%	40.3%	40.8%
EBITDA Margin	11.4%	15.8%	16.0%	17.4%	18.0%
Net Margin	5.2%	8.1%	8.7%	9.8%	10.3%

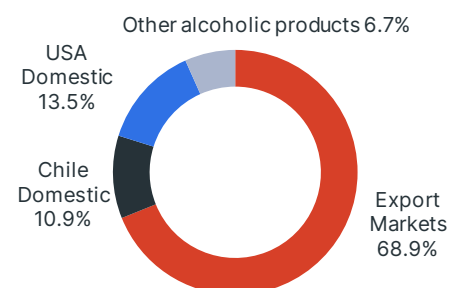
Volume Breakdown (LTM)



Balance Sheet

CLP mn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	53,179	58,320	94,278	119,417	182,738
Total Current Assets	821,784	849,576	908,400	954,854	1,013,410
Total Assets	1,636,537	1,718,769	1,816,257	1,876,862	1,955,200
Current Liabilities	456,385	505,542	547,862	536,057	538,418
Financial Debt	520,311	503,596	534,501	530,981	541,673
Total Liabilities	854,453	893,877	930,909	925,405	936,712
Minority Interest	7,827	7,220	7,174	8,511	9,934
Shareholders Equity	774,257	817,672	878,174	942,946	1,008,554
Total Liabilities + Equity	1,636,537	1,718,769	1,816,257	1,876,862	1,955,200
Net Debt /EBITDA	4.9	2.9	2.8	2.3	1.9
Financial Debt /EBITDA	5.5	3.3	3.4	3.0	2.9
Financial Debt /Equity	0.7	0.6	0.6	0.6	0.5
ROAE	5.6%	9.7%	10.2%	10.9%	10.8%
ROAA	2.7%	4.6%	4.9%	5.4%	5.5%
ROIC	4.5%	7.1%	7.4%	8.0%	8.3%

Revenue Breakdown (LTM)



Cash Flow Statement

CLP mn	2023	2024	2025E	2026E	2027E
Initial Cash	47,401	53,179	58,320	94,278	119,417
Cash Flow From Operation:	21,951	111,246	90,958	111,867	140,787
CAPEX	-59,839	-54,778	-60,000	-50,000	-49,457
Changes in Financial Debt	68,817	-16,714	30,905	-3,521	10,693
Dividends (Paid) Received	-32,150	-21,163	-33,119	-34,544	-40,124
Other CFI & CFF Items	16,559	-12,862	7,214	1,337	1,423
Changes in Equity	-9,561	-587	0	0	0
Final Cash	53,179	58,320	94,278	119,417	182,738
Change in Cash Position	5,778	5,141	35,958	25,139	63,322

Management

CEO: Eduardo Guilisasti
 CFO: Osvaldo Solar
 IRO: Daniela Lama
<https://www.vinacyt.com>

Sources: Company Reports and Credicorp Capital

Entel

Rating: Hold
TP: CLP 3,700

**Equity Research Chile
Telecom & I.T.**

Rodrigo Godoy - rgodoy@credicorpcapital.com
María Ignacia Montt - mmonttq@credicorpcapital.com

Awaiting the outcome of Movistar’s sale in Chile as it might trigger industry consolidation or continue perpetuating its subpar profitability

Investment Thesis

We are reaffirming our Hold recommendation on Entel with a 2026YE TP of CLP 3,700. With 1H25 results not justifying the rally observed in the stock since May, there is no doubt that this is mainly attributed to Telefónica's exit from various countries in the region and news indicating that it had hired financial advisors to facilitate the sale of Movistar in Chile. This sparked investor interest in Entel's stock, which had been significantly lagging the IPSA. Since then, and up to the writing of this report, its return has almost doubled that of the index, leaving, in our opinion, little room for further appreciation, as it now trades at an EV/EBITDA ratio closer to what we consider fair for a market the size of Chile with four operators.

The expected moderation in competitive intensity after WOM exited Chapter 11 and Claro took control of VTR has not yet materialized. Promotional activity has not allowed for tariff adjustments to mobile services in Chile this year, while the deployment of the FTTH connections has been more selective with the aim of minimizing churn rate and avoiding the connection cost per subscriber not being recovered. It will be crucial to observe the outcome of Movistar's potential exit, as if incumbents take control of Movistar's assets and Entel strengthens its market position in the most attractive segments, we would see room for multiple expansion.

Regarding the business in Peru, Telefónica's operations were acquired by Integratec, which is taking actions to financially restructure the company and thus return to competing effectively. As for the FTTH business, we understand that the company continues to analyze options to implement its deployment in the country, so we expect news on that front in the medium term. If this materializes, an increase in investment needs and a negative impact on margins associated with the cost of acquiring new customers would be expected. Considering the described context, we feel comfortable reiterating our neutral stance on Entel's stock, while remaining particularly attentive to developments related to the potential sale of Movistar in Chile.

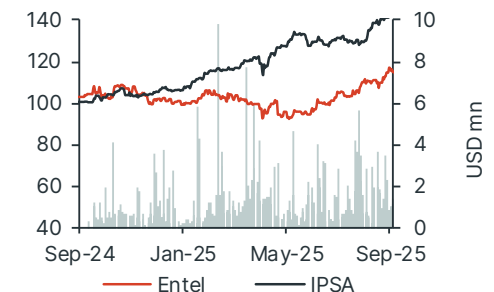
Valuation

Our new target price by December 2026 is derived from a 10-year DCF valuation model. The stock continues to trade at multiples below its Mexican and Brazilian peers (~20% discount for 2026 and 2027), although close to what we consider a fair multiple.

Stock Data

Ticker	entel ci
Price (CLP)	3,439
Target (CLP)	3,700
Total Return	15.2%
LTM Range	2,700 - 3,439
M. Cap (USD mn)	1,090
Shares Outs. (mn)	302
Free Float	45%
ADTV (USD mn)	1.3

Price Chart (CLP) and Volumes (USD mn)

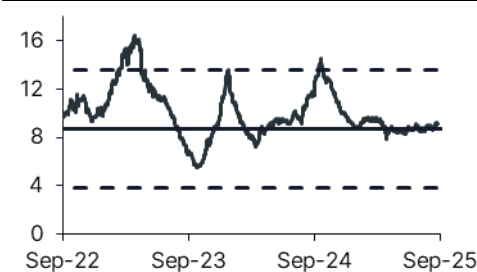


Valuation Summary

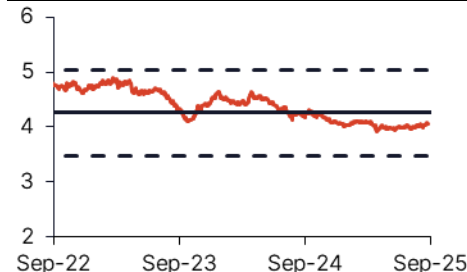
	2024	2025	2026	2027
EV/EBITDA	4.1	4.1	3.8	3.7
P/E	13.2	11.5	8.5	8.1
P/CF	4.5	3.7	3.9	3.5
P/BV	0.5	0.6	0.5	0.5
Div. Yield	9.6%	5.6%	7.6%	9.4%

Sources: Company Reports and Credicorp Capital

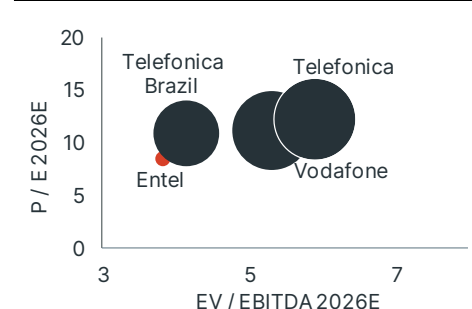
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

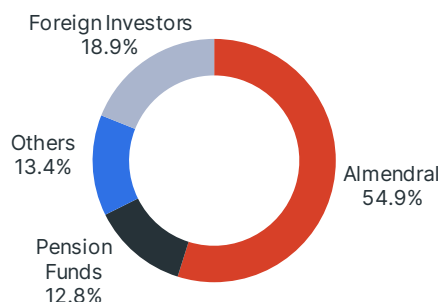


Entel

Company Description

Entel is a telecommunications company operating in Chile and Peru, providing mobile and fixed connectivity services, along with a wide range of IT and digital services for individuals, businesses, and large corporations. In Chile, Entel serves 10.2 million customers and holds approximately 42% of the mobile revenue market share. In Peru, the company has 10.2 million mobile clients and commands a 24% share of the mobile revenue market. Entel is controlled by Almendral, which comprises the Matte, Fernandez León, Hurtado Vicuña, Consorcio, Izquierdo Menéndez, and Gianoli groups.

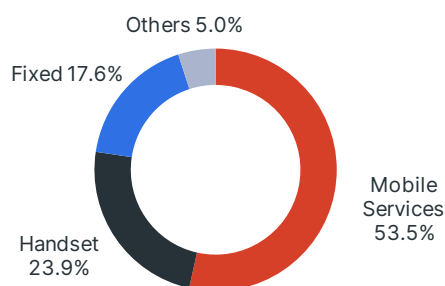
Ownership Structure (As of Jun-25)



Income Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Revenues	2,573,142	2,764,760	2,939,903	3,086,514	3,188,797
Gross Profit	540,016	547,591	575,346	624,570	654,728
EBITDA	762,562	788,612	824,840	892,063	932,168
Net Income	88,884	67,673	90,071	121,898	127,960
EPS (CLP)	294	224	298	404	424
Gross Margin	21.0%	19.8%	19.6%	20.2%	20.5%
EBITDA Margin	29.6%	28.5%	28.1%	28.9%	29.2%
Net Margin	3.5%	2.4%	3.1%	3.9%	4.0%

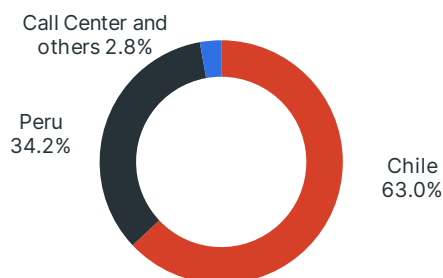
Revenue breakdown by Bussines (LTM)



Balance Sheet

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	701,750	382,569	424,005	437,398	468,319
Total Current Assets	1,596,065	1,354,154	1,430,994	1,484,331	1,523,796
Total Assets	5,698,688	5,839,399	5,862,884	5,914,324	5,952,098
Current Liabilities	1,336,993	1,390,644	997,669	1,029,082	1,036,508
Financial Debt	2,706,461	2,699,964	2,710,809	2,686,315	2,686,217
Total Liabilities	4,023,235	4,003,379	3,984,058	3,992,453	3,999,786
Minority Interest	0	0	0	0	0
Shareholders Equity	1,675,453	1,836,020	1,878,826	1,921,871	1,952,312
Total Liabilities + Equity	5,698,688	5,839,399	5,862,884	5,914,324	5,952,098
Net Debt /EBITDA	2.6	2.9	2.8	2.5	2.4
Financial Debt /EBITDA	3.5	3.4	3.3	3.0	2.9
Financial Debt /Equity	1.6	1.5	1.4	1.4	1.4
ROAE	5.5%	3.9%	4.8%	6.4%	6.6%
ROAA	1.6%	1.2%	1.5%	2.1%	2.2%
ROIC	4.8%	3.0%	6.1%	5.7%	5.0%

Revenue breakdown by Country (LTM)



Cash Flow Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	353,690	701,750	382,569	424,005	437,398
Cash Flow From Operation:	980,201	134,146	595,444	734,043	766,297
CAPEX	-540,627	-539,724	-517,589	-617,303	-637,759
Changes in Financial Debt	-123,568	-6,498	10,845	-24,494	-98
Dividends (Paid) Received	-28,443	-86,225	-57,774	-78,853	-97,518
Other CFI & CFF Items	60,496	179,119	10,509	0	0
Changes in Equity	0	0	0	0	0
Final Cash	701,750	382,569	424,005	437,398	468,319
Change in Cash Position	348,060	-319,181	41,436	13,393	30,921

Management

CEO: Antonio Buchi
CFO: Marcelo Bermúdez
IRO: Paula Raventós
www.entel.cl

Sources: Company Reports and Credicorp Capital

Seems like we hit the top, but new heights might be coming

Investment Thesis

We are changing our recommendation from BUY to HOLD, as the stock has experienced exceptional performance and our target price has slightly risen above current market levels. We once again revised our numbers upwards, increasing our 2025YE target price of CLP 5,300/share to a 2026YE CLP 6,000/share. This as the company has consistently surpassed both our bets and their own guidance. With this, we see stock trading at 18.3x P/E NTM, which compares favorably with pre pandemic history.

We see limited space for the stock at current levels, but execution has been spotless. We highlight strong operational delivery from the company, as it has surpassed market estimations consistently for the last year, even achieving its 2025-2026 guidance ahead of schedule. As of now, Falabella has been able to ride the wave of discretionary consumption, benefiting from its brand strategy announced in last year's Investor Day, and should keep a privileged stance even though this year starts to transform into a challenging comparison base for 2026, as the year should present a mid-single-digit expansion in local private consumption, once again accompanied by a contribution from Argentine tourism. Next year also brings another chance for the construction industry to recover and a more dynamic consumption context for Colombia. Furthermore, we view Falabella as a more resilient company with a streamlined structure and a focused strategy, which should enhance performance during both downturns and upturns in the economic cycle. Lastly, even though the market is close to fully priced in Falabella's fundamentals, an advantageous political scenario could give the name an extra boost, as the company maintains a Chile-pick profile.

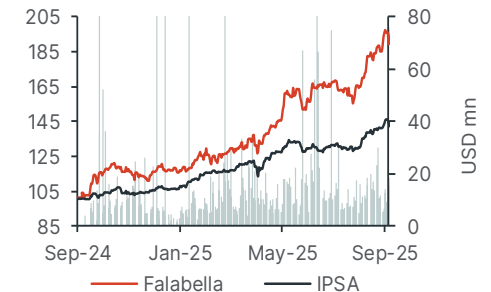
Valuation

Our target price is derived from a 50/50 blend of a 10-year discounted cash flow (DCF) model and a SOTP multiple valuation. Specifically, we applied an EV/EBITDA multiple of 12x for the Home segment, 7.0x for D.Stores, and 7.5x for Food. For the financial services division, we used a P/BV multiple of 2.2x. For the Malls division we incorporated a 12.5x EV/EBITDA. We also include IKEA and Mexico using a DCF approach. We also remark that both approaches lead us to almost the same price.

Stock Data

Ticker	falab ci
Price (CLP)	5,920
Target (CLP)	6,000
Total Return	3.5%
LTM Range	2,970 - 5,920
M. Cap (USD mn)	15,580
Shares Outs. (mn)	2,509
Free Float	49%
ADTV (USD mn)	15.3

Price Chart (CLP) and Volumes (USD mn)

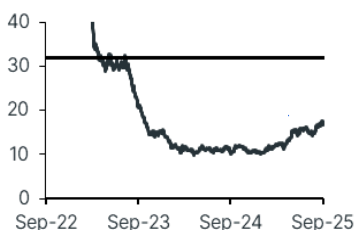


Valuation Summary

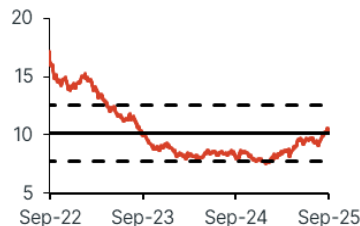
	2024	2025E	2026E	2027E
EV/EBITDA	10.1	10.2	9.6	8.9
P/E	20.3	18.7	17.5	15.9
P/CF	8.2	21.0	11.7	10.8
P/BV	1.3	1.9	1.8	1.7
Div. Yield	0.7%	1.3%	2.1%	2.9%

Sources: Company Reports and Credicorp Capital

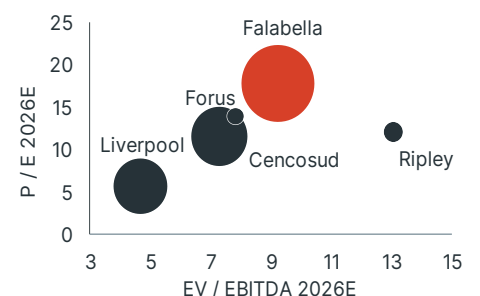
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

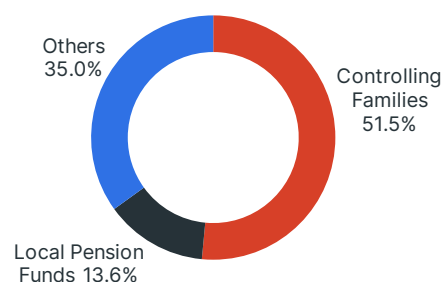


Falabella

Company Description

Falabella operates as a multi-format retailer, integrating department stores, home improvement, shopping centers, supermarkets, and financial services. Today, Falabella (~USD 12.5bn in LTM sales) ranks among the largest Latin American retailers with presence in Chile, Peru, Argentina, Colombia, Brazil and Uruguay. In 2018, they acquired the 4th e-commerce player in Mexico, Linio and today they operate the falabella.com marketplace across the board. Additionally, in 2018 the company announced an agreement with IKEA, and currently they operate the first two IKEA stores in LatAm.

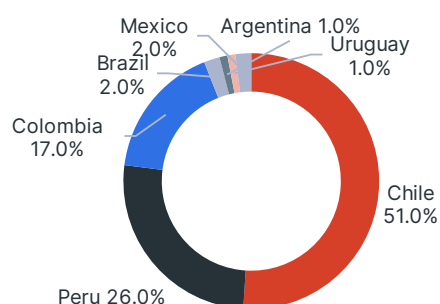
Ownership Structure



Income Statement

CLP mn	2023	2024	2025E	2026E	2027E
Revenues	11,245	12,154	13,329	13,963	14,684
Gross Profit	3,599	4,427	5,171	5,408	5,715
EBITDA	732	1,452	1,989	2,117	2,280
Net Income	-35	436	796	847	933
EPS (CLP)	24	192	217	338	372
Gross Margin	32.0%	36.4%	38.8%	38.7%	38.9%
EBITDA Margin	6.5%	11.9%	14.9%	15.2%	15.5%
Net Margin	-0.3%	3.6%	6.0%	6.1%	6.4%

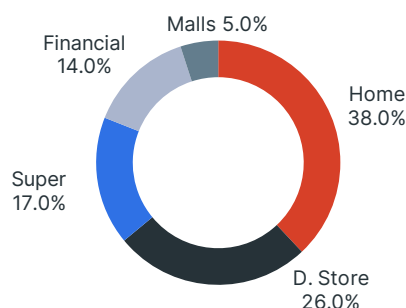
Revenue breakdown by country (LTM)



Balance Sheet

CLP mn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,116	1,788	1,546	1,618	1,992
Total Current Assets	3,475	4,464	4,186	4,620	5,029
Total Assets	23,839	25,262	26,761	28,024	29,410
Current Liabilities	2,237	2,892	2,279	2,568	2,385
Financial Debt	5,824	6,008	5,557	5,019	5,324
Total Liabilities	16,383	16,820	17,361	17,896	18,727
Minority Interest	1,155	1,613	1,632	1,790	1,878
Shareholders Equity	6,301	6,828	7,767	8,338	8,805
Total Liabilities + Equity	23,839	25,262	26,761	28,024	29,410
Net Debt /EBITDA	6.4	2.9	2.0	1.6	1.5
Financial Debt /EBITDA	8.0	4.1	2.8	2.4	2.3
Financial Debt /Equity	0.9	0.9	0.7	0.6	0.6
ROAE	-0.6%	6.6%	10.9%	10.5%	10.9%
ROAA	-0.1%	1.8%	3.1%	3.1%	3.2%
ROIC	2.3%	5.6%	7.5%	8.7%	9.3%

Revenue breakdown by business (LTM)



Cash Flow Statement

CLP mn	2023	2024	2025E	2026E	2027E
Initial Cash	737	1,116	1,788	1,546	1,618
Cash Flow From Operations	1,266	747	692	1,374	1,087
CAPEX	-414	-279	-330	-444	-407
Changes in Financial Debt	-2	184	-451	-538	304
Dividends (Paid) Received	-9	-60	-198	-319	-424
Other CFI & CFF Items	-462	79	44	-1	-187
Changes in Equity	0	0	0	0	0
Final Cash	1,116	1,788	1,546	1,618	1,992
Change in Cash Position	380	672	-242	73	374

Management

CEO: Alejandro Gonzalez

CFO: Juan Pablo Harrison

IRO: Raimundo Monge

<https://investors.falabella.com/>

Sources: Company Reports and Credicorp Capital

Falabella

NR / BB+ / BB+

Outlook: nr / s / s

Fixed Income Research Chile Retail

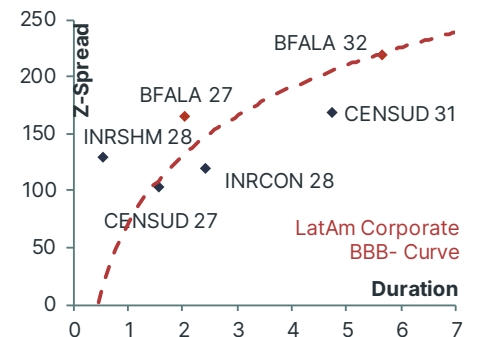
Josefina Valdivia - jvaldivia@credicorpcapital.com

Highway to IG

Investment Thesis

Falabella's strong results have continued to translate into improved credit metrics, with the ND/EBITDA ratio down to 1.9x— from 2.5x in 1Q25 and 4.7x a year ago. The impressive deleveraging since 2Q23 proves Falabella's successful strategy refocusing, combined with a more benign macro environment, which has supported profitability across the board. The company's divestment plan has also supported lower debt levels. EBITDA margin reached 14.9% in 2Q25, already exceeding the company guidance for 2026 of 12.5%-13.5%. Rating agencies might want to wait for clear proof of sustained performance, trying to decipher the structural margins once the consumption environment normalizes. However, we believe they will assess Falabella's leaner operational structure, which should support better resilience if the cycle deteriorates. We believe a comeback to IG is warranted. We are OW BFALA 32, trading ~50bps over CENSUD 31, while we see fair value close to ~30ps, considering Cencosud's higher exposure to the defensive supermarket business.

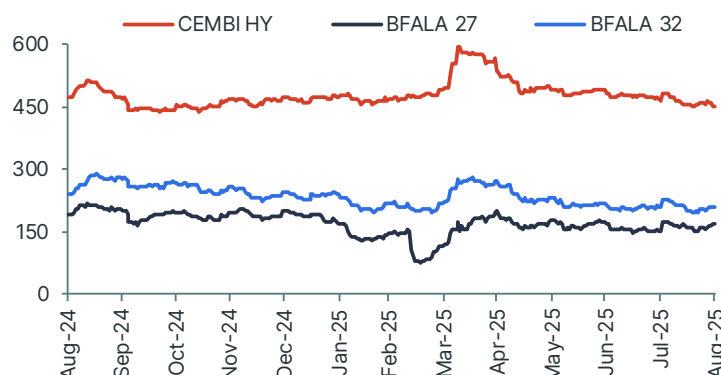
Falabella Bonds and comparables



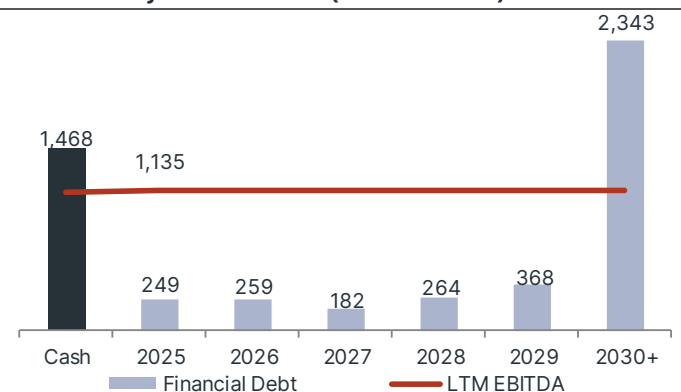
Credit Data		Concerns
REG-S Notes	2	- Intense competitive environment
Outstanding Senior Notes	USD 740mn	- High exposure to consumption trends
Closest Call Date	30-Jul-27	- Harder comparison base for the second half of the year
Closest Maturity Date	30-Oct-27	- High capex requirements in IT & logistics

Strengths
- Better macro and successful implementation of strategic shift and efficiency plan, driving margin expansion and strong deleveraging
- Geographic and business diversification, with discretionary business balanced by malls and banks
- Leaner operation supports resilience

Z- Spread evolution



Debt Maturity Profile CLP mn (excludes Bank)



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
BFALA 27	USD 90mn	3.75%	NR / BB+ / BB+	165	2.0	97.4	0.3%	5.0%	Neutral
BFALA 32	USD 650mn	3.38%	NR / BB+ / BB+	219	5.7	88.6	0.3%	5.5%	Overweight

InRetail

Rating: Buy
TP: USD 37.0

 Macarena Gutiérrez - mgutierrez@credicorpcapital.com
 Sebastian Oré - sebastianore@credicorpcapital.com

Fundamentals intact, awaiting a catalyst

Investment Thesis

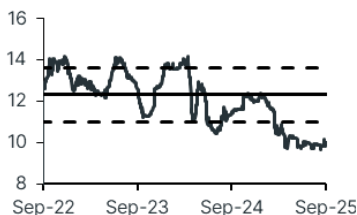
We maintain our Buy rating on InRetail and update our 2026YE target price to USD 37/share, incorporating a 2026YE USD/PEN exchange rate of 3.65. InRetail experienced a challenging start to 2025 in its shopping mall segment, primarily due to extraordinary impacts related to the Real Plaza Trujillo mall incident. These headwinds are being offset by strong performance in the supermarkets and pharma divisions. The targeted expansion of hard-discount stores (+300 Mass by 2025) continues to add value to the food retail segment, while the pharma division has delivered excellent EBITDA margin contributions. Looking ahead to 2H25 and 2026, we anticipate continued pressure on gross margins within the supermarket division, driven by the growing relevance of hard-discount stores across the portfolio. We expect the current pace of expansion to be sustained into next year. Additionally, tough comps stemming from last year's pension fund withdrawals are likely to weigh on food retail growth in 2H25, with normalization expected by 2026. In the pharma division, we forecast continued above-inflation growth with stable EBITDA margins. For the shopping mall segment, we expect additional extraordinary expenses to persist through 2H25, albeit at a reduced scale compared to 1H25. This will likely result in an ~15% decline in EBITDA for the full year 2025 in the division. However, we remain constructive on the outlook for 2026, supported by the anticipated reopening of the Real Plaza Trujillo mall.

The company is trading at a ~31% discount at the NTM EV/EBITDA level versus 5Y historical figures (5.6x, compared to a historical average of 8.1x), after a relevant selling pressure triggered by the Real Plaza Trujillo incident. We believe this event is now behind us and has created a highly attractive entry point.

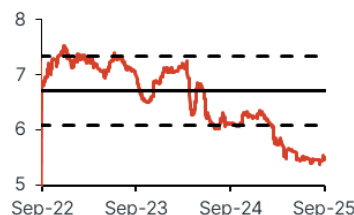
Valuation

Our target price is based on a 50/50 blend of a ten-year DCF model (WACC: 10%, Ke: 12%) and a multiple-based valuation. For the latter, we apply an EV/EBITDA range of 5.5x to 8.7x and a P/E range of 8.9x to 12.6x, resulting in a valuation of USD 31.5 per share. We project 2025–2028 CAGRs of approximately ~5% for EBITDA and ~10% for Net Income.

P/E 12M Forward



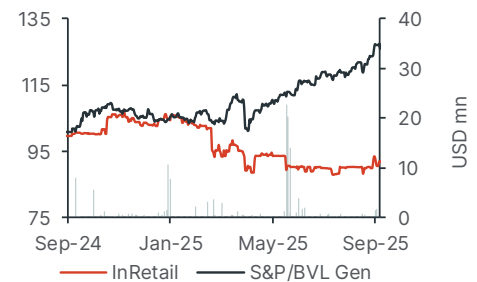
EV/EBITDA 12M Forward



Stock Data

Ticker	inretc1 pe
Price (USD)	27.5
Target (USD)	37.0
Total Return	37.2%
LTM Range	26 - 32
M. Cap (USD mn)	2,991
Shares Outs. (mn)	109
Free Float	28%
ADTV (USD mn)	0.7

Price Chart (USD) and Volumes (USD mn)

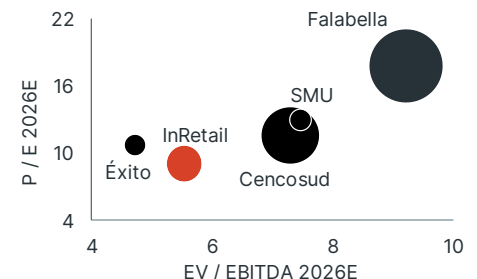


Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	7.0	6.2	5.8	5.6
P/E	13.3	11.4	10.2	9.2
P/CF	7.8	13.4	6.2	6.2
P/BV	2.1	1.6	1.4	1.3
Div. Yield	2.6%	2.2%	2.6%	3.0%

Sources: Company Reports and Credicorp Capital

Relative Valuation

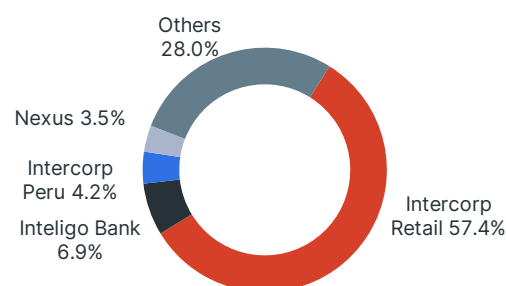


InRetail

Company Description

InRetail is a Peruvian multi-format retailer, engaging in the Food, Pharma and Real Estate businesses across all regions in Peru. The company has also presence in Ecuador through the pharma segment. InRetail is the largest retail player in Peru, reaching 1,551 food stores, 2,438 pharmacies and 22 shopping malls. The company is controlled by Intercorp Group, one of the largest business groups in Peru. Consolidated LTM sales reach USD 6.1 bn.

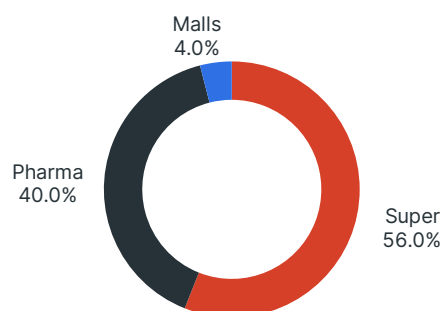
Ownership Structure



Income Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Revenues	20,863	21,683	22,771	24,307	25,449
Gross Profit	5,863	6,153	6,348	6,742	7,046
EBITDA	2,792	3,003	3,004	3,202	3,330
Net Income	936	971	913	1,028	1,129
EPS (USD)	8.6	8.9	8.4	9.4	10.4
Gross Margin	28.1%	28.4%	27.9%	27.7%	27.7%
EBITDA Margin	13.4%	13.8%	13.2%	13.2%	13.1%
Net Margin	4.5%	4.5%	4.0%	4.2%	4.4%

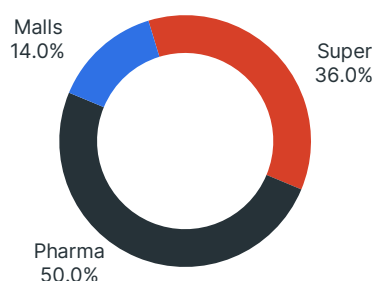
Revenue breakdown by concept (LTM)



Balance Sheet

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,142	1,461	1,402	1,982	2,763
Total Current Assets	5,029	5,442	5,505	6,375	7,276
Total Assets	21,015	22,239	22,845	23,924	24,906
Current Liabilities	5,821	6,817	6,955	7,280	7,441
Financial Debt	9,348	9,478	9,473	9,473	9,473
Total Liabilities	15,587	16,190	16,129	16,455	16,615
Minority Interest	0	0	0	0	0
Shareholders Equity	5,428	6,049	6,716	7,469	8,291
Total Liabilities + Equity	21,015	22,239	22,845	23,924	24,906
Net Debt /EBITDA	2.9	2.7	2.7	2.3	2.0
Financial Debt /EBITDA	3.3	3.2	3.2	3.0	2.8
Financial Debt /Equity	1.7	1.6	1.4	1.3	1.1
ROAE	18.4%	16.9%	14.3%	14.5%	14.3%
ROAA	4.5%	4.5%	4.1%	4.4%	4.6%
ROIC	9.6%	9.8%	8.3%	9.6%	10.1%

EBITDA breakdown by business (LTM)



Cash Flow Statement

<i>PEN mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	952	1,142	1,461	1,402	1,982
Cash Flow From Operations	1,826	2,254	1,746	2,065	2,129
CAPEX	-702	-1,215	-1,432	-1,004	-1,046
Changes in Financial Debt	-189	131	-5	0	0
Dividends (Paid) Received	-333	-330	-234	-274	-308
Other CFI & CFF Items	-1,014	-785	-133	-208	6
Changes in Equity	602	263	0	0	0
Final Cash	1,142	1,461	1,402	1,982	2,763
Change in Cash Position	190	318	-58	580	781

Management

CEO: Juan Carlos Vallejo
 CFO: Marcelo Ramos
 IRO: Andrea Fabbri
www.inretail.pe

Sources: Company Reports and Credicorp Capital

InRetail Shopping Malls

Fixed Income Research Peru Real State

Ba1 / BB+ / BBB-
Outlook: s / s / s

Josefina Valdivia - jvaldivia@credicorpcapital.com

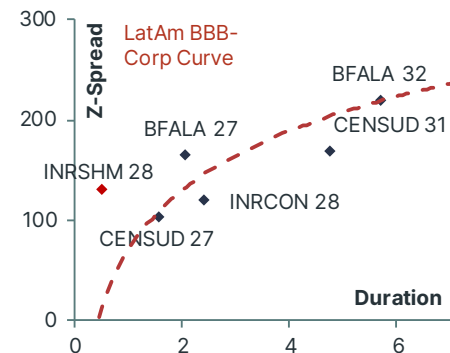
Trujillo impact fades, fundamentals remain solid

Investment Thesis

InRetail Shopping Malls' results were impacted this year by the Trujillo incident. While extraordinary expenses related to the event are expected to dissipate by year-end, there will still be some pressure on 2H25, as the Trujillo mall remains closed. That said, we highlight solid fundamentals, with SSS up 1.9% y/y in 2Q25 and a strong occupancy rate of 96%. Additionally, new GLA is set to come online by year-end, which should help offset some of the lost revenue from Trujillo. Net leverage closed at a manageable 3.9x in 2Q25.

On the bond side, we do not see compelling value in INRSHM 2028 at current levels. However, we note that the company may choose to exercise the call option in the coming months. We maintain a Neutral stance for now.

InRetail SM Bonds and comparables

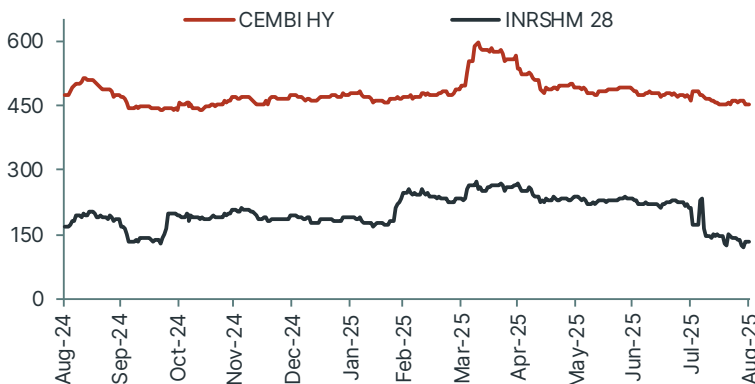


Credit Data	
REG-S Notes	1
Outstanding Senior Notes	USD 350mn
Closest Call Date	19-Sep-25
Closest Maturity Date	03-Apr-28
Interest Coverage Covenant	1.75x

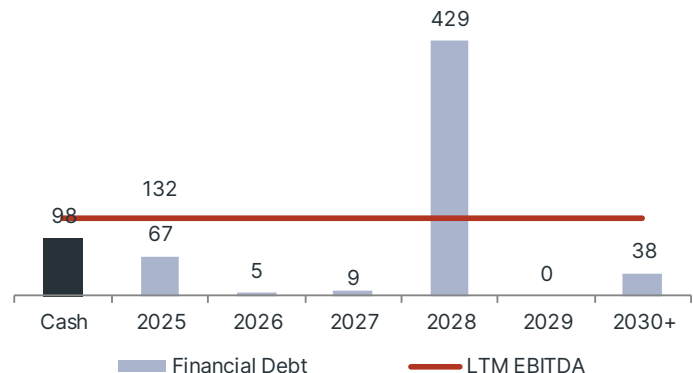
Concerns
- Rising competition and potential saturation in the mall segment may impact revenue growth.
- A potential slowdown in consumer spending could lead to higher vacancy rates.
- Costs related to the Trujillo incident are expected to continue pressuring EBITDA

Strengths
- Strong market position
- Strong management execution and support from Intercorp
- Still low penetration level for shopping malls in Peru

Z- Spread evolution



Debt Maturity Profile



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
INRSHM 28	USD 350mn	5.75%	Ba1 / BB+ / BBB-	130	0.5	100.1	0.5%	5.1%	Neutral

InRetail Consumer

Fixed Income Research Peru Retail

Baa3 / BB+ / BBB-
Outlook: s / s / s

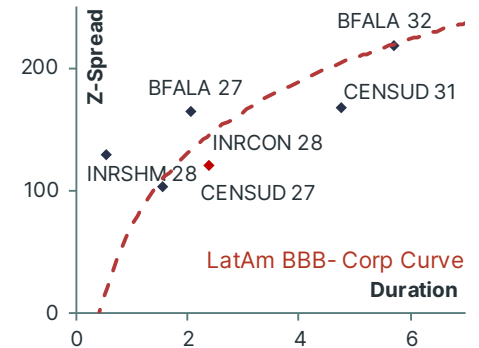
Josefina Valdivia - jvaldivia@credicorpcapital.com

Strong fundamentals persist, but bonds fully valued

Investment Thesis

InRetail's recent results continue to reflect the strength, resilience, and defensive nature of its business model. Top-line growth has benefited from a favorable consumption environment in Peru and consistent organic expansion. In the Food segment, growth has been driven by the rapid expansion of the hard-discount format, targeting approximately 300 new stores annually, although with some impact on margins. In the Pharma segment, margins remain solid, supported by a stronger sales mix and effective cost control measures. Net leverage stood at a healthy 2.6x in 2Q25. Looking ahead, we expect results to remain supported by continued organic growth in both Pharma and Supermarkets, along with a more favorable macroeconomic backdrop. That said, 2H25 will face a tougher comparison base. On bonds, we are neutral on INRCON 28, trading ~20bps over CENSUD 27, leaving limited room for further spread compression.

InRetail Consumer Bonds and comparables



Credit Data

REG-S Notes	1
Outstanding Senior Notes	USD 600mn
Closest Call Date	22-Jan-28
Closest Maturity Date	22-Mar-28

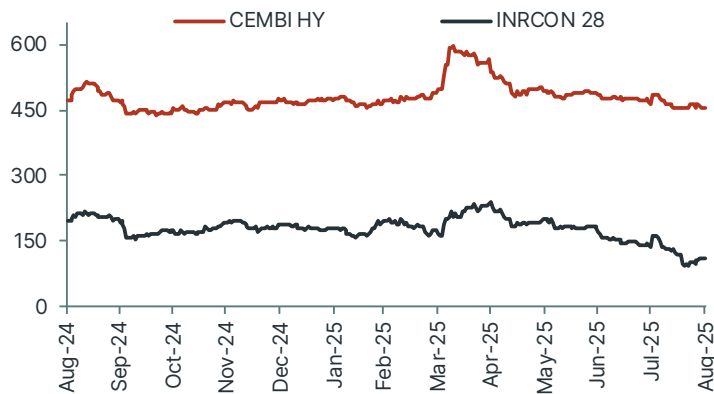
Concerns

- Regulatory risk in Pharma
- Greater competition in Food Retail business
- Geographic concentration

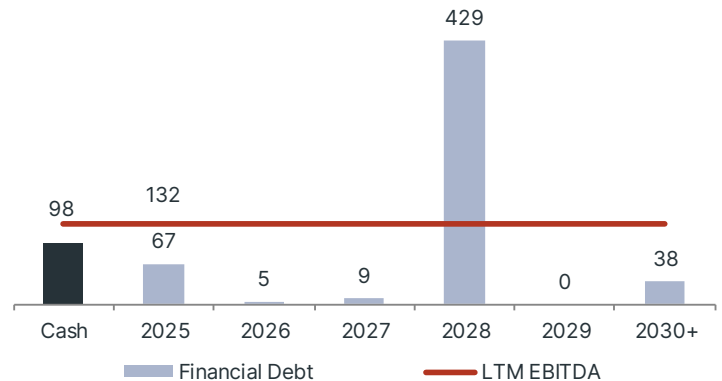
Strengths

- Strong market position in all segments
- Defensive business model, coupled with a focus on efficiency
- Strong management execution

Z- Spread evolution



Debt Maturity Profile



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
INRCON 28	USD 600mn	3.25%	Baa3 / BB+ / BBB-	120	2.4	97.0	0.3%	4.4%	Neutral

The race continues, but with limited room to run

Investment Thesis

We are revising our recommendation on Mallplaza from BUY to HOLD and raising our previous 2025YE target price of CLP 2,300 to a 2026YE CLP 2,550/share, following a strong rally that has brought the stock closer to our fair value estimate. While our fundamental view remains unchanged, recent quarterly results reaffirm the company's solid strategic execution, with long-term EBITDA margins now within reach. We expect Mallplaza reach its 80% EBITDA margin target in 2025 and even a little more, followed by a modest expansion in 2026, which supports its current capex strategy focused on brownfield developments, projects that offer lower execution risk and more predictable returns. The recently announced CEO transition has ensured continuity in the company's long-term vision, while management has provided greater clarity on its expansion master plan, which we expect to replicate the success of previous developments.

Operationally, Mallplaza has undergone a notable turnaround in liquidity, growth, and organizational structure, all of which have contributed to the stock's strong performance. Importantly, the company's deleveraging path, reaching a 3.0x ND/EBITDA level following the consolidation of its Peruvian assets, provides financial flexibility to pursue future M&A opportunities, most likely in Colombia, where management has consistently expressed interest since Investor Day. This positions Mallplaza favorably relative to growth-focused peers as well. Despite a more challenging macro outlook, Mallplaza continues to demonstrate resilience and disciplined execution. With limited upside from current levels, we view the stock as fairly valued, yet still attractive given its fundamentals and defensive positioning within the sector.

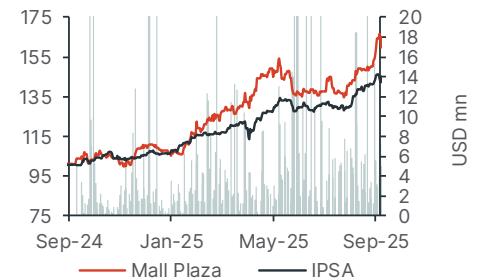
Valuation

Our TP is derived from a valuation that blends a ten-year discounted cash flow (DCF) model and a multiples-based approach, weighted equally. We assume a cap rate of 7.7%, representing a ~19% discount over historical multiples, and a price-to-funds from operations (P/FFO) multiple of 12.5x.

Stock Data

Ticker	mallplaz ci
Price (CLP)	2,490
Target (CLP)	2,550
Total Return	4.1%
LTM Range	1,510 - 2,518
M. Cap (USD mn)	5,720
Shares Outs. (mn)	2,190
Free Float	46%
ADTV (USD mn)	6.7

Price Chart (CLP) and Volumes (USD mn)



Valuation Summary

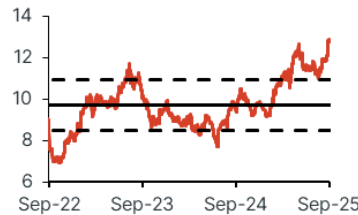
	2024	2025E	2026E	2027E
EV/EBITDA	13.3	13.5	12.7	12.0
P/E	10.8	8.1	9.5	8.6
P/CF	30.4	37.2	31.7	26.8
P/BV	1.1	1.5	1.3	1.1
Div. Yield	3.5%	2.0%	1.7%	2.0%

Sources: Company Reports and Credicorp Capital

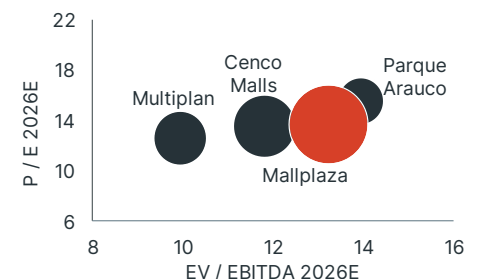
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

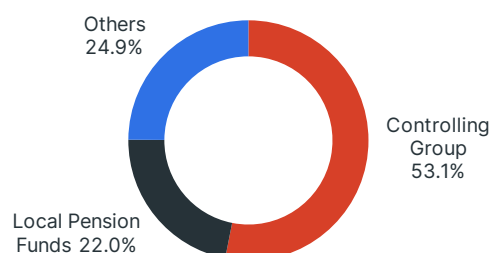


Mall Plaza

Company Description

Mall Plaza is a Chilean real estate developer and shopping mall operator, and a subsidiary of the Falabella Group. Its portfolio comprises 30 regional malls across Chile, Peru, and Colombia, along with 7 power centers located in Peru, totaling a GLA of 2,341,392 sqm. Mall Plaza is the leading operator in Chile in terms of both revenue and GLA, and ranks as the second-largest player by market share in Peru and Colombia. Consolidated LTM revenues reach USD 617 mn.

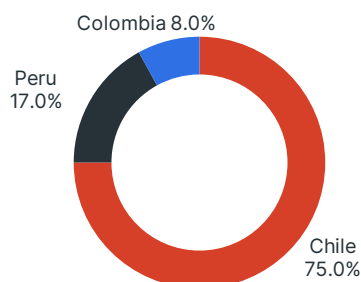
Ownership Structure



Income Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Revenues	419,904	494,605	641,512	674,726	717,672
Gross Profit	362,477	430,097	590,537	620,748	660,258
EBITDA	335,611	380,637	513,397	543,038	578,133
Net Income	349,759	332,215	671,335	574,521	633,781
EPS (CLP)	160	152	307	262	289
Gross Margin	86.3%	87.0%	92.1%	92.0%	92.0%
EBITDA Margin	79.9%	77.0%	80.0%	80.5%	80.6%
Net Margin	83.3%	67.2%	104.6%	85.1%	88.3%

EBITDA breakdown by country (LTM)



Balance Sheet

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	202,016	179,174	233,277	245,355	260,972
Total Current Assets	435,127	405,013	513,390	492,107	550,110
Total Assets	4,796,336	5,915,073	6,595,847	7,126,324	8,165,963
Current Liabilities	244,017	344,476	275,519	287,221	361,170
Financial Debt	1,264,010	1,617,575	1,600,613	1,642,584	2,127,622
Total Liabilities	2,163,648	2,724,023	2,818,022	2,868,201	3,385,220
Minority Interest	31,634	33,187	34,468	34,468	34,468
Shareholders Equity	2,601,053	3,157,863	3,743,356	4,223,655	4,746,275
Total Liabilities + Equity	4,796,336	5,915,073	6,595,847	7,126,324	8,165,963
Net Debt /EBITDA	3.2	3.8	2.7	2.6	3.2
Financial Debt /EBITDA	3.8	4.2	3.1	3.0	3.7
Financial Debt /Equity	0.5	0.5	0.4	0.4	0.4
ROAE	14.4%	11.5%	19.5%	14.4%	14.1%
ROAA	7.5%	6.2%	10.7%	8.4%	8.3%
ROIC	7.3%	6.5%	7.8%	7.3%	7.1%

GLA breakdown by format (LTM)



Management

CEO: Fernando de Peña (until end - 2025),
Pablo Pulido (from 2026)

CFO: Derek Schwietzer

IRO: Cristobal Contreras

<https://corporativo.mallplaza.com>

Cash Flow Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	301,790	202,016	179,174	233,277	245,355
Cash Flow From Operations	463,384	596,762	754,219	574,166	655,367
CAPEX	-117,518	-73,698	-92,600	-150,945	-206,476
Changes in Financial Debt	-36,367	353,565	-16,962	41,971	485,038
Dividends (Paid) Received	-11	-125,751	-108,491	-94,222	-111,160
Other CFI & CFF Items	-409,262	-1,063,096	-482,063	-358,892	-807,153
Changes in Equity	0	289,377	0	0	0
Final Cash	202,016	179,174	233,277	245,355	260,972
Change in Cash Position	-99,774	-22,842	54,104	12,078	15,616

Sources: Company Reports and Credicorp Capital

Nutresa

Baa3 / NR / BB+

Outlook: s / nr / s

Fixed Income Research Colombia Consumer

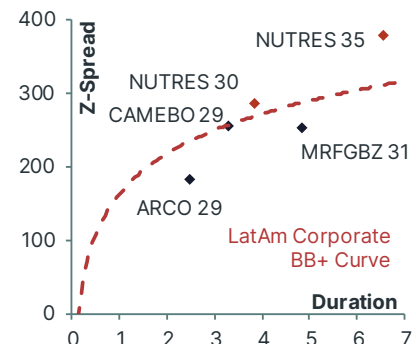
Josefina Valdivia - jvaldivia@credicorpcapital.com

Nutresa's LBO hangover: Can the efficiency plan deliver tighter spreads?

Investment Thesis

Nutresa runs a diversified portfolio across different product lines, coupled with a broad geographic footprint. This supports relatively stable margins and resilient cash generation, despite the company's inherent exposure to commodities and consumption trends. However, the credit profile weakened following the LBO by Gilinski, which pushed net leverage to 5.0x. Management committed to deleverage by implementing initiatives to improve margins, with no dividends and M&A until net leverage reaches ~3.0x. Encouragingly, recent results suggest they are on the right track. Still, the path to the 18% EBITDA margin target remains ambitious from current levels (14.7% YTD) and industry peers profitability. Our base case assumes leverage will remain above 3.0x in the near term. However, we expect a gradual deleveraging to support spread tightening, considering bonds trade wide relative to peers with similar ratings and to the sovereign.

Nutresa Bonds and comparables



Credit Data

REG-S Notes	2
Outstanding Senior Notes	USD 3,000mn
Closest Call Date	12-Apr-30
Closest Maturity Date	12-May-30

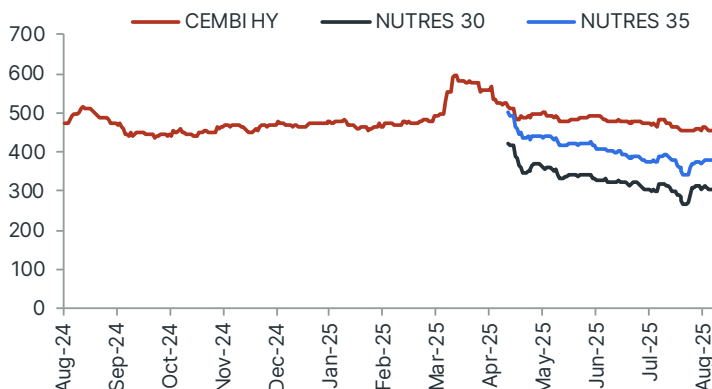
Concerns

- Exposure to commodity price volatility.
- Deleverage highly dependent of the outcome of efficiency measures
- Single major shareholder and absence of covenants restricting dividend or M&A tied to incurrence leverage levels.
- The potential removal from Nutresa B/S of the CD pledged to the Holdco

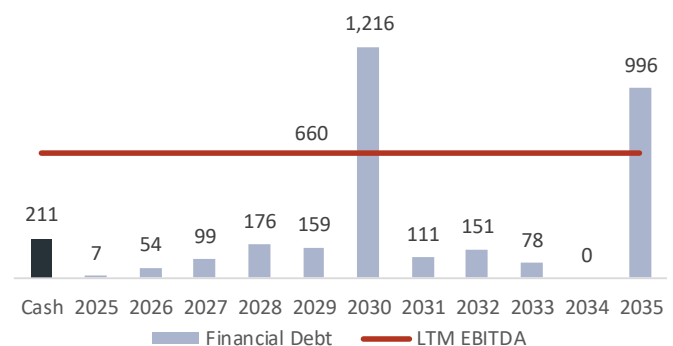
Strengths

- Diversified portfolio both in terms of products and commodity inputs together with a strong geographic footprint
- Market leadership in Colombia and room for growth internationally
- Strong Distribution Platform

Z- Spread evolution



Debt Maturity Profile



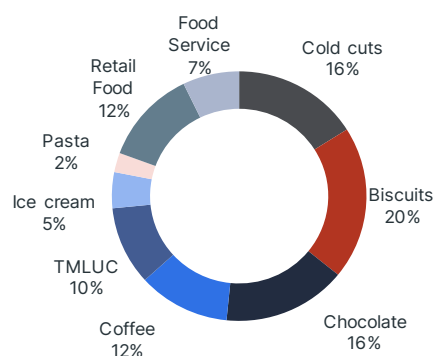
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
NUTRES 30	USD 1,500mn	8.00%	Baa3 / NR / BB+	286	3.9	107.7	0.6%	6.0%	Overweight
NUTRES 35	USD 1,500mn	9.00%	Baa3 / NR / BB+	378	6.5	112.2	0.7%	7.2%	Overweight

Nutresa

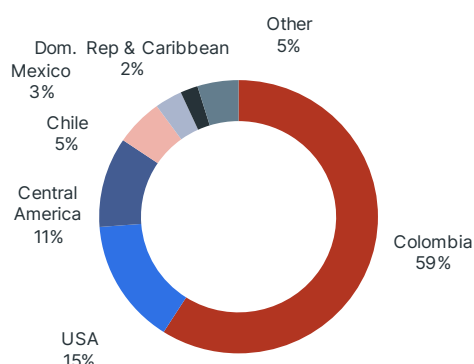
Company Description

Grupo Nutresa is a Colombian regional food conglomerate with diversified operations in Latin America and the USA. It manages an extensive brand portfolio, distributed across 9 segments in 14 countries. The company is a dominant leader in every category within Colombia while also having a strong market position in other Latin America markets. Its control by The Gilinsky family.

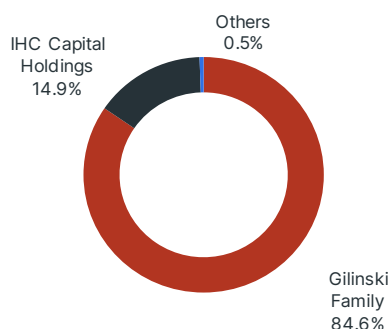
EBITDA breakdown by business unit



Revenue breakdown by country



Ownership Structure



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
Interest Coverage	3.7x	2.7x	3.4x	2.7x	3.0x
Gross Debt / EBITDA	2.7x	2.7x	2.3x	2.3x	5.3x
Net Debt / EBITDA	2.2x	2.2x	1.8x	1.9x	5.0x
Net Debt / Equity	0.4x	0.4x	0.6x	0.6x	1.9x
ST Debt / Gross Debt	7%	13%	18%	14%	5%

Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Net Revenues	3,157	4,222	4,685	4,607	4,921
Gross Profit	1,271	1,546	1,833	1,871	1,928
EBIT	274	373	428	456	538
Financial Expenses	-102	-181	-161	-215	-223
Adjusted EBITDA	380	488	546	588	660
Gross Margin	40%	37%	39%	41%	39%
EBITDA Margin	12%	12%	12%	13%	13%
Net Margin	6%	5%	4%	4%	6%

Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash&Eq	214	263	265	280	211
Current Assets	1,139	1,685	1,433	1,590	3,890
Total Assets	4,202	5,144	3,888	4,198	6,482
Current Liabilities	651	944	918	917	1,028
Total Liabilities	1,961	2,466	2,291	2,434	4,716
Equity	2,241	2,677	1,597	1,764	1,767
Net Debt	819	1,065	1,009	1,093	3,305
Gross Debt	1,033	1,328	1,274	1,372	3,516
Short Term Debt	71	171	232	192	169
Long Term Debt	962	1,157	1,041	1,180	3,347
ROE	8%	8%	11%	11%	17%
ROA	4%	4%	5%	4%	5%

Cash Flow Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Operating Activities	269	132	522	437	242
Investing Activities	-107	-120	-90	-135	-2,297
Financing Activities	-191	-7	-386	-314	2,028

Sources: Company Reports and Credicorp Capital

Parque Arauco

Rating: Hold
TP: CLP 2,600

Macarena Gutiérrez - mgutierrez@credicorpcapital.com
 Sebastian Oré - sebastianore@credicorpcapital.com

Rally realized, now holding steady

Investment Thesis

Since our last update in May, we have increased our target price from a 2025YE CLP 2,300/share to 2026YE CLP 2,600/share; however, we are shifting our rating from buy to hold due to the exceptional performance the stock has experienced in the last couple of months, leaving a tighter space for the stock. In our new model, we include all the current publicly announced projects, where, compared to our previous one, Open Plaza Kennedy and Minka Shopping are included a few months sooner in the consolidation.

Fundamentals remain strong and are no longer a secret to the market. All our previous arguments remain. Top line dynamics have been outstanding, in Chile capturing extra traffic due to tourism, Peru has been able to post growth even with the temporary closing of a key asset, and Colombia, although at a slower pace, looks ahead at a much more interesting consumption setting. EBITDA margin has captured inorganic growth, and margins have been posting gains even when the new simplified tariff structure has a dilution effect on it. Capex plan is right on track, once again reinforcing our higher quality and lower risk view, and upcoming results will come with an extra boost with the integration and opening of new additions, like Minka Shopping in Peru, and the full consolidation of the west building in PAK, and the Kennedy phase opening in the same area.

Valuations now reflect the strong fundamentals we anticipated. While we still see value in the stock, we prefer Parque Arauco given its more dynamic investment pipeline, which could lead to upward revisions. Even at fairer levels, the stock offers inflation-linked top-line growth and stable margins, maintaining an attractive profile for more cautious investors.

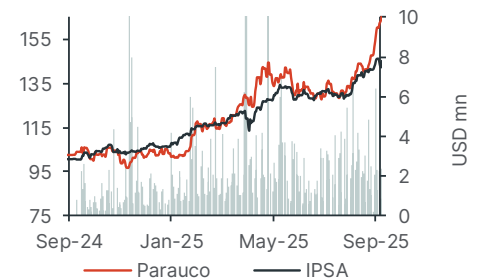
Valuation

Our TP is based on a 50/50 valuation composed of a ten-year DCF model (WACC 9.1% - Ke 13.5%) and a multiple valuation. For the multiples, we apply an 8% cap rate, a 10x P/FFO, and a 1x P/B. We project compound annual growth rates (CAGRs) of approximately 6% for EBITDA and 9% for FFO over the 2025–2028 period. Additionally, we assume a long-term EBITDA margin trending toward ~74.5%.

Stock Data

Ticker	paraucoci
Price (CLP)	2,520
Target (CLP)	2,600
Total Return	5.1%
LTM Range	1,461 - 2,520
M. Cap (USD mn)	2,394
Shares Outs. (mn)	906
Free Float	65%
ADTV (USD mn)	2.2

Price Chart (CLP) and Volumes (USD mn)

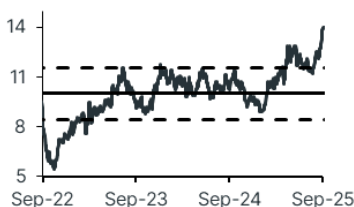


Valuation Summary

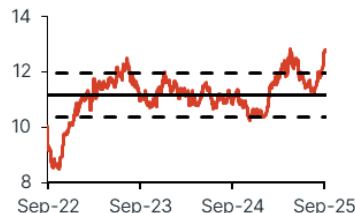
	2024	2025E	2026E	2027E
EV/EBITDA	13.0	15.0	13.3	13.1
P/E	12.0	15.7	13.6	13.3
P/CF	35.8	-30.2	16.5	11.7
P/BV	1.0	1.3	1.2	1.1
Div. Yield	4.3%	2.6%	1.9%	3.7%

Sources: Company Reports and Credicorp Capital

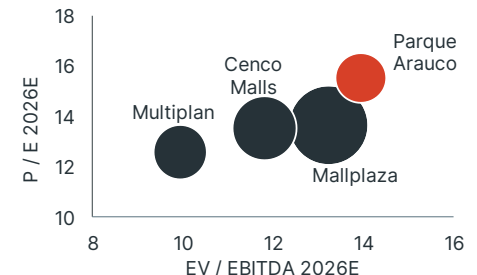
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

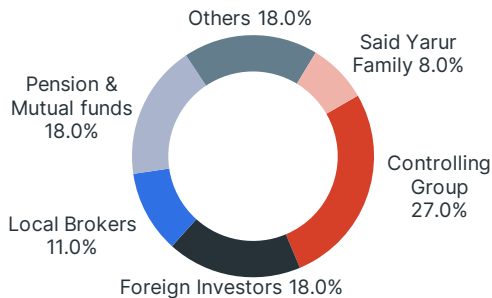


Parauco

Company Description

Parque Arauco is a Chilean real estate developer and shopping mall operator. Its portfolio includes more than 30 shopping malls across Chile, Peru and Colombia, reaching a total GLA of 1,269,000 sqm, of which they own 1,140,846 sqm. It is the 3rd shopping mall operator in Chile in terms of revenues and GLA and the second largest operator in Peru. Parque Arauco was founded in 1979 and is headquartered in Santiago, Chile.

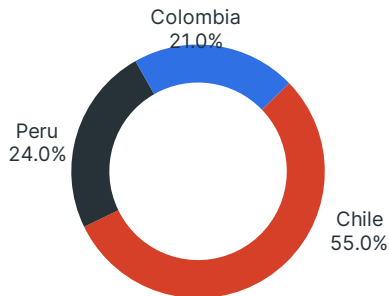
Ownership Structure



Income Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Revenues	264,313	316,776	374,175	416,388	425,476
Gross Profit	211,003	254,915	306,104	344,149	350,768
EBITDA	188,159	227,727	273,954	308,639	314,483
Net Income	112,345	120,571	144,999	168,186	171,724
EPS (CLP)	124	133	160	186	190
Gross Margin	79.8%	80.5%	81.8%	82.7%	82.4%
EBITDA Margin	71.2%	71.9%	73.2%	74.1%	73.9%
Net Margin	42.5%	38.1%	38.8%	40.4%	40.4%

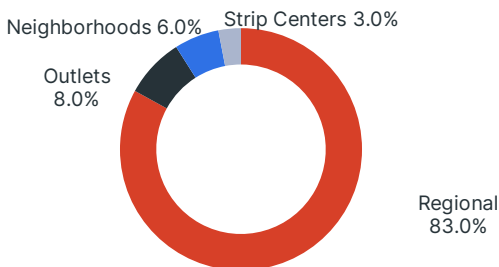
Revenue breakdown by country (LTM)



Balance Sheet

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	319,187	387,091	233,459	268,610	752,532
Total Current Assets	420,724	528,036	388,718	439,966	931,860
Total Assets	3,482,971	3,930,480	4,147,619	4,366,018	4,970,615
Current Liabilities	260,906	296,360	345,689	378,237	388,104
Financial Debt	1,350,728	1,581,760	1,403,240	1,461,466	1,916,320
Total Liabilities	1,852,011	2,142,432	1,978,233	2,051,106	2,510,420
Minority Interest	332,049	323,590	395,497	416,322	473,974
Shareholders Equity	1,298,911	1,464,458	1,773,889	1,898,590	1,986,221
Total Liabilities + Equity	3,482,971	3,930,480	4,147,619	4,366,018	4,970,615
Net Debt /EBITDA	5.5	5.2	4.3	3.9	3.7
Financial Debt /EBITDA	7.2	6.9	5.1	4.7	6.1
Financial Debt /Equity	1.0	1.1	0.8	0.8	1.0
ROAE	9.2%	8.7%	9.0%	9.2%	8.8%
ROAA	3.5%	3.3%	3.6%	4.0%	3.7%
ROIC	5.3%	5.6%	6.3%	6.6%	6.4%

Revenue breakdown by format (LTM)



Cash Flow Statement

<i>CLP mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	243,043	319,187	387,091	233,459	268,610
Cash Flow From Operations	131,459	76,341	116,993	160,341	168,676
CAPEX	-140,098	-142,040	-297,319	-98,757	-46,733
Changes in Financial Debt	199,098	231,032	-178,520	58,227	454,854
Dividends (Paid) Received	-52,078	-62,661	-59,940	-43,485	-84,093
Other CFI & CFF Items	-62,238	-34,767	265,153	-41,175	-8,782
Changes in Equity	0	0	0	0	0
Final Cash	319,187	387,091	233,459	268,610	752,532
Change in Cash Position	76,144	67,904	-153,632	35,151	483,921

Management

CEO: Eduardo Pérez

CFO: Francisco Moyano

IRO: Lauren Brown

www.parquearauco.cl

Sources: Company Reports and Credicorp Capital

Stronger margins, softer growth

Investment Thesis

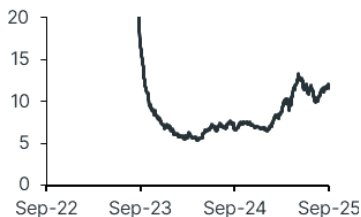
We are renewing our target price from 2025YE CLP 315/share to 2026YE CLP 475/share, after months of review to assess the company's evolving commercial strategy and margin structure. The price appreciation reflects healthier top-line performance and a carefully managed margin framework. In retail, revenues in both countries normalized, free from exceptional disruptions, while inventory control, strategic planning, and disciplined expenses led to gross margin gains and cost dilution. In banking, Chile has shown a strong recovery in loan growth, with the 18% ROE target still on track. Although growth may moderate later this year, double-digit expansion remains feasible. In Peru, the path back to pre-pandemic loan volumes is more challenging, but the company has maintained positive bottom-line results, and we expect a slow, steady recovery. In shopping centers, recent expansions in Peru show healthy maturation, supporting consolidated margin improvements.

Headwinds on the horizon. We anticipate a tougher second semester, as Peru's comparison base benefits from pension fund withdrawals, and Chilean retail faces a slowdown following last year's strong rebound and declining tourism contribution. In banking, Chile should maintain recent margins, though with slower portfolio growth; Peru will continue pursuing expansion while managing risks, and shopping centers should remain stable. We are more cautious on top-line growth, but profitability should hold thanks to the new margin structure. While we acknowledge the company's efforts, recent stock performance suggests limited upside, especially given a more challenging second half. Still, we believe the discipline and profitability shift will help the company navigate a leaner period more gracefully.

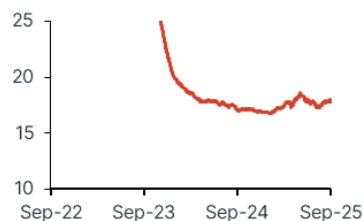
Valuation

Our target price is based on a sum-of-the-parts valuation framework, integrating distinct methodologies tailored to each business segment. For the retail division, we apply a ten-year DCF model, yielding a valuation of CLP 261/share, primarily underpinned by strong performance in the Peruvian market. The financial services segment is valued at CLP 266/share using a ten-year residual income model. The malls segment contributes CLP 338/share, derived from a market multiples approach. Corporate costs are deducted at CLP -407/share.

P/E 12M Forward



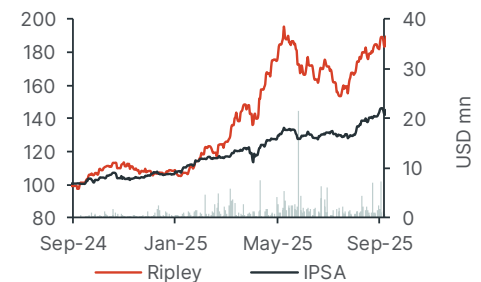
EV/EBITDA 12M Forward



Stock Data

Ticker	ripley ci
Price (CLP)	474
Target (CLP)	475
Total Return	2.6%
LTM Range	244 - 489
M. Cap (USD mn)	963
Shares Outs. (mn)	1,936
Free Float	52%
ADTV (USD mn)	1.3

Price Chart (CLP) and Volumes (USD mn)

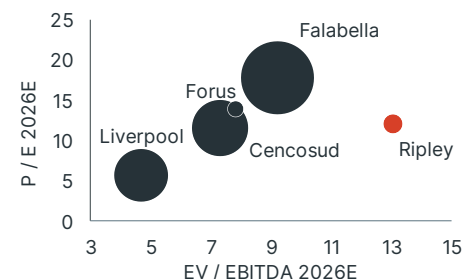


Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	13.4	14.2	13.1	12.5
P/E	9.8	12.4	11.8	11.6
P/CF	5.2	15.3	15.1	8.9
P/BV	0.5	0.8	0.8	0.8
Div. Yield	0.0%	1.8%	2.4%	4.2%

Sources: Company Reports and Credicorp Capital

Relative Valuation

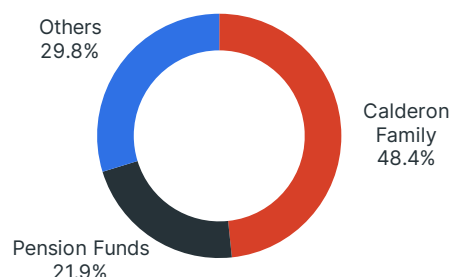


Ripley

Company Description

Ripley Corp SA is a Chilean company, which engages in the operation of Department Stores (clothing, accessories, home furnishing and electro categories through both the offline and online channels), a Banking Business (CLP 1.4 bn loan portfolio) and a Real Estate segment. All three businesses operate in both Chile and Peru. The company was founded in 1956 and is the third largest Department Store player in Chile. Consolidated LTM sales reach ~USD 2.2 bn.

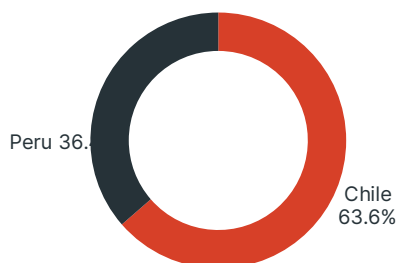
Ownership Structure



Income Statement

CLP mn	2023	2024	2025E	2026E	2027E
Revenues	1,926	2,087	2,205	2,313	2,395
Gross Profit	536	715	820	864	898
EBITDA	-17	173	210	228	239
Net Income	-51	54	74	78	79
EPS (CLP)	-26	28	38	40	41
Gross Margin	27.8%	34.3%	37.2%	37.3%	37.5%
EBITDA Margin	-0.9%	8.3%	9.5%	9.8%	10.0%
Net Margin	-2.6%	2.6%	3.4%	3.4%	3.3%

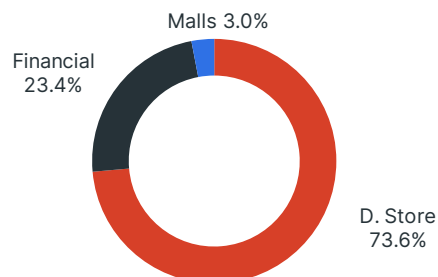
Revenue breakdown by country (LTM)



Balance Sheet

CLP mn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	368	370	327	314	367
Total Current Assets	1,515	1,578	1,504	1,601	1,711
Total Assets	3,736	3,944	4,009	4,088	4,154
Current Liabilities	1,797	1,846	1,774	1,801	1,777
Financial Debt	2,117	2,156	2,258	2,258	2,284
Total Liabilities	2,785	2,889	2,908	2,931	2,958
Minority Interest	1	1	1	1	0
Shareholders Equity	950	1,053	1,100	1,156	1,196
Total Liabilities + Equity	3,736	3,944	4,009	4,088	4,154
Net Debt /EBITDA	-102.2	10.3	9.2	8.5	8.0
Financial Debt /EBITDA	-123.7	12.4	10.7	9.9	9.6
Financial Debt /Equity	2.2	2.0	2.1	2.0	1.9
ROAE	-5.2%	5.4%	6.9%	6.9%	6.7%
ROAA	-1.3%	1.4%	1.9%	1.9%	1.9%
ROIC	-2.1%	2.6%	3.5%	3.3%	3.4%

Revenue breakdown by business (LTM)



Cash Flow Statement

CLP mn	2023	2024	2025E	2026E	2027E
Initial Cash	437	368	370	327	314
Cash Flow From Operations	29	-9	-50	76	115
CAPEX	-58	-45	-43	-45	-48
Changes in Financial Debt	-12	39	102	0	26
Dividends (Paid) Received	-39	0	-16	-22	-39
Other CFI & CFF Items	11	17	-37	-22	-1
Changes in Equity	0	0	0	0	0
Final Cash	368	370	327	314	367
Change in Cash Position	-69	2	-43	-13	54

Management

CEO: Lázaro Calderón
 CFO: Werner Geissbuhler
 IRO: Natalia Nacif
<https://inversionistas.ripley.com/>

Sources: Company Reports and Credicorp Capital

Valuation looks compelling, but patience is key

Investment Thesis

We are raising our target price from 2025YE CLP 180/share to 2026YE CLP 200/share while maintaining a neutral outlook. Not much has changed since our last revision of the stock. We continue to anticipate a more challenging basic consumption dynamic and a price-sensitive consumer, meaning we expect the company's top line to be fueled primarily by new store openings. However, this will also entail additional expenditures and a maturation curve that requires time to develop. Regarding margins, our long-term EBITDA margin projections remain unchanged. Factors such as minimum wage increases, higher electricity tariffs, and extra costs from store openings will keep the company occupied in the medium term. However, we do not rule out extra efficiency gains as a result of extra measurements from management, as we saw on latest results where expenses showed a more moderated expansion.

Valuation looks attractive, but there is no urgency. Our target price suggests over a 20% upside, which looks quite compelling, but we cannot see the value being unlocked yet. As of now, basic consumption is still decelerating, and SMU still has some work to do to post substantial improvements in SSS, leading to constant margin pressure for the next couple of quarters. Having said this, we remain constructive on the stock for the long term, as the company is currently developing a significant expansion plan, with 115 new stores to be opened by 2029, the most ambitious plan within the industry, followed by Walmart. This is crucial for us, as SMU is now building its position for the future, aiming to avoid ceding ground to one of the most competitive and price-aggressive players. The company is proactively defending its market position. And this reinforces our conviction in the long-term.

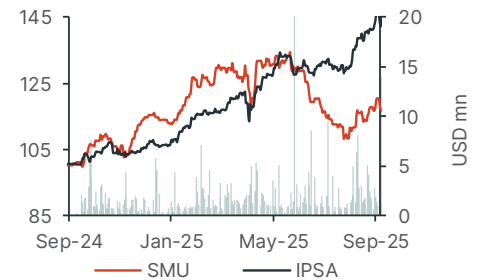
Valuation

Our TP is derived from a 50/50 valuation approach, incorporating a ten-year discounted cash flow model and a multiple-based valuation. The DCF model implies an exit multiple of 9.0x EV/EBITDA for the terminal value. We have also adjusted our WACC to ~10.6%, reflecting a lower risk-free rate. The multiple-based valuation utilizes a 7x EV/EBITDA multiple and a 10x P/E multiple. We project CAGRs of ~7% and ~10% for revenues and EBITDA, respectively, over the 2025-2028 period. Additionally, if we were to include the cash flow from deferred tax assets, the implied valuation would increase to CLP 220/share.

Stock Data

Ticker	smu ci
Price (CLP)	164
Target (CLP)	200
Total Return	27.3%
LTM Range	140 - 189
M. Cap (USD mn)	991
Shares Outs. (mn)	5,763
Free Float	44%
ADTV (USD mn)	2.3

Price Chart (CLP) and Volumes (USD mn)

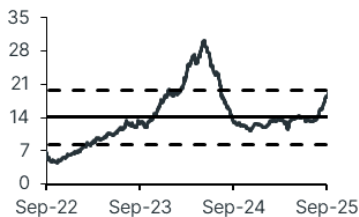


Valuation Summary

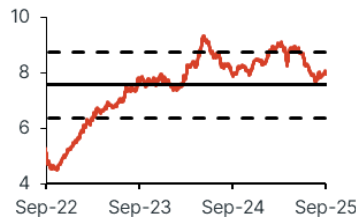
	2024	2025E	2026E	2027E
EV/EBITDA	8.6	8.0	7.2	6.6
P/E	18.9	13.1	18.4	15.5
P/CF	7.9	8.4	7.3	6.4
P/BV	1.1	1.1	1.1	1.1
Div. Yield	5.7%	3.6%	5.4%	3.8%

Sources: Company Reports and Credicorp Capital

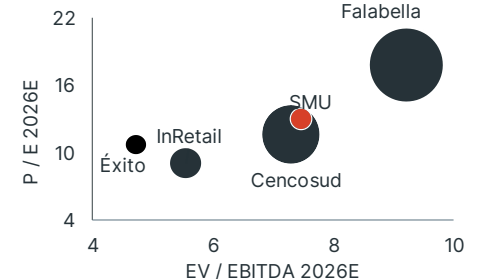
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

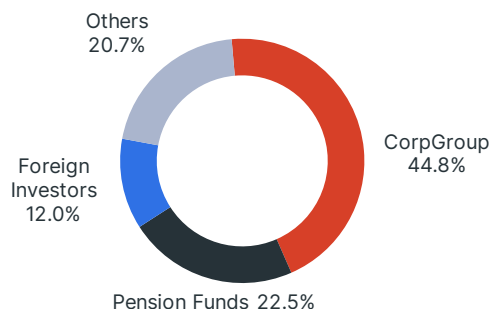


SMU

Company Description

SMU is a Chilean company, which engages in the Supermarket and Cash & Carry businesses in Chile and Peru. It operates under different banners: Unimarc in the Super segment (295 stores) and Alvi, Mayorista 10 and Super 10 in the cash & carry segment (105 stores), and they own 31 stores in Peru (Mayorsa and Maxi Ahorro, both in the discount format). The company was founded in 2007 and is the third food retail player in Chile (consolidated LTM sales reach ~USD 3 bn).

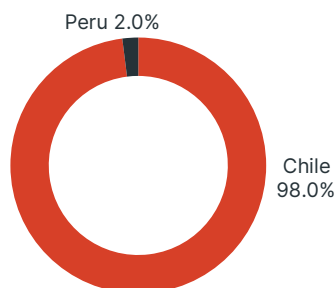
Ownership Structure



Income Statement

CLP mn	2023	2024	2025E	2026E	2027E
Revenues	2,862	2,887	2,864	3,011	3,276
Gross Profit	878	886	918	967	1,052
EBITDA	262	232	226	250	276
Net Income	89	49	72	51	61
EPS (CLP)	15	8	13	9	11
Gross Margin	30.7%	30.7%	32.0%	32.1%	32.1%
EBITDA Margin	9.2%	8.0%	7.9%	8.3%	8.4%
Net Margin	3.1%	1.7%	2.5%	1.7%	1.9%

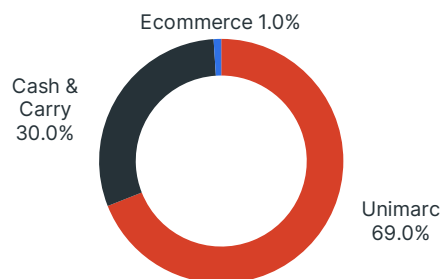
Revenue breakdown by country (LTM)



Balance Sheet

CLP mn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	109	158	68	72	78
Total Current Assets	501	541	420	441	471
Total Assets	2,384	2,506	2,382	2,395	2,419
Current Liabilities	651	683	612	625	690
Financial Debt	1,080	1,230	1,096	1,086	1,056
Total Liabilities	1,571	1,694	1,546	1,558	1,557
Minority Interest	0	0	0	0	0
Shareholders Equity	813	812	836	837	862
Total Liabilities + Equity	2,384	2,506	2,382	2,395	2,419
Net Debt /EBITDA	3.7	4.6	4.6	4.1	3.5
Financial Debt /EBITDA	4.1	5.3	4.9	4.3	3.8
Financial Debt /Equity	1.3	1.5	1.3	1.3	1.2
ROAE	11.1%	6.0%	8.8%	6.1%	7.2%
ROAA	3.8%	2.0%	3.0%	2.1%	2.5%
ROIC	8.1%	7.0%	5.1%	6.7%	7.1%

Revenue breakdown by business (LTM)



Cash Flow Statement

CLP mn	2023	2024	2025E	2026E	2027E
Initial Cash	131	109	158	68	72
Cash Flow From Operations	96	66	177	181	207
CAPEX	-95	-113	-83	-117	-118
Changes in Financial Debt	39	150	-134	-10	-30
Dividends (Paid) Received	-63	-52	-34	-51	-36
Other CFI & CFF Items	1	831	-15	0	-17
Changes in Equity	0	-833	0	0	0
Final Cash	109	158	68	72	78
Change in Cash Position	-22	49	-90	3	6

Management

CEO: Marcelo Galvez

CFO: Arturo Silva

IRO: Carolyn Mckenzie

www.smu.cl/en/inversionistas

Sources: Company Reports and Credicorp Capital

4.5 / Andean Transport



Transport

We have a positive medium-term view on the names under our coverage. LATAM Airlines' earnings momentum remains strong, while valuations are undemanding even after its remarkable rally. On the other hand, Vapores stands out for its strong dividend appeal, underpinned by the recovery of German withholding taxes. While weaker freight rates and higher rerouting costs create a more challenging operating backdrop, we believe much of this is already reflected in the stock, leaving dividends as the central pillar of the investment case.

We reiterate our two-year Buy call on LATAM Airlines.

LATAM Airlines – We are reaffirming our Buy recommendation with a 2026YE TP of CLP 27/share. Our constructive stance on the company's fundamentals remains intact. This is supported by i) air travel demand that has been more resilient than anticipated, resulting in high load factors and healthy passenger yields; ii) a lean operating cost structure with competitive fleet cost that supports the profitability of its operations amid capacity constraints; iii) reduced cost of debt; iv) strong balance sheet; and v) expectations on more rational competition in the Brazilian domestic market as both Azul and GOL will focus on executing a more limited and profitable growth plan alongside to pursue operational efficiencies.

Strong earnings momentum, encouraging traffic reports in July-August in the Brazilian domestic market and international routes, and a solid liquidity position could open a window of opportunity for more cash distribution to shareholders amid valuations ~25% below pre-pandemic era.

Vapores offers strong dividend yield despite freight headwinds, with efficiency gains and volume growth supporting its investment case.

Regarding Vapores, we maintain our BUY recommendation with a new 2026 YE target price of CLP 60/share (from CLP 70/share). The company retains a strong dividend appeal, with the recent recovery of German withholding taxes translating into estimated 2025 dividends for CLP 16.6/share (~CLP 7.6 already paid), equivalent to a ~30% yield, providing meaningful near-term support. While the operating backdrop has turned more challenging amid trade tensions and the Red Sea crisis, we believe these headwinds are largely priced in. Freight rates are expected to decline to USD 1,360/TEU in 2025 and USD 1,350/TEU in 2026, pressuring margins, though stronger volumes and efficiency gains should partly offset the impact. We forecast EBITDA of USD 3.0 bn in 2025 and USD 3.3 bn in 2026, with margins at ~17%. Beyond near-term volatility, Vapores' investment case remains anchored in its dividend capacity, which should continue to attract income-driven investors.

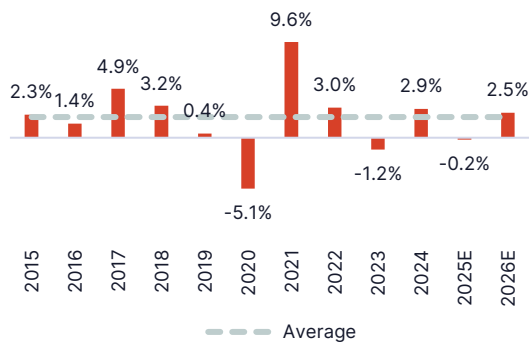
SM SAAM strengthens its position as a pure towage operator with stable margins and dividend appeal, while future growth hinges on upcoming strategic moves.

Finally, about SM SAAM, we are reaffirming our HOLD recommendation with a new 2026 YE target price of CLP 140/share (from CLP 130/share). Following the divestment of its port assets to Hapag-Lloyd, the company has consolidated its profile as a pure-play towage operator, complemented by a smaller exposure to air logistics. While the absence of major organic projects limits near-term catalysts, the stock has delivered a ~20% gain since our latest update in Jan-25, reflecting operational stability and lower sensitivity to trade cycles. Looking ahead, we expect steady fundamentals in towage, with maneuver growth supported by the addition of new tugboats and stable margins at ~33%. With a strong balance sheet and no immediate growth projects disclosed, inorganic opportunities such as M&A remain the main lever for multiple expansion. In the meantime, an assumed 100% dividend payout in 2025–2026 should continue to appeal to income-focused investors.



Airlines

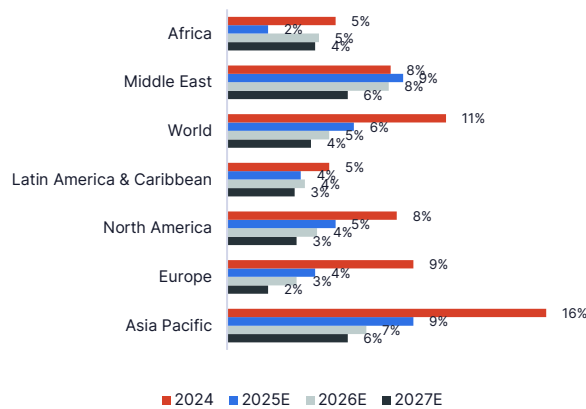
World Merchandise Trade Volume (% y/y change)



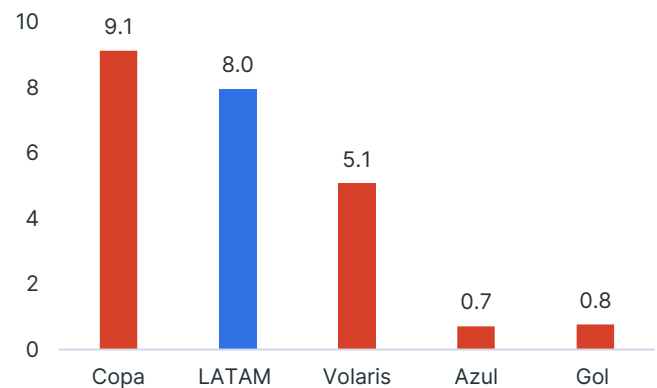
LT Outlook for passenger traffic growth (CAGR in # of passengers)

	CAGR (2023-2043)	Additional passengers by 2043 (million)
Africa	3.7%	179
Asia Pacific	5.3%	2750
Europe	2.3%	656
Middle East	3.9%	282
North America	2.7%	659
Latin America & Caribbean	2.9%	311
World	3.8%	4154

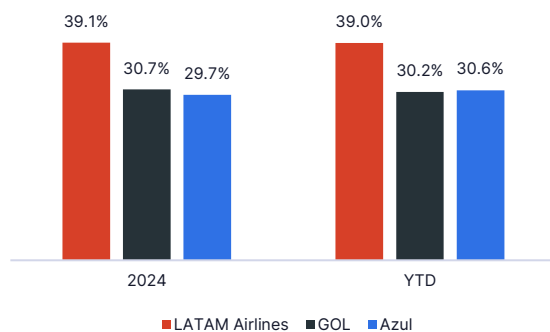
2024-2027 outlook for regional passenger traffic (# of passengers)



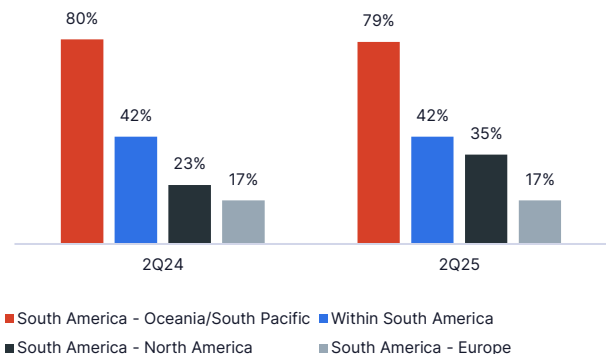
(EBITDAR-Fin Expenses) / Aircraft (USDmnn) - Last twelve months



Domestic Brazil Market Share - RPK



International Routes Market Share - ASK



Source: Company reports, IATA, ANAC, Credicorp Capital Research

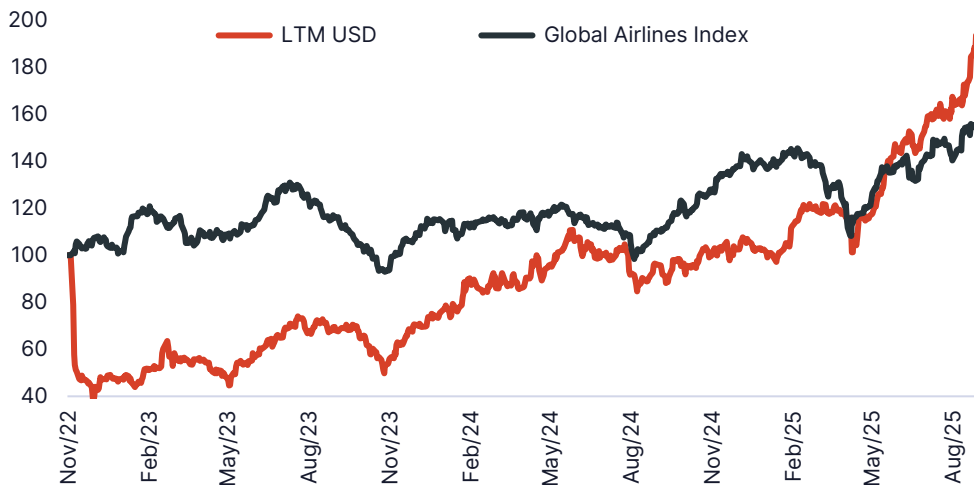
Relative Valuation

Company	Market Cap (mn)	Country	P/E				EV/EBITDA			
			2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
Chile										
LATAM Airlines (*)	15,562	Chile	8.6	11.4	9.8	11.0	4.5	5.4	5.1	4.9
Average			8.6	11.4	9.8	11.0	4.5	5.4	5.1	4.9
Latin America										
Gol	1,242	Brazil					19.3	4.5	3.5	3.0
Azul	153	Brazil		0.8	2.1	0.7	6.1	4.9	4.4	
Copa Holdings	4,858	Panama	8.1	7.2	6.5	5.9	4.1	5.0	4.6	4.2
Average			8.1	4.0	4.3	3.3	9.8	4.8	4.2	3.6
North America										
American Airlines	8,485	USA	6.6	27.5	7.7	5.4	7.9	9.6	7.2	6.3
Delta Airlines	39,536	USA	9.8	10.5	8.6	7.5	6.5	6.8	5.9	5.5
United Airlines	34,332	USA	10.3	10.5	8.6	7.5	6.3	6.7	5.8	5.2
Air Canada	4,090	Canada	5.3	10.9	7.0	5.9	3.9	3.6	3.1	2.8
Average			8.0	14.9	8.0	6.6	6.2	6.7	5.5	5.0
Europe										
Lufthansa	10,463	Germany	6.5	6.7	5.9	5.1	3.3	3.4	3.0	2.8
Air France - KLM	3,959	France	9.3	3.2	2.9	2.5	3.4	3.4	3.2	2.9
International Consolidated Airlines Group	24,235	England	8.1	6.4	6.1	5.6	4.0	3.8	3.6	3.5
Average			8.0	5.4	4.9	4.4	3.6	3.5	3.3	3.1
Asia										
China Airlines	4,297	China	8.9	9.7	11.6	16.3	3.9	3.6	3.8	4.2
Japan Airlines	9,334	Japan	12.9	10.9	10.3	9.5	4.0	3.7	3.5	3.2
Air New Zealand	1,173	New Zealand	13.6	15.8	19.6	11.3	3.7	3.8	3.7	2.8
Average			11.8	12.1	13.8	12.3	3.9	3.7	3.7	3.4
Low Cost										
Easy Jet	4,752	England	7.7	7.0	6.2	5.5	2.8	2.1	2.0	1.8
Ryanair Holdings	29,573	Ireland	16.4	11.7	10.2	9.2	7.0	6.5	5.9	5.3
Wizz Air Holdings	1,847	Hungary	8.5	14.6	8.4	4.5	6.2	4.6	3.8	3.2
Volaris		Mexico	5.8			10.9	3.9	4.7	3.8	3.4
Average			9.6	11.1	8.3	7.5	4.9	4.5	3.9	3.4

(*) Multiples are calculated with Credicorp Capital Estimates

Source: Facset

Global Airlines Index vs LTM – Since Chapter 11 exit (100 basis as of Nov-2022; in USD)



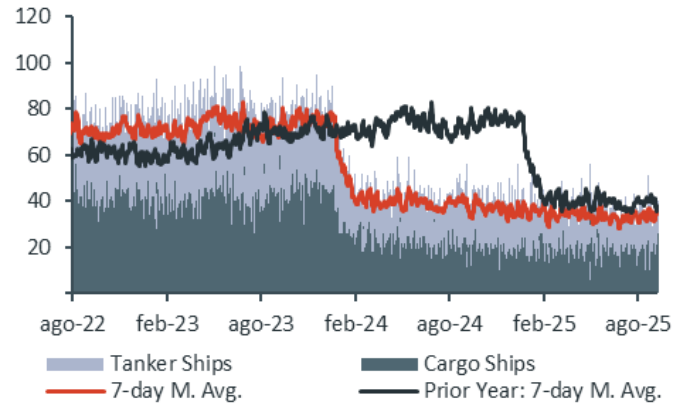
Source: Factset, Refinitiv

Maritime Transport

Shanghai Containerized Freight Index (USD/TEU)



Suez Canal: Daily transit calls



Vapores and SM SAAM Relative Valuation

Company	Country	Bloomberg Ticker	P/E					EV/EBITDA				
			2023	2024	2025E	2026E	2027E	2023	2024	2025E	2026E	2027E
Vapores (*)	Chile	vapores ci equity	12.2	7.1	11.7	9.7	9.1	nm	nm	nm	nm	nm
Danaos Corp	Greece	DAC US Equity	3.2	3.5	3.5	3.6	4.9	2.6	2.7	2.7	2.7	3.2
Orient Overseas	Hong kong	316 HK Equity	6.6	4.4	7.6	14.8	13.8	2.5	1.6	2.5	3.9	3.3
Evergreen Marine Corp	Taiwan	2603 TT Equity	10.7	2.8	6.0	8.6	9.6	4.4	1.5	2.8	4.0	4.5
Cosco Shipping	China	1919 HK Equity	8.9	4.1	7.4	11.5	12.6	4.9	2.4	3.8	5.4	5.1
HMM CO	South korea	011200 KS Equity	15.5	5.0	10.9	19.0	19.9	10.3	3.3	5.3	7.2	7.3
Yang Ming Marine	Taiwan	2609 TT Equity	33.0	3.0	9.6	14.7	25.9	nm	nm	nm	nm	nm
AP Moller-Maersk	Denmark	MAERSKB DC Equity	10.0	6.3	12.5	nm	1100.2	3.2	2.8	3.5	5.3	4.5
Kawasaki Kisen Kaisha	Japan	9107 JP Equity	2.6	14.2	5.0	11.8	13.3	11.6	10.7	9.3	10.1	9.9
Mitsui Osk Lines	Japan	9104 JP Equity	2.2	7.4	4.3	8.2	9.4	21.0	20.1	15.7	16.4	15.5
Hapag-Lloyd AG	Germany	HLAG GR Equity	7.4	8.7	28.9	nm	76.1	4.8	4.6	7.2	9.4	7.8
Average			10.0	5.9	9.6	11.5	128.6	7.2	5.5	5.9	7.2	6.8
SM SAAM (*)	Chile	smsaam ci equity	2.4	17.6	16.3	15.6	13.9	5.3	5.4	6.1	5.6	5.2
Vopak	Netherlands	vpk na equity	12.7	11.8	11.8	11.0	-	7.7	8.0	8.0	8.3	-
Svitzer	Denmark	svitzr dc equity	nm	nm	nm	nm	-	nm	nm	nm	nm	-
Tegma	Brazil	tgma3 bz equity	14.7	9.3	9.0	8.6	-	9.0	6.1	5.7	5.4	-
JSL	Brazil	jslg3 bz equity	7.1	7.4	8.2	5.2	-	5.1	4.7	4.3	3.9	-
Average			11.5	9.5	9.7	8.3	-	7.3	6.2	6.0	5.9	-

Source: Credicorp Research, Bloomberg

LATAM Airlines

**Equity Research Chile
Transport**
Rating: Buy
TP: CLP 27.0

 Rodrigo Godoy - rgodoy@credicorpcapital.com
 María Ignacia Montt - mmonttq@credicorpcapital.com

Sustainable fuel for a long-haul flight. We remain constructive on LATAM Airlines fundamentals.

Investment Thesis

We reiterate our Buy recommendation on LATAM Airlines, and introduce a 2026YE TP of CLP 27/share. Our constructive stance on the company's fundamentals remains intact. This is supported by more resilient than anticipated air travel demand which is reflected in high load factors and healthy pax yields. We also like its lean operating cost structure and a competitive fleet cost supports profitability amid capacity constraints, a reduced cost of debt, and a strong balance sheet. Furthermore we expect a more rational competition in Brazil domestic market as both Azul and Gol Will focus on executing a more limited and profitable growth plan alongside to pursue operational efficiencies.

While recognizing that the potential upside of LATAM Airlines shares no longer stands out compared to our expectation for the IPSA, we feel comfortable reiterating our two-year Buy recommendation due to its solid earnings momentum. We see an upside risk to our assumption of 7% ASK expansion for next year, and the company's liquidity. The latter may serve as a cushion, as it opens a window of opportunity for more cash distribution to shareholders.

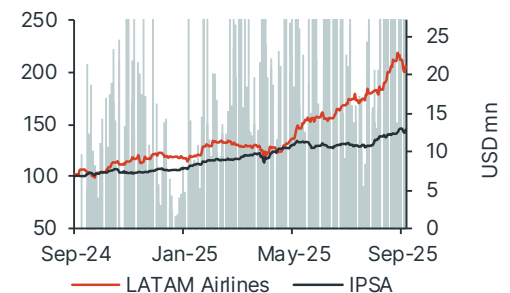
Valuation

Despite the remarkable two-year rally, the stock trades at undemanding valuations compared to its five-year average prior to the pandemic (~25% discount in terms of EV/Fwd EBITDA), and US peers. Our December 2026 target price of CLP 27 has an implicit EV/Fwd EBITDA ratio close to 5.5x with a discount in excess of 15%.

Stock Data

Ticker	ltm ci
Price (CLP)	23.8
Target (CLP)	27.0
Total Return	16.1%
LTM Range	11 - 25
M. Cap (USD mn)	15,084
Shares Outs. (mn)	604,442
Free Float	38%
ADTV (USD mn)	28.3

Price Chart (CLP) and Volumes (USD mn)

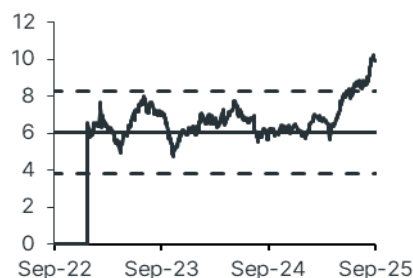


Valuation Summary

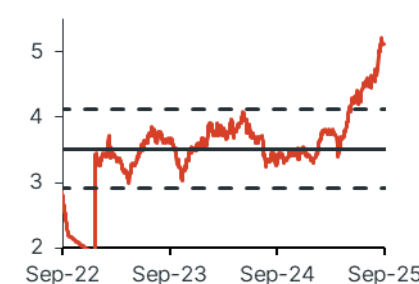
	2024	2025E	2026E	2027E
EV/EBITDAR	4.5	5.4	5.1	4.9
P/E	8.6	11.4	9.8	11.0
P/CF	12.5	8.9	6.8	7.1
P/BV	11.6	12.5	6.4	4.6
Div. Yield	2.1%	1.9%	2.6%	3.1%

Sources: Company Reports and Credicorp Capital

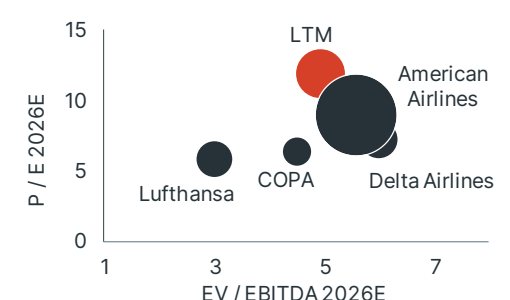
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

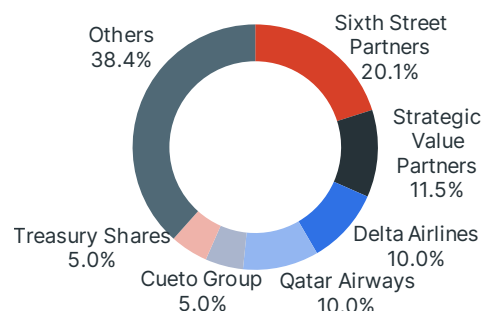


LATAM Airlines

Company Description

LATAM Airlines is Latin America's leading airline group, with presence in five domestic markets (Brazil, Chile, Peru, Colombia, and Ecuador) and international operations within the region and to North America, Europe, and Oceania. The company's fleet totals 360 aircraft (including 20 cargo freighters), through which it operates 153 destinations (+9 cargo only) in 27 countries (+5 cargo only). In Brazil, its main domestic market, LATAM Airlines is the largest carrier (40% market share in RPK in the 2Q25). It is also the #1 player in Chile (64% share) and in Peru (65% market share in number of passengers carried as of May 2025).

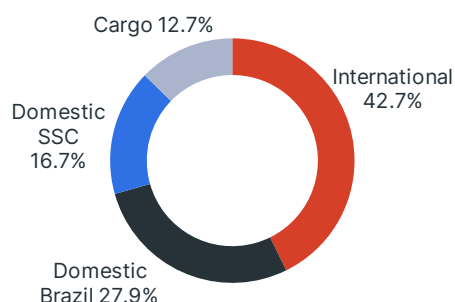
Ownership Structure (As of Jul-25)



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	11,789	13,034	14,079	15,078	15,974
Operating Income	1,169	1,577	2,048	2,157	2,215
EBITDAR	2,466	3,029	3,747	4,005	4,133
Net Income	582	977	1,323	1,536	1,371
EPS (CLP)	0.85	1.54	2.10	2.55	2.27
EBIT Margin	9.9%	12.1%	14.5%	14.3%	13.9%
EBITDAR Margin	20.9%	23.2%	26.6%	26.6%	25.9%
Net Margin	4.9%	7.5%	9.4%	10.2%	8.6%

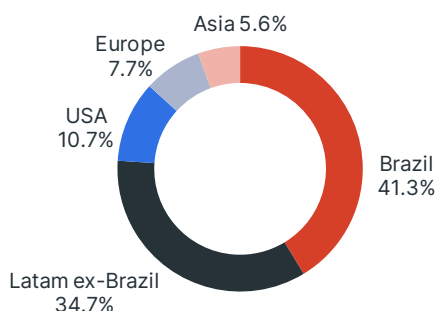
Revenue breakdown by division (LTM)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,715	1,958	2,722	3,861	4,707
Total Current Assets	4,203	3,900	4,990	6,261	7,157
Total Assets	14,667	15,253	17,518	19,146	20,431
Current Liabilities	5,688	6,291	7,317	7,553	7,670
Financial Debt	6,938	7,150	8,095	8,378	8,670
Total Liabilities	14,229	14,542	16,321	16,809	17,184
Minority Interest	-12	-12	-10	-10	-9
Shareholders Equity	450	723	1,207	2,347	3,256
Total Liabilities + Equity	14,667	15,253	17,518	19,146	20,431
Net Debt /EBITDA	2.1	1.7	1.4	1.1	1.0
Financial Debt /EBITDA	2.8	2.4	2.2	2.1	2.1
Financial Debt /Equity	15.4	9.9	6.7	3.6	2.7
ROAE	236.2%	166.5%	137.0%	86.5%	48.9%
ROAA	4.2%	6.5%	8.1%	8.4%	6.9%
ROIC	18.7%	26.2%	31.9%	30.8%	26.3%

Sales based on the POS (LTM)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	1,217	1,715	1,958	2,722	3,861
Cash Flow From Operations	2,264	3,106	3,159	3,456	3,323
CAPEX	-864	-1,420	-1,412	-1,479	-1,535
Changes in Financial Debt	156	213	945	283	291
Dividends (Paid) Received	0	-175	-293	-397	-461
Other CFI & CFF Items	7,237	-1,481	-1,383	-725	-773
Changes in Equity	-8,295	0	-250	0	0
Final Cash	1,715	1,958	2,722	3,861	4,707
Change in Cash Position	498	243	765	1,138	846

Management

CEO: Roberto Alvo

CFO: Ricardo Bottas

IRO: Tori Creighton

<https://ir.latam.com/Spanish/overview/>

Sources: Company Reports and Credicorp Capital

SM SAAM

Rating: Hold
TP: CLP 140
**Equity Research Chile
Transport**

Miguel Leiva - miguelleiva@credicorpcapital.com
Ana Paula Galvez - agalvezm@credicorpcapital.com

Stable operations with a strong balance sheet: what's next for growth?

Investment Thesis

We are maintaining our HOLD recommendation on SM SAAM and introducing a new 2026 YE target price of CLP 140/share (from CLP 130/share). Following the sale of its port business to Hapag-Lloyd for approximately USD 1 bn, the company has been reshaping its profile into a pure-play towage operator with complementary exposure to air logistics. Despite the lack of obvious growth catalysts, the stock has gained around 20% since our last update in Jan-25, supported by operational stability and a lower sensitivity to cyclical trade flows. With no major organic projects disclosed and given the company's strong balance sheet, we believe investors will remain attentive to potential inorganic opportunities, particularly M&A in towage, which could be key for multiple expansion. Until greater clarity emerges on that front, we assume an average of 100% dividend payout ratio for both 2025 and 2026, which should remain attractive for income-oriented investors.

From a fundamental perspective, our view remains constructive. In Towage, we forecast an EBITDA of USD 179/198/216/237 mn over 2025–2028, implying an average margin of 35%. This reflects 8% volume growth in 2025 and a base assumption of 2% organic growth thereafter, which, combined with the incorporation of growth capex assumptions of approximately 10 new tugboats per year (~USD 9 mn capex per tugboat), should lift maneuvers to around 7% annually through 2026–2028. Meanwhile, the Air Logistics and eliminations segments should contribute around USD 22 mn of EBITDA through 2028, with margins averaging 21%. On a consolidated basis, we forecast EBITDA of USD 202/219/239/260 mn through 2025–2028, with group margins stable at ~33%. Capex is projected at roughly 21% of revenues, primarily directed toward fleet expansion in towage.

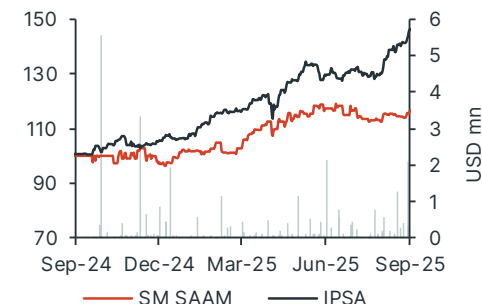
Valuation

Our 2026 YE TP of CLP 140/sh (up from CLP 130/sh previously) is the result of a discounted cash flow analysis through 2036, which results in a TP of CLP 140/sh with an implicit 2027E EV/EBITDA of 6.6x at a 9.3% WACC. For terminal value, which accounts for 58% of EV, we are considering a conservative 2% long-term growth rate. Finally, we are no longer considering the mixed 50% DCF and 50% relative valuation approach, as peers in the towage industry are limited.

Stock Data

Ticker	smsaam ci
Price (CLP)	119
Target (CLP)	140
Total Return	24.1%
LTM Range	100 - 124
M. Cap (USD mn)	1,213
Shares Outs. (mn)	9,736
Free Float	37%
ADTV (USD mn)	0.2

Price Chart (CLP) and Volumes (USD mn)

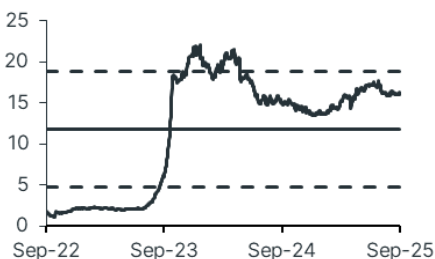


Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	5.4	6.1	5.6	5.2
P/E	17.6	16.3	15.6	13.9
P/CF	11.2	47.2	30.8	27.0
P/BV	1.0	1.1	1.1	1.1
Div. Yield	25.7%	5.4%	6.2%	5.7%

Sources: Company Reports and Credicorp Capital

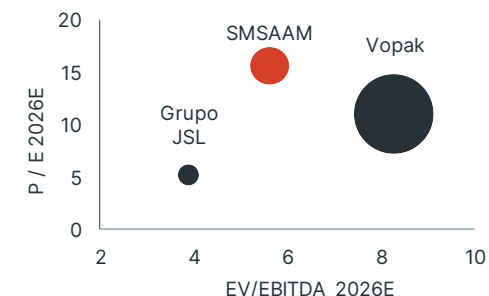
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

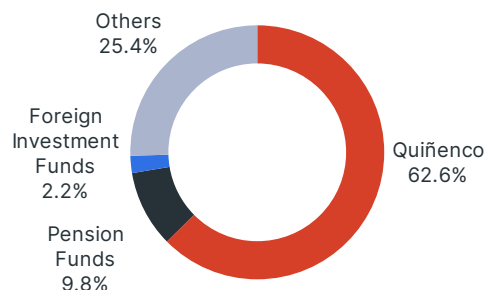


SM SAAM

Company Description

SM SAAM is a Chilean multinational company, with operations in 13 countries in the Americas. It promotes and facilitates global trade through two business areas: SAAM Towage, the largest towage services operator in the Americas; and Aerosan, which offers air cargo logistics services in Chile, Colombia and Ecuador. With 63 years of experience, it has operations at 104 ports and 8 airports in 13 countries. The company is controlled by Quiñenco (Luksic Group).

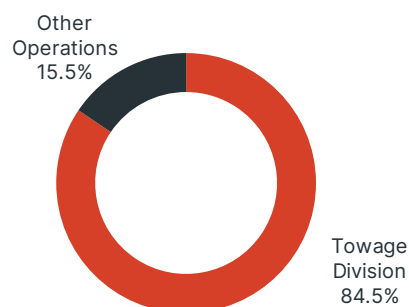
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	540	578	615	670	727
Gross Profit	158	175	185	205	228
EBITDA	160	188	202	219	239
Net Income	501	59	74	78	88
EPS (CLP)	45.2	5.8	7.3	7.6	8.6
Gross Margin	29.3%	30.2%	30.0%	30.6%	31.3%
EBITDA Margin	29.7%	32.6%	32.8%	32.7%	32.8%
Net Margin	92.7%	10.2%	12.1%	11.6%	12.0%

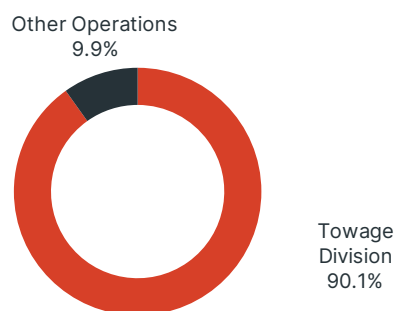
Revenue breakdown by concept (2026E)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	865	487	431	469	509
Total Current Assets	1,053	679	641	693	748
Total Assets	2,195	1,785	1,787	1,869	1,958
Current Liabilities	508	170	201	214	227
Financial Debt	489	437	427	501	567
Total Liabilities	1,006	672	662	741	811
Minority Interest	21	22	22	22	23
Shareholders Equity	1,168	1,091	1,103	1,106	1,124
Total Liabilities + Equity	2,195	1,785	1,787	1,869	1,958
Net Debt /EBITDA	-2.3	-0.3	0.0	0.1	0.2
Financial Debt /EBITDA	3.1	2.3	2.1	2.3	2.4
Financial Debt /Equity	0.4	0.4	0.4	0.5	0.5
ROAE	50.3%	5.2%	6.8%	7.0%	7.9%
ROAA	24.5%	3.0%	4.2%	4.2%	4.6%
ROIC	2.5%	5.1%	6.8%	6.9%	7.6%

EBITDA breakdown by business (2026E)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	142	865	487	431	469
Cash Flow From Operations	1,112	-126	155	182	195
CAPEX	-141	-64	-135	-139	-148
Changes in Financial Debt	-60	-52	-10	74	66
Dividends (Paid) Received	-48	-268	-65	-75	-70
Other CFI & CFF Items	-139	132	0	-4	-4
Changes in Equity	0	0	0	0	0
Final Cash	865	487	431	469	509
Change in Cash Position	723	-378	-56	38	40

Management

CEO: Macario Valdés
CFO: Rafael Ferrada
IRO: David Vetterlein
www.saam.com

Sources: Company Reports and Credicorp Capital

Vapores

Rating: Buy
TP: CLP 60

**Equity Research Chile
Transport**

Miguel Leiva - miguelleiva@credicorpcapital.com
Ana Paula Galvez - agalvezm@credicorpcapital.com

Recoveries of dividend withholdings and resilient fundamentals should offset weaker freight rates

Investment Thesis

We maintain our BUY recommendation and introduce a 2026 TP of CLP 60/share (from CLP 70/share). Following the recent recovery of dividend withholding taxes from Germany, we estimate total 2025 dividends at CLP 16.6/share (~CLP 7.6 already paid), equivalent to a yield of ~30%. The operating environment has become more challenging due to trade tensions and the Red Sea crisis. We forecast Hapag-Lloyd's freight rates to decline from USD 1,490/TEU in 2024 to USD 1,360 in 2025 and USD 1,350 in 2026, with margins under pressure from lower pricing and higher rerouting costs. However, we see these headwinds as priced in, while the recovery of German dividend withholdings should provide meaningful short-term support to Vapores' shares.

Weaker freight rates and elevated costs are set to weigh on profitability, partly offset by stronger volumes. We project 13.7 mn TEU in 2025 (+10% y/y) and 14.0 mn in 2026, supported by Hapag-Lloyd's commercial strategy. However, softer freight rates and cost pressures from vessel rerouting should compress EBITDA margins to ~17% through 2026 (vs. 24% in 2024). We forecast EBITDA of USD 3.0 bn in 2025, near the lower end of guidance (USD 2.8–3.8 bn), and USD 3.3 bn in 2026, with upside from efficiency gains once Gemini is fully ramped up.

Vapores maintains a strong dividend appeal. After the recent recovery of dividend withholding taxes from Germany, the company still has EUR 114 mn pending, which we conservatively assume will be collected over the next two years. Based on potential dividends that Hapag-Lloyd could distribute from current operations, and after adjusting for taxes and new retentions, we estimate Vapores could pay ~CLP 2.5/share in dividends next year, implying a yield of ~5%.

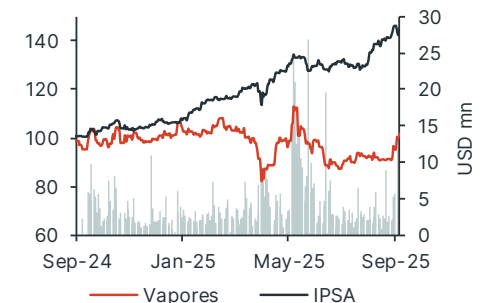
Valuation

Our valuation of Hapag-Lloyd is derived from two approaches: (i) a DCF model with a WACC of 9.1%, yielding EUR 117/sh, and (ii) a relative valuation applying a 2027E EV/EBITDA multiple of 7.9x, yielding EUR 150/sh. Combining both, we set our 2026 target price for Hapag-Lloyd at EUR 133/sh. For Vapores, our target price is based on a 50/50 weighting between a valuation using our estimate of a fair holding discount (CLP 74/sh) and a DDM model (CLP 49/sh), resulting in a 2025 target price of CLP 60/sh.

Stock Data

Ticker	vapores ci
Price (CLP)	54
Target (CLP)	60
Total Return	15.9%
LTM Range	44 - 60
M. Cap (USD mn)	2,907
Shares Outs. (mn)	51,320
Free Float	28%
ADTV (USD mn)	3.8

Price Chart (CLP) and Volumes (USD mn)

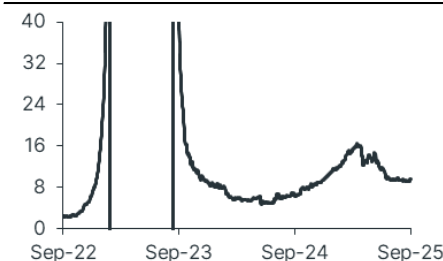


Valuation Summary

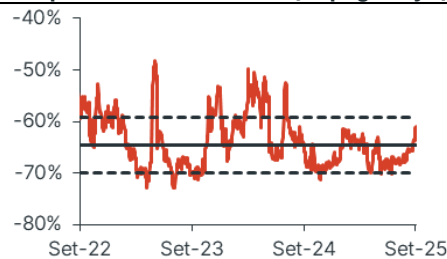
	2024	2025E	2026E	2027E
P/E	7.1	11.7	9.7	9.1
P/CF	nm	nm	nm	nm
P/BV	0.4	0.4	0.4	0.4
Div. Yield	41.6%	30.0%	4.8%	6.8%

Sources: Company Reports and Credicorp Capital

P/E 12M Forward



Vapores discount to NAV (Hapag-Lloyd)



Rating Risk of Vapores

A+ / Stable; A / Stable

Div. Policy of Vapores' main associate

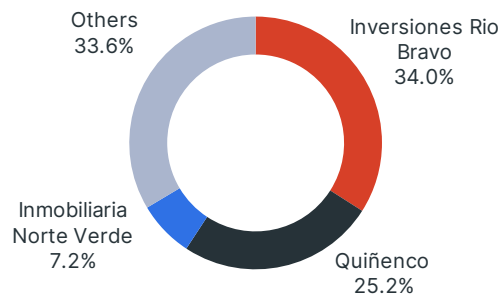
	Div. Pol.	Ownership
Hapag Lloyd	>30% profits	30%

Vapores

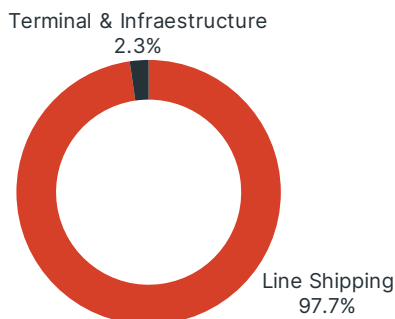
Company Description

Compañía Sud Americana de Vapores S.A. (CSAV) is a shipping company based in Chile. Its main business is container shipping, through its interest acquired in 2014 in the German company Hapag-Lloyd AG, the world's fifth-largest shipping line in this segment. CSAV is a principal shareholder with a 30% interest in Hapag-Lloyd, and it is party to a shareholder agreement that controls over 70% of that company.

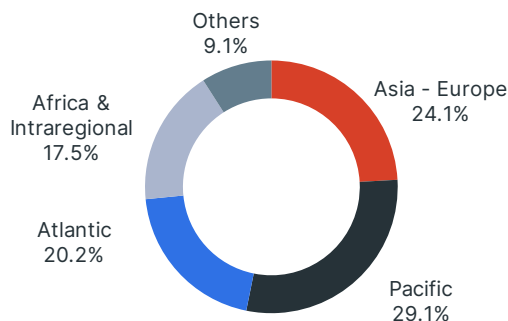
Ownership Structure



HL Revenue breakdown by concept (1H25)



HL Revenue breakdown by Region (1H25)



Management

CEO: Óscar Hasbún Martínez

CFO: Roberto Larraín Sáenz

IRO: María Elena Palma

www.csav.com

Income Statement

USD mn	2023	2024	2025E	2026E	2027E
Net Income	258	388	249	299	321
EPS (CLP)	4	7	5	6	6

Balance Sheet

USD mn	2023	2024	2025E	2026E	2027E
Shareholders Equity	8,089	7,272	7,520	7,819	8,139
ROAE	3.2%	5.1%	3.4%	3.9%	4.0%

Cash Flow Statement

USD mn	2023	2024	2025E	2026E	2027E
Dividends (Paid) Received	-1,644	-1,154	-873	-139	-199

Sources: Company Reports and Credicorp Capital

4.6 / Andean Utilities



Andean Utilities

Equities - Andean countries to face neutral climate conditions in 2026 as regulatory decisions shape the outlook for utilities.

Contrasting hydrological dynamics across the Andean region have shaped 2025. In Chile, unavailability of generating capacity and transmission system failures drove spot prices sharply higher in 1H25, while Colombia saw a strong recovery after the severe drought of late 2024. Peru, in turn, benefited from a resilient system and above-average hydro conditions that kept prices low and supported margins during 1H25. On the regulatory front, Chile launched a new regulated auction on short notice. Colombia made progress on subsidy debt payments but still faces gas reliability concerns, and Peru continues to enjoy system stability. Overall, weather volatility and ongoing diversification of capacity matrices have defined companies' performances this year.

The most recent NOAA report favors La Niña conditions for 4Q25 (71% probability), a positive sign for the Colombian and Peruvian systems, while a pressure on the Chilean one.

NOAA's September update confirmed neutral conditions through August, but forecasts shifted from a neutral year-end to higher odds of La Niña conditions appearing (71%). Neutral conditions should prevail until the Aug–Oct period (56% probability), but if La Niña conditions materialize in 4Q25 (71%), it should bolster Colombian and Peruvian systems while pressuring Chile. As we approach year-end, we'll continue to closely track hydrological and electrical indicators across the region, with insights delivered twice a month through our Andean Power Play report.

While Chile's last months' recovery helped the system, Colombia's outstanding hydrological year is leaving behind record figures. As for Peru, short-term pressures have normalized the year after a positive 1H25.

We are not incorporating La Niña into our models, as 2026 is expected to present neutral conditions after a few short months under La Niña conditions by 4Q25. Chile's rainfall in July and August improved reservoir levels, though 4 of 6 main reservoirs remain below historical averages. Snow accumulation also lags long-term trends, leaving uncertainty until October, when data trends are detectable. Once more clarity is shed on snow accumulation and the snow thawing season expectations, we could potentially forecast the 2026 hydrological year in Chile more accurately. Usually, **Colbun (HOLD; T.P.: CLP 170/share)** would benefit from low-hydro conditions, but in 2025 its halt on the Santa Maria coal plant prevented it from being a net spot seller. Furthermore, **Enel Chile (BUY; T.P.: CLP 83/share)** and **ECL (BUY; T.P.: CLP 1,430/share)** reduced their respective spot exposure during non-solar hours, proving their NCRE and BESS strategies effective so far in 2025. Especially in ECL's case, its ongoing shift toward NCRE and BESS by 2026 further limits its hydro and spot price reliance.

In Colombia, system recovery has been strong. Reservoirs have stayed above 80% since mid-June, keeping spot prices near ~COP 200/kWh. Enel Colombia posted a recovery to +50% EBITDA margins in 1H25 vs. a record low of 29.9% in 2024, a recovery trend we are incorporating into our model. As a result, both **EnelAm (HOLD; T.P.: CLP 115/share)** and **GEB (BUY; T.P.:**

COP 3,100/share) benefit from higher valuations.

Peru's system remains resilient despite a drier July–August. Reservoirs are nearing 2024's levels, which was a positive hydro year, but lower than 1H25's outstanding performance. For 2026, we are assuming average hydro conditions in **Engie Peru's model (BUY; T.P.: PEN 4.90/share)**, supporting healthy margins. The end of maintenance at some Engie plants should cut spot exposure and support resilient results next year.

A new regulated auction is expected to be carried out by October, while we expect all gencos under our coverage to present offers in it.

As per regulation, in Chile, the CNE launched a new regulated auction for 2027–2030: 1,680 GWh/year plus a 5% variable quantity, split into three hourly blocks and four geographical zones. The auction comes as smaller under-construction gencos are expected to default on commitments acquired in previous low-priced auctions. Therefore, we expect pricing for this auction to be in roughly line with Licitación Eléctrica 2023/1, at USD 56.68/MWh (awarded entirely to Enel Chile, see graph 5). Also, systemic costs will be passed through to consumers. Offers close on Oct. 1st, and energy should be awarded by October 28th–29th. We expect all gencos under our coverage to be likely to participate. Moreover, another auction is in preliminary stages for 1,470 GWh only for 2026. The published document from the CNE anticipates offers to be submitted by December 2nd and awarded by December 23rd. We will monitor the progress of this auction, as it is on so short notice, we expect prices to be attractive to gencos.

For **Aguas Andinas (HOLD; T.P.: CLP 400/share)**, the VIII process concluded last year, and tariff updates have been in effect since March 2025. The next regulatory review is not expected until 2030, limiting near-term uncertainty. For now, the timeline remains clear for both Biociedad and non-Biociedad projects to be incorporated into Aguas' operations, each supported by a tariff increase. We maintain a positive view on the regulatory WACC, which we expect to remain at 7% in future processes. Even with elections approaching, no candidate has indicated an intention to alter this framework.

In Colombia, debates focus on gas supply and energy debt accumulation. For gas, we estimate a 205 MBTUD deficit in firm contracted gas for 2026 (vs 38 in 2025), sustaining upward gas price pressure as imports grow, benefiting TGI's margins despite lower thermal demand. Subsidy debt has also improved: in May 2025, the government settled COP 2.5 tn in accumulated 2024–25 outstanding balances, easing systemic stress.

In Colombia, the debate is between gas supply, where we expect the deficit and need for imports to reach around 205 MBTUD.

However, Air-e, a commercializing company in the coastal part of the country, remains a weak spot. Under intervention since Sept. 2024, Air-e continues to accumulate debt, pressuring cash flows for gencos and transmission companies. We estimate ~USD 70 mn quarterly losses for **ISA (BUY; T.P.: COP 25,400/share)** and GEB until 2027. As of today, there is no clear timeline for resolving the situation, which creates both upside and downside risks depending on when it is settled and under what regulatory conditions. For now, sector-wide impact looks limited as relevant companies outmatch significantly Air-e's size. Nevertheless, the coastal system resilience remains a key watchpoint.

In Brazil, regulatory discussions are ongoing. Tariff updates for the

In Brazil, Dx tariffs were updated with positive results, a new spot price methodology pressures Gx margins, Dx concession renewals are expected by late 2024/early 2025, and curtailments remain an issue for the system.

distribution (Dx) business took place earlier this year, with net positive results for EnelAm. Meanwhile, a change to the spot price formation methodology has pressured Enel Gx Brazil's margins in recent quarters. We now expect higher spot prices to become the base case, as the new methodology makes prices more reactive to rainfall rather than reservoir levels. Moreover, we anticipate EnelAm's Dx concession renewal processes will be completed by late 2024/early 2025. Lastly, curtailments remain a key issue under discussion, supporting our positive view on GEB and ISA, given their exposure to the transmission segment in Brazil.

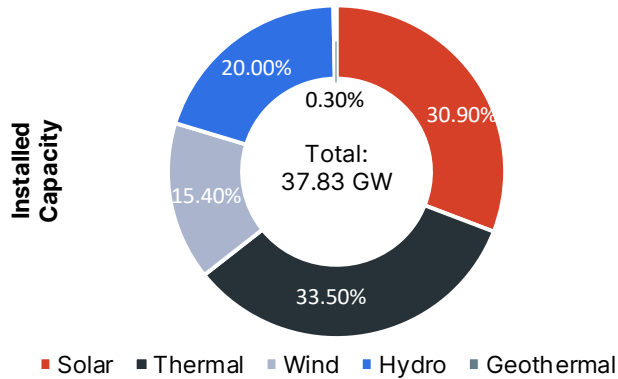
Fixed Income

Finally, in the fixed-income space, our regional thesis combines sector insights from the equity team with our credit views, focusing on name-specific fundamentals, market valuations, and tactical opportunities. Utilities remain a defensive play in a still-volatile environment, though stretched valuations in some names limit our enthusiasm for the sector. In Peru, hydrology conditions have normalized, supporting our constructive view on ORSAPE 32, which offers an attractive yield backed by strong credit quality and mitigated hydrology risk. KALLPA is also on our radar; we're optimistic about their diversification strategy, though current spreads versus the sovereign appear tight. In Colombia, EPPME continues to deliver, underpinned by improving fundamentals and receding risks. We see relative value in EPPME 29, which trades at appealing levels compared to the sovereign. On the other hand, TERMOC 31 shows limited room for spread compression amid expectations of softer performance and working capital pressures. We hold a neutral stance on TRAGSA 28 and GEBCB 30/33 based on current valuations. In Chile, we highlight AES 32 as a compelling opportunity within the IG space, offering attractive relative value.

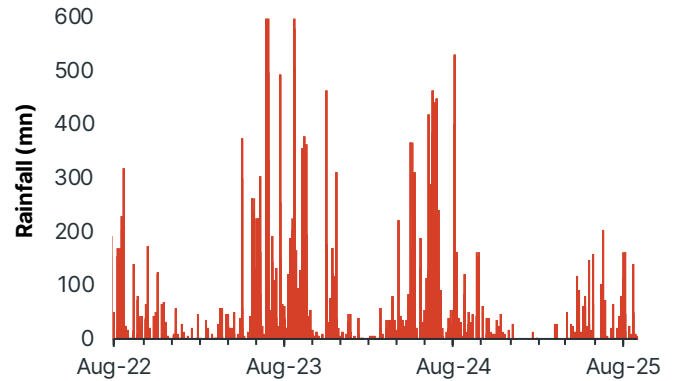


Chile

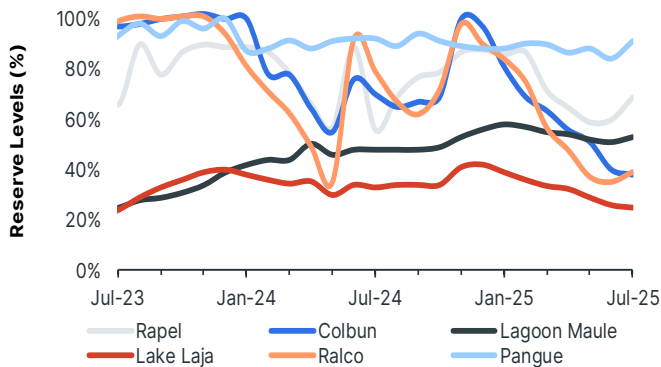
Graph 1: Energy matrix



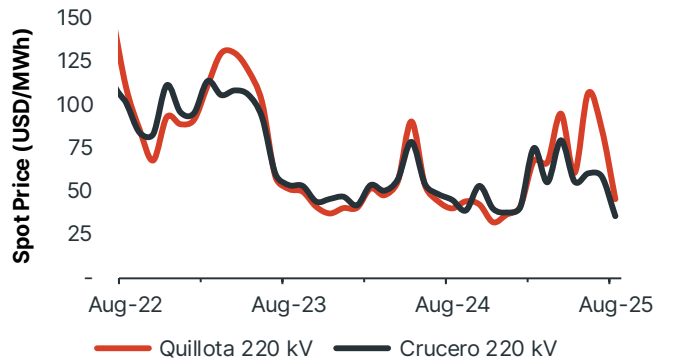
Graph 2: Rainfall (mm)



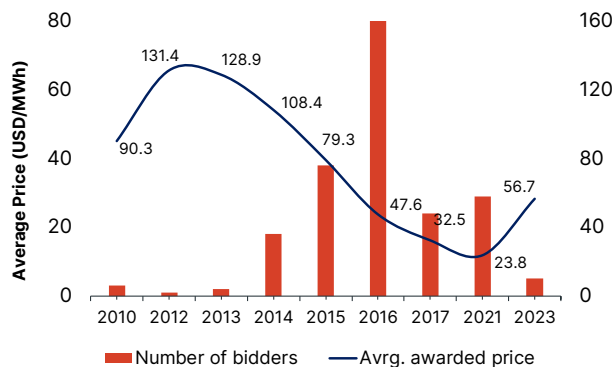
Graph 3: Reservoir levels (%) by reservoir



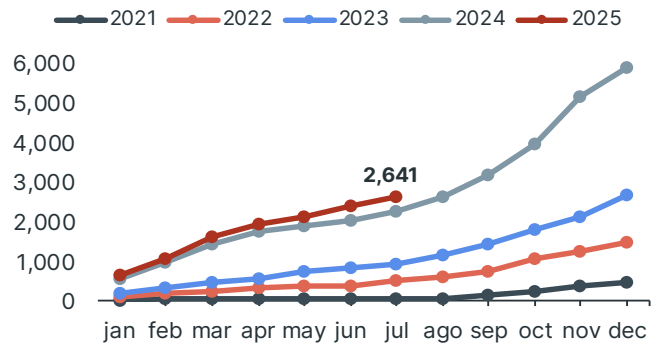
Graph 4: Energy spot prices (USD/MWh)



Graph 5: Bidders/price in regulated auctions



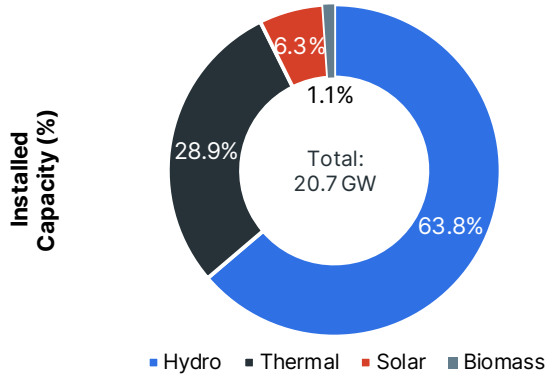
Graph 6: YTD Energy Curtailments, by year (GWh)



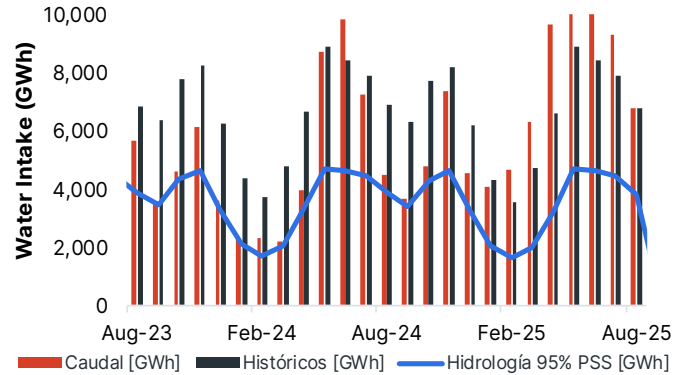
Source: Valgesta. Credicorp Capital

Colombia

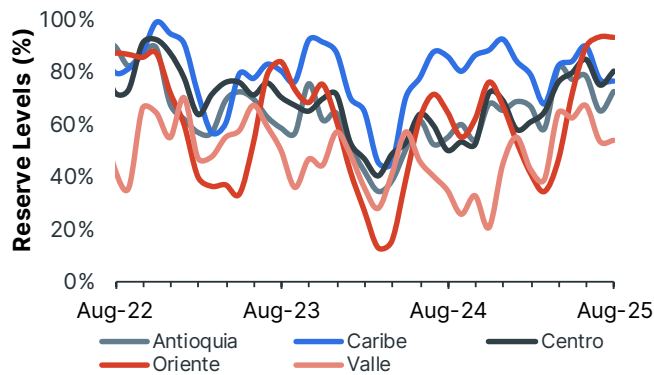
Graph 7: Energy matrix



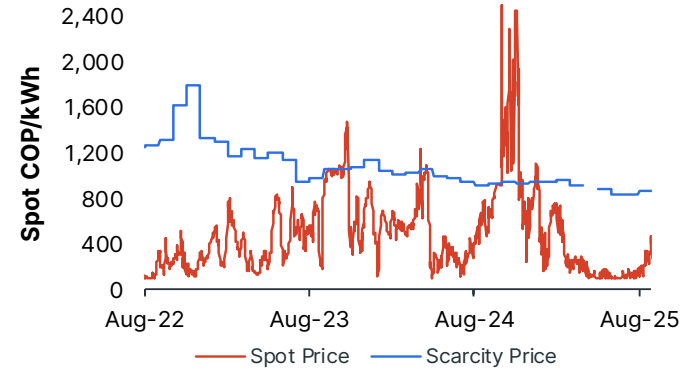
Graph 8: Water intake (GWh)



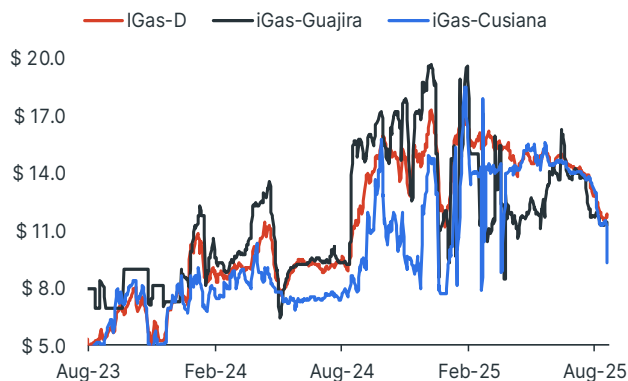
Graph 9: Reservoir levels (%) by region



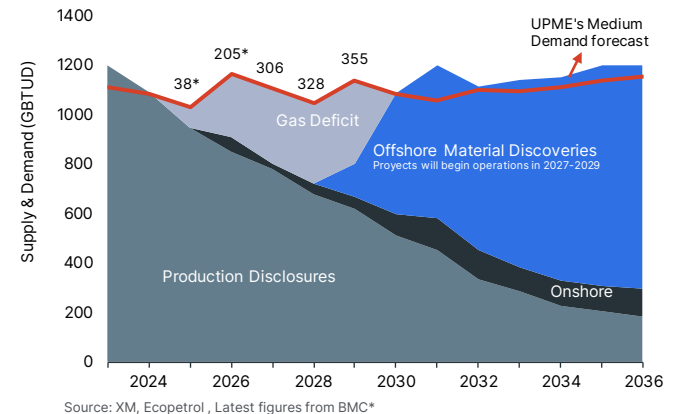
Graph 10: Energy spot prices (COP/kWh)



Graph 11: Gas spot prices, iGas (USD/MBTUD)

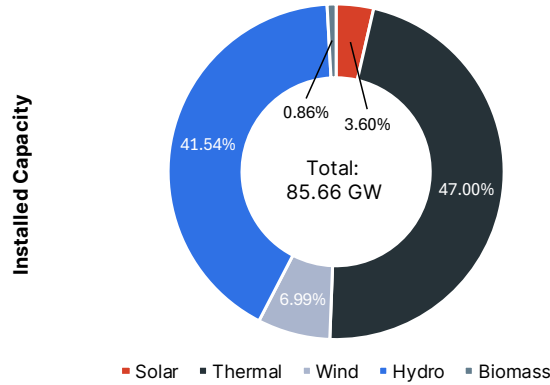


Graph 12: Gas deficit for upcoming years

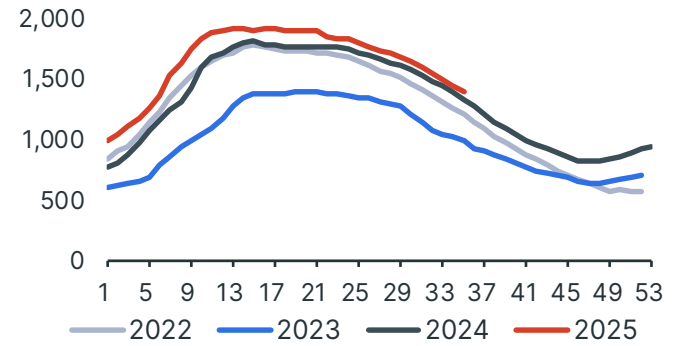


Peru

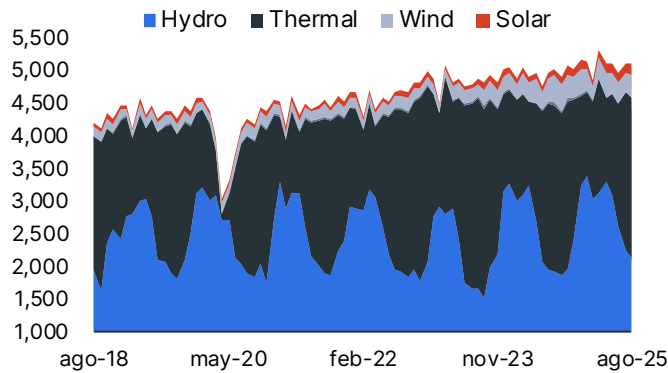
Graph 13: Energy matrix



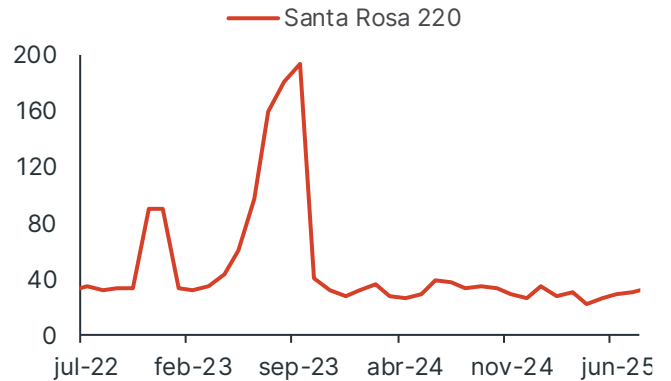
Graph 14: Reservoir levels y/y comparison by week of the year (hm³)



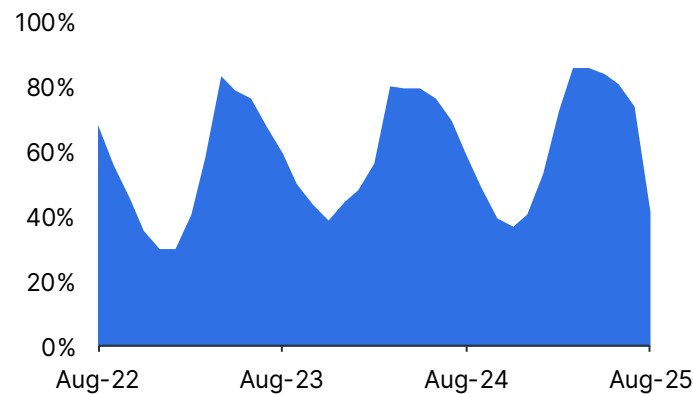
Graph 15: Generation (GWh), by technology



Graph 16: Energy spot prices (USD/MWh)

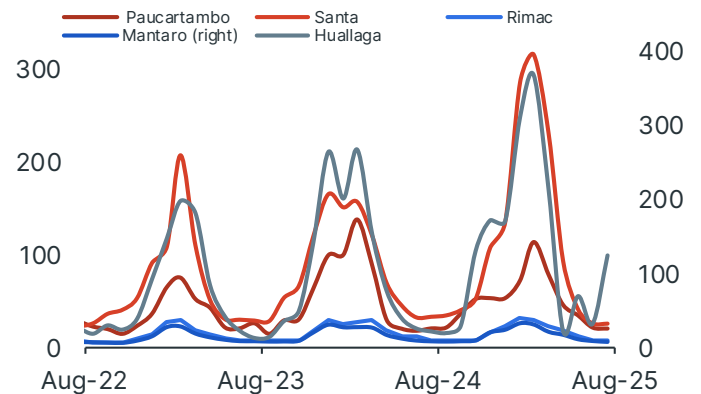


Graph 17: Reservoir Levels Consolidated (%)



Source: COES

Graph 18: River Flows (m³/s)



AES Andes

Baa3 / BBB- / BBB-
Outlook: s / s / s
**Fixed Income Research Chile
Utilities**

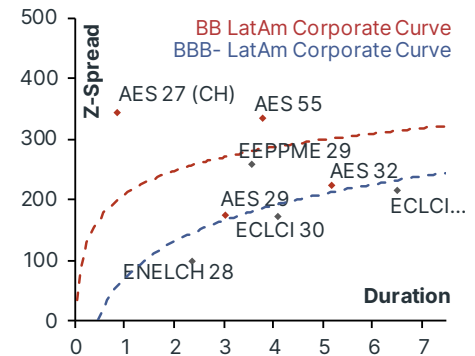
Josefina Valdivia - jvaldivia@credicorpcapital.com

Bold bet for a greener matrix

Investment Thesis

AES has successfully executed its energy transition and decarbonization strategies, highlighting its commitment to its transition goals. A third budget of projects following the first two from the GIP partnership will be developed under the 'Green Structured Sales' scheme so that it won't add new debt to Andes's balance to preserve liquidity and the IG rating. This ambitious plan bodes well for the future, considering that a greener matrix will improve margins and strengthen its commercial competitiveness. Having said this, we point out that the company will remain pressured by capex needs during the remaining life of the GIP partnership (although it is almost over) and distribution needs from AES Corp for its own matrix transition strategy. Net leverage sits at 3.6x with long-term guidance of <3.0x. We are OW on AES 32 for its attractive valuations within the Chilean IG universe.

AES Andes Bonds and comparables



Credit Data

REG-S Notes	4
Outstanding Senior Notes	USD 1,563mn
Closest Call Date	15-Feb-29
Closest Maturity Date	14-May-27

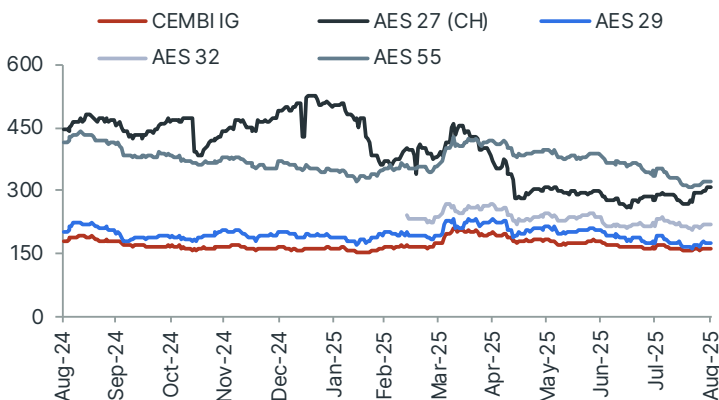
Concerns

- Sizeable capex needs with a track record of high distributions
- Ambitious coal-phaseout plan requiring adequate execution
- Relative high leverage
- Execution risk from ambitious growth in renewables

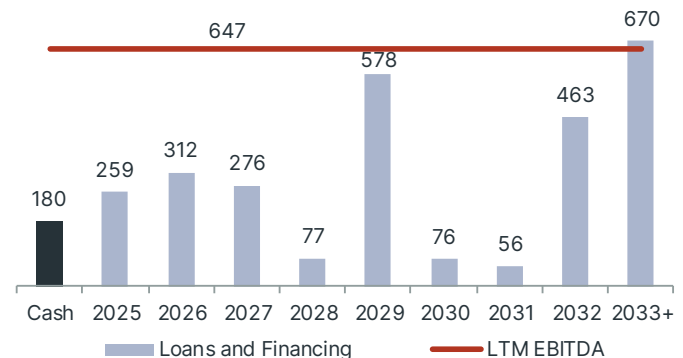
Strengths

- ~75% of revenue coming from long-term PPAs with an avg. duration of 13yr in Chile and 12yr in Colombia
- Ongoing decarbonization is expected to enhance margins and strengthen commercial competitiveness.
- Reduced exposure to Chile's regulated market lowers regulatory risk

Z-Spread evolution



Debt Maturity Profile



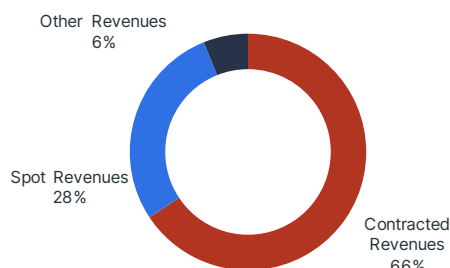
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
AES 27 (CH)	USD 133mn	5.50%	Ba1 / NR / BBB-	344	0.9	98.5	0.5%	6.8%	Neutral
AES 29	USD 500mn	6.30%	Baa3 / BBB- / BBB-	173	3.0	104.2	0.5%	4.9%	Neutral
AES 32	USD 400mn	6.25%	Baa3 / BBB- / BBB-	223	5.2	103.7	0.5%	5.5%	Overweight
AES 55	USD 530mn	8.15%	Ba1 / BB / BB	334	3.8	106.1	0.6%	6.5%	Neutral

AES Andes

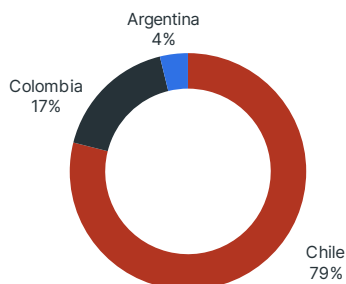
Company Description

AES Andes is one of the largest generation companies in Chile with ~12% market share by dispatch. AES has a presence in Colombia and Argentina as well. Through its Greentegra and decarbonization strategies, the company is successfully accelerating its transition with the goal of having 90% of its portfolio composed of renewable generation coupled with a full exit from coal by 2027. Cochrane (AES 5 1/2) is a 550-MW fully owned coal subsidiary with its own PPAs in place supporting the bond's cash flows.

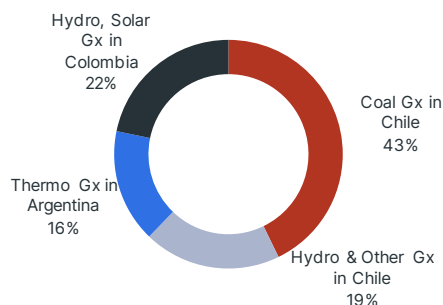
Revenues by Type of Client (2Q25)



LTM EBITDA Breakdown by Geography



LTM Energy Generation (GWh)



Credit Metrics

	2021	2022	2023	2024	2Q25LTM
Interest Coverage	10.1x	5.2x	3.2x	3.2x	3.1x
Gross Debt / EBITDA	2.0x	2.9x	3.7x	3.8x	3.9x
Net Debt / EBITDA	1.9x	2.7x	3.4x	3.5x	3.6x
Net Debt / Equity	1.4x	1.4x	1.3x	1.2x	1.1x
ST Debt / Gross Debt	12%	9%	18%	12%	15%

Income Statement

USD MN	2021	2022	2023	2024	2Q25LTM
Net Revenues	2,771	2,579	2,742	2,343	2,168
Gross Profit	977	699	607	546	546
EBIT	-1,347	606	197	349	348
Financial Expenses	106	156	216	193	208
EBITDA	1,075	811	686	625	647
Gross Margin	35%	27%	22%	23%	25%
EBITDA Margin	39%	31%	25%	27%	30%
Net Margin	-38%	13%	-4%	8%	7%

Balance Sheet

USD MN	2021	2022	2023	2024	2Q25LTM
Cash	112	186	228	187	180
Current Liabilities	887	1,552	1,204	870	932
Total Assets	4,477	5,413	5,353	5,225	5,354
Current Liabilities	732	1,001	1,144	876	911
Total Liabilities	3,319	4,085	3,872	3,733	3,787
Equity	1,158	1,328	1,481	1,491	1,567
Net Debt	2,282	2,455	2,551	2,538	2,607
Gross Debt	2,394	2,641	2,779	2,725	2,787
Short Term Debt	284	242	486	340	411
Long Term Debt	2,110	2,649	2,292	2,385	2,375
ROAE	-91%	26%	-7%	13%	9%
ROAA	-24%	6%	-2%	4%	3%

Cash Flow Statement

USD MN	2021	2022	2023	2024	2Q25LTM
Operational Activities	155	165	722	550	568
Investing Activities	-605	-548	-549	-376	-367
Financing Activities	300	476	-33	-197	-275

Sources: Company Reports and Credicorp Capital

Aguas Andinas

**Equity Research Chile
Utilities**
Rating: Hold
TP: CLP 400

 Steffania Mosquera - smosquera@credicorpcapital.com
 Juan Felipe Becerra - jbecerra@credicorpcapital.com

Despite a solid story, limited upside shifts our view to neutral

Investment Thesis

We are updating the valuation model for Aguas Andinas, while introducing our CLP 400/share 2026E TP and downgrading our BUY to a HOLD recommendation. While we still see upside from the stock and like its fundamentals, we believe the market has been pricing the VIII Tariff Process Cycle results, therefore reducing the potential upside. Please note that Aguas Andinas should continue to post solid figures based on: i) a reduced likelihood of an extended drought, ii) a more likely stable regulatory return rate of 7% for the next tariff period, and iii) stronger operational resilience, minimizing risks from water transfers and pass-through costs in case of drought.

Regulatory developments support medium-term growth. The conclusion of the tariff cycle and new CAPEX announcements provide solid momentum for the stock. We view positively the 5% real tariff update for the Aguas Andinas' concession announced in December, along with tariff updates for its subsidiaries, Aguas Cordillera (+5%) and Aguas Manquehue (+13%).

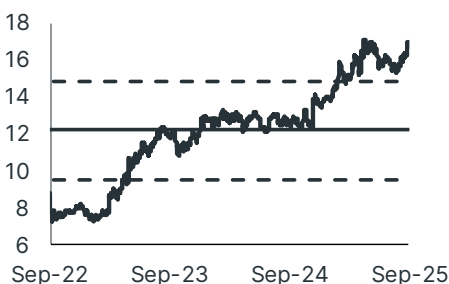
Regulatory developments also point to a more stable future. The VIII Tariff Process Cycle also resulted in multiple key agreements between Aguas Andinas and the SISS. Key positives include: i) OPEX recognition in projects like the Emergency Supply Plan amid additional tariff compensation in case a drought increases Aguas Andinas needs for water transfers, reducing downside risk and ii) regulatory clarity as a lower WACC now seems less likely with the 7% rate maintained and unlikely to decrease in the next cycle.

Limited upside after recent rally. While Aguas had an attractive equity story, we now see greater upside potential in other sector names with evolving narratives. The CAPEX projects and tariff hikes, known since November 2024, have likely been priced in by the market.

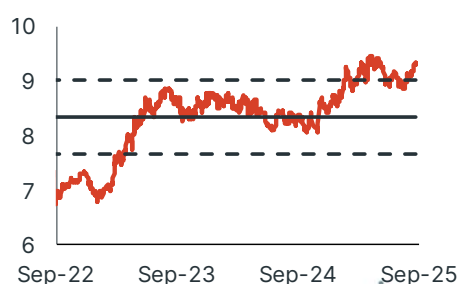
Valuation

We maintain our target price at CLP 400/share, based on a blended valuation using a 10-year DCF and multiples approach. Our DCF applies a 7.5% WACC, while our multiples valuation assumes a 9.5x EV/EBITDA. The model reflects the 2025–2030 tariff cycle review and associated CAPEX tariffed projects. We include both Biocidad projects (Base Drought, Final Drought: Wells in Canals Girdles, and Final Turbidity: Maipo alternative catchment) and non-Biocidad tariffed projects (La Farfana Deodorization, Alternative Supply Plan, Thermal Hydrolysis at La Farfana, and Thermal Drying of Sludge at Trebal Mapocho).

P/E 12M Forward



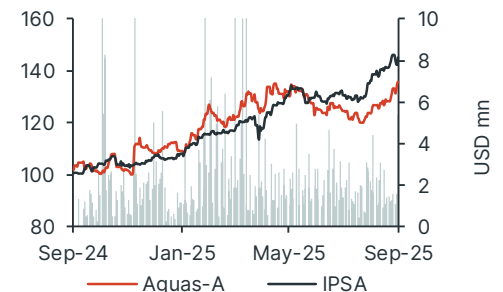
EV/EBITDA 12M Forward



Stock Data

Ticker	aguas/a ci
Price (CLP)	362
Target (CLP)	400
Total Return	14.6%
LTM Range	267 - 362
M. Cap (USD mn)	2,255
Shares Outs. (mn)	5,811
Free Float	50%
ADTV (USD mn)	2.2

Price Chart (CLP) and Volumes (USD mn)

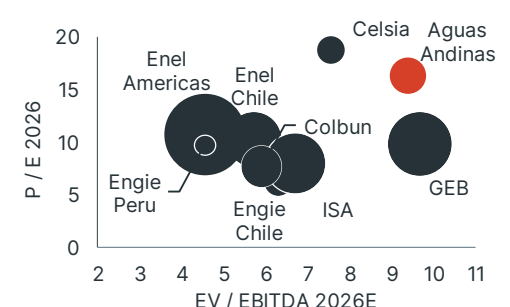


Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	9.2	10.0	9.4	9.2
P/E	14.4	16.9	16.3	16.5
P/CF	-90.9	29.2	16.4	16.1
P/BV	1.4	1.6	1.5	1.5
Div. Yield	4.7%	2.3%	4.1%	4.3%

Sources: Company Reports and Credicorp Capital

Relative Valuation

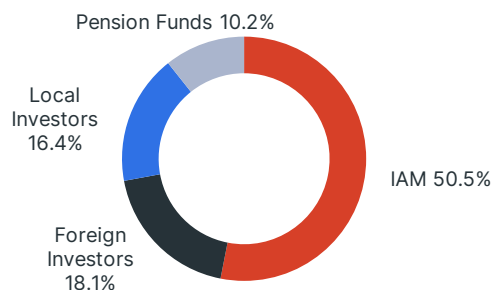


Agua-A

Company Description

Agua Andinas is the largest sanitation company in Chile. It provides water and sewage services to the Metropolitan Region, holding perpetual concessions for both businesses. The company serves ~2.3 million customers in the region. The sector regulator, the SISS, sets Agua Andinas's tariffs for 5-year periods based on a model company framework. The next tariff process is expected by 2030

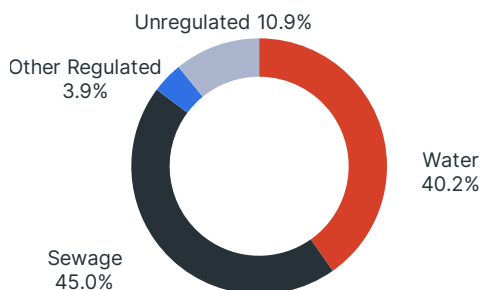
Ownership Structure



Income Statement

CLP mn	2023	2024	2025E	2026E	2027E
Revenues	640,856	662,701	698,809	732,695	751,130
Gross Profit	555,494	580,579	609,055	634,619	652,207
EBITDA	318,288	325,436	341,489	361,608	370,263
Net Income	133,390	124,340	124,607	129,257	127,129
EPS (CLP)	22	20	20	21	21
Gross Margin	86.7%	87.6%	87.2%	86.6%	86.8%
EBITDA Margin	49.7%	49.1%	48.9%	49.4%	49.3%
Net Margin	20.8%	18.8%	17.8%	17.6%	16.9%

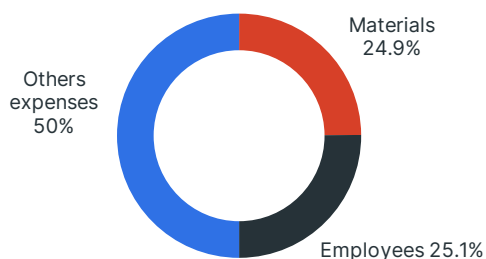
Revenue breakdown by segment (2024)



Balance Sheet

CLP mn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	109,157	108,758	31,085	32,229	30,677
Total Current Assets	275,004	288,687	195,764	202,107	203,334
Total Assets	2,423,348	3,018,144	3,020,220	3,115,608	3,203,345
Current Liabilities	361,668	351,513	257,892	264,387	267,723
Financial Debt	1,282,231	1,324,019	1,322,013	1,368,816	1,416,539
Total Liabilities	1,537,208	1,726,044	1,686,925	1,740,280	1,791,369
Minority Interest	31	33	50	50	50
Shareholders Equity	886,108	1,292,067	1,333,246	1,375,278	1,411,927
Total Liabilities + Equity	2,423,348	3,018,144	3,020,220	3,115,608	3,203,345
Net Debt /EBITDA	3.7	3.7	3.8	3.7	3.7
Financial Debt /EBITDA	4.0	4.1	3.9	3.8	3.8
Financial Debt /Equity	1.4	1.0	1.0	1.0	1.0
ROAE	15.5%	11.4%	9.5%	9.5%	9.1%
ROAA	5.6%	4.6%	4.1%	4.2%	4.0%
ROIC	10.2%	8.6%	8.1%	8.0%	7.7%

Operating Cost Breakdown (2024)



Cash Flow Statement

CLP mn	2023	2024	2025E	2026E	2027E
Initial Cash	179,335	109,157	108,758	31,085	32,229
Cash Flow From Operations	122,506	-19,699	71,999	128,234	130,715
CAPEX	-169,164	-321,394	-175,278	-182,630	-187,869
Changes in Financial Debt	-16,417	41,789	-2,007	46,803	47,723
Dividends (Paid) Received	-85,707	-84,083	-48,488	-87,224	-90,480
Other CFI & CFF Items	78,603	382,989	76,100	95,961	98,358
Changes in Equity	0	0	0	0	0
Final Cash	109,157	108,758	31,085	32,229	30,677
Change in Cash Position	-70,179	-398	-77,673	1,144	-1,553

Management

CEO: José Sáez
 CFO: Miquel Sans
 IRO: Antonela Laino
www.aguasandinasinversionistas.cl

Sources: Company Reports and Credicorp Capital

Colbún

Rating: Hold
TP: CLP 170

Equity Research Chile Utilities

Steffania Mosquera - smosquera@credicorpcapital.com
Juan Felipe Becerra - jbecerra@credicorpcapital.com

Limited upside in the sector as equity story lacks a short-term catalyst

Investment Thesis

We are introducing our 2026E TP for Colbun of CLP 170/share while downgrading our BUY rating to HOLD, mainly explained by its weak current operating momentum. Expiring contracts, rising fixed transmission and labor costs have pressured the company's electric margin. Furthermore, short-term capacity unavailability (e.g., Santa Maria coal plant for half of 3Q25) prevented Colbun from taking advantage of high spot prices during the year, which could have translated into higher revenues, considering that spot sales amounted to an average of ~13% of revenues in Chile since 2018. In fact, from a mid-term perspective, once the Chilean system incorporates NCRE and BESS projects, there should be lower spot prices, which should impact Colbun once again.

Despite the current weak momentum, we acknowledge that Colbun's strong long-term track record and the reincorporation of Santa Maria could lead to a better-than-expected performance. Indeed, the company remains financially solid, with its ND/EBITDA at 2.3x.

We note that potential M&A activity could add noise to Colbun's current equity story. The company has stated its interest in expanding to another geography, with Spain being one potential country during the last months. Colbun engaged in discussions with Acciona for a 440 MW wind farm, which did not fall through. Moreover, please note that ILAP's asset acquisition was done at a USD 1.67 mn per MW multiple, which seems pricey but it was justified at the time because of the synergy of the assets with Colbun's Chilean operations. Nevertheless, a similar acquisition in a different geography could pose a risk to Colbun's capital allocation.

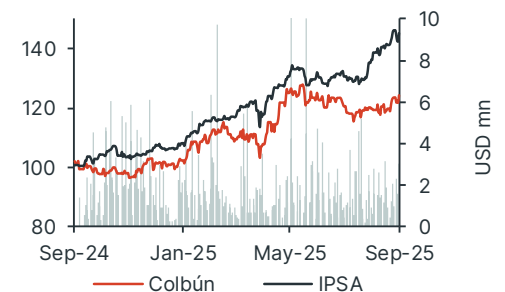
Valuation

We are maintaining our CLP 170/share T.P., obtained through our 10-year DCF model alongside a multiple valuation. Our new updated model assumes the declared CAPEX and capacity incorporations in the company's pipeline: BESS Celda Solar (288 MW) and BESS Diego de Almagro (228 MW). The model does not include the PPA signed with Atlas Renewables for 230 MW due to unclear pricing for the PPA.

Stock Data

Ticker	colbun ci
Price (CLP)	151
Target (CLP)	170
Total Return	18.9%
LTM Range	117 - 155
M. Cap (USD mn)	2,778
Shares Outs. (mn)	17,536
Free Float	50%
ADTV (USD mn)	1.9

Price Chart (CLP) and Volumes (USD mn)

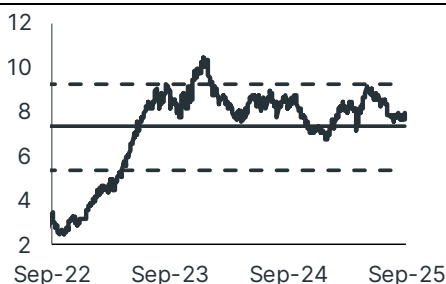


Valuation Summary

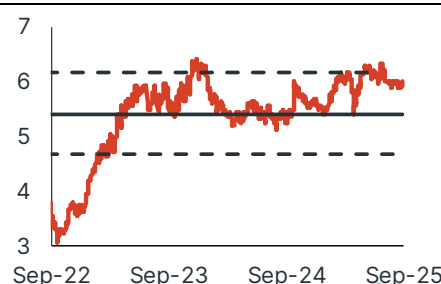
	2024	2025E	2026E	2027E
EV/EBITDA	6.0	6.5	5.9	6.2
P/E	8.6	9.0	7.6	8.3
P/CF	-16.1	19.2	9.3	5.5
P/BV	0.7	0.8	0.8	0.7
Div. Yield	5.8%	5.3%	6.3%	6.1%

Sources: Company Reports and Credicorp Capital

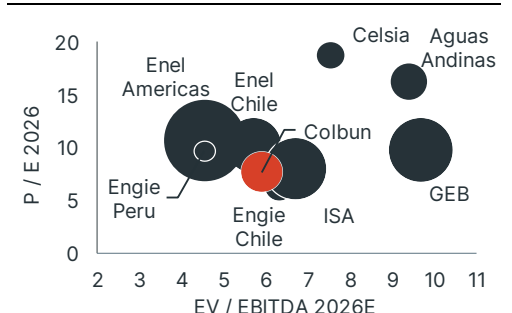
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

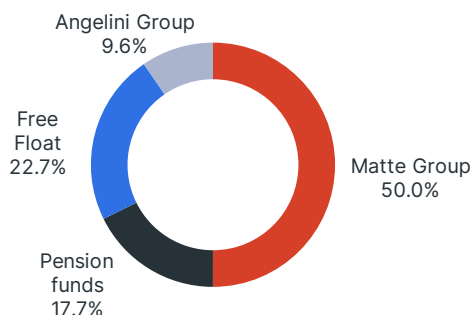


Colbún

Company Description

Colbun is a power generation company. In Chile, it has an installed capacity of ~4.4 GW from 17 power plants, including its recently concluded project 816-MW Horizonte wind farm and its acquired San Juan (193 MW) and Totoral (46 MW) wind farms. The company also operates in Peru, where it owns ~0.6 GW Fenix Peru, one of the most efficient combined-cycle power plants in the country.

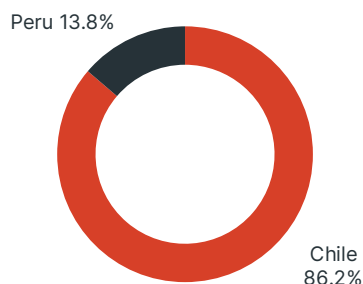
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	2,004	1,576	1,623	1,753	1,763
Gross Profit	873	804	873	954	916
EBITDA	713	642	694	765	726
Net Income	393	252	308	363	336
EPS (CLP)	20	14	17	20	18
Gross Margin	43.6%	51.0%	53.8%	54.4%	52.0%
EBITDA Margin	35.6%	40.8%	42.8%	43.6%	41.2%
Net Margin	19.6%	16.0%	19.0%	20.7%	19.1%

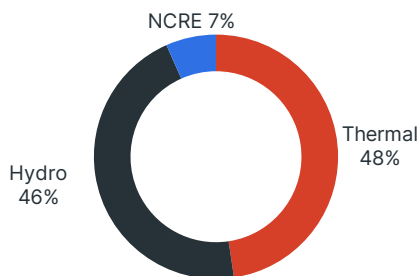
Revenue breakdown by country (2024)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,033	775	667	677	675
Total Current Assets	1,426	1,200	1,142	1,185	1,179
Total Assets	6,661	6,908	7,053	7,152	6,994
Current Liabilities	471	370	326	326	326
Financial Debt	2,123	2,300	2,237	2,123	1,808
Total Liabilities	3,563	3,678	3,572	3,458	3,143
Minority Interest	124	126	135	139	142
Shareholders Equity	2,973	3,104	3,346	3,556	3,710
Total Liabilities + Equity	6,661	6,908	7,053	7,152	6,994
Net Debt /EBITDA	1.5	2.4	2.3	1.9	1.6
Financial Debt /EBITDA	3.0	3.6	3.2	2.8	2.5
Financial Debt /Equity	0.7	0.7	0.7	0.6	0.5
ROAE	13.6%	8.3%	9.5%	10.5%	9.3%
ROAA	5.9%	3.7%	4.4%	5.1%	4.8%
ROIC	9.2%	7.1%	7.2%	7.6%	6.9%

Generation Mix (2024)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	1,136	1,033	775	667	677
Cash Flow From Operations	154	-135	145	299	508
CAPEX	-409	-654	-476	-309	-111
Changes in Financial Debt	-34	176	-62	-114	-315
Dividends (Paid) Received	-197	-127	-148	-176	-171
Other CFI & CFF Items	383	481	433	311	87
Changes in Equity	0	0	0	0	0
Final Cash	1,033	775	667	677	675
Change in Cash Position	-103	-257	-109	10	-1

Management

CEO: José Ignacio Escobar
 CFO: Miguel Alarcón
 IRO: Isidora Zaldivar
www.colbun.cl

Sources: Company Reports and Credicorp Capital

Enel Americas

**Equity Research Chile
Utilities**
Rating: Hold
TP: CLP 115

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 Juan Felipe Becerra - jbecerra@credicorpcapital.com

Short-term support for the stock, but medium term lacks drivers

Investment Thesis

We are introducing our 2026E TP of CLP 115/share for Enel Americas while maintaining our HOLD rating. Even though the company does not gave significant growth prospects, we believe Enel Americas equity story is enhanced by: i) the recently announced buyback program, ii) a lower regulatory uncertainty in Brazil and iii) an improvement in Argentina's Dx regulatory framework, which has now been included in its CAPEX plan (which in turn leads us to incorporate Argentina Dx in our valuation).

Buyback program. EnelAM announced a buyback program covering 4% of its shares at CLP 105.23/share, offering a 14.5% premium over the 90-day weighted average price prior to July 30, 2025. The program will last until Sep-27th, 2025. While we acknowledge the risk of market dilution, we believe investors should closely track additional corporate actions.

Lower regulatory uncertainty. In Brazil, the conclusion of concession renewal processes should bring clarity on regulatory requirements, expected by year-end/early 2026. Recent tariff updates in the Dx business accounted for a 6.9% weighted average increase (+0.27% Rio, +13.94% São Paulo, -2.10% Ceará). In Gx, the shift to a more reactive spot price methodology should pressure purchases, a "new normal" until new transmission reduces curtailments. In Argentina, EnelAm booked a USD 99 mn gain in 2Q25 from CAMMESA debt regularization, while debt from frozen COVID tariffs was converted from USD to ARL. Dx tariffs rose 3% in May and are now indexed +0.36% monthly for 30 months. In Gx, the Chocón contract was extended until year-end pending a new auction. That said, recent electoral results in Argentina make October's legislative elections an event to monitor, as they could pose downside risk: while we do not expect near-term changes in Dx regulatory progress achieved, an adverse result to market-friendly policies could trim our TP by a maximum of 4.3%.

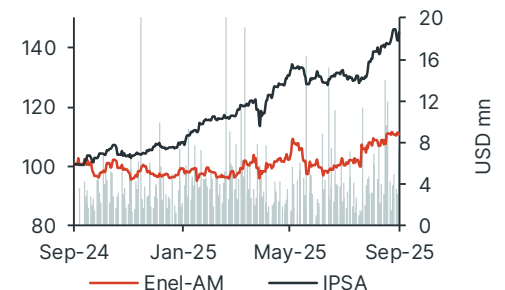
Valuation

We are updating our T.P. to CLP 115/share, increasing 8.5% vs. our previous T.P. The recommendation is obtained through our DCF-based SOTP model. Our model incorporates Gx businesses in Brazil, Colombia, and Central America, as well as Dx businesses in Brazil, Colombia, and Argentina. The remaining Gx assets in Argentina are not included there is more clarity on the future of El Chocón. Therefore, those assets pose an upside risk to the valuation.

Stock Data

Ticker	enelam ci
Price (CLP)	100
Target (CLP)	115
Total Return	16.8%
LTM Range	86 - 101
M. Cap (USD mn)	11,276
Shares Outs. (bn)	107.28
Free Float	18%
ADTV (USD mn)	4.2

Price Chart (CLP) and Volumes (USD mn)

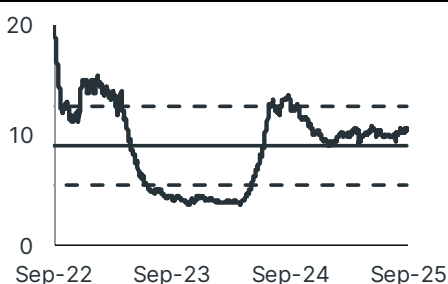


Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	4.0	4.8	4.6	4.4
P/E	3.6	12.1	10.7	9.8
P/CF	5.9	23.3	5.9	5.3
P/BV	0.7	0.7	0.6	0.6
Div. Yield	2.7%	6.9%	2.5%	2.8%

Sources: Company Reports and Credicorp Capital

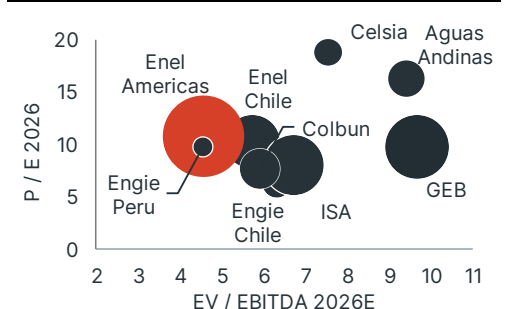
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

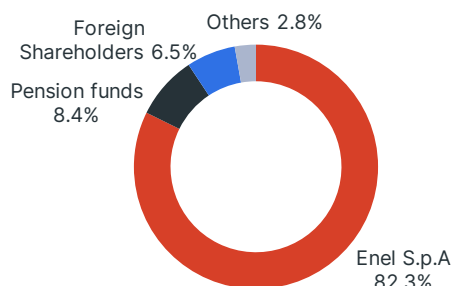


Enel-AM

Company Description

Enel Americas is an energy generation and distribution holding company. Its Gx business has an installed capacity of 12.8 GW, and its Dx one supplies energy to more than 22.7 million customers. The holding is comprised of Gx businesses in Brazil, Colombia, and Central America, and Dx businesses in Brazil, Colombia, and Argentina. It also owns the Chocon hydro plant in Argentina. This contract is expected to end by the end of 2025 and, thus, is not included in our valuation until the new bidding process occurs. In 2024, Enel Americas finalized the sale of assets in Perú, leaving the geography.

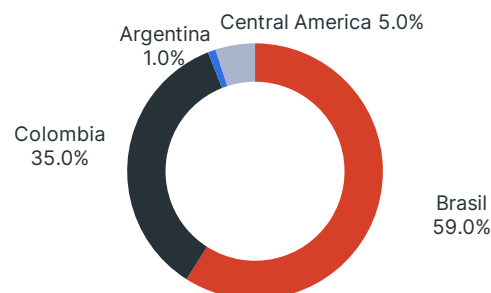
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	12,888	13,904	14,028	14,893	15,454
Gross Profit	5,216	5,357	5,901	6,212	6,473
EBITDA	3,749	3,735	4,228	4,461	4,624
Net Income	864	2,589	934	1,054	1,147
EPS (CLP)	8	23	8	9	10
Gross Margin	40.5%	38.5%	42.1%	41.7%	41.9%
EBITDA Margin	29.1%	26.9%	30.1%	30.0%	29.9%
Net Margin	6.7%	18.6%	6.7%	7.1%	7.4%

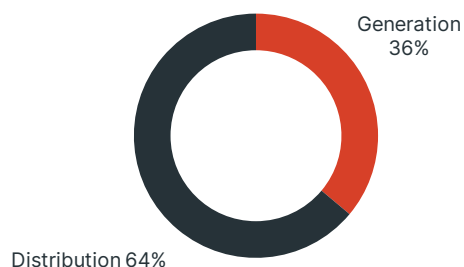
EBITDA breakdown by country (2024)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	1,500	3,076	1,180	1,170	1,933
Total Current Assets	10,319	7,402	5,930	6,078	6,969
Total Assets	36,855	31,467	33,182	33,715	34,752
Current Liabilities	9,727	7,110	6,933	7,158	7,332
Financial Debt	8,105	6,255	5,396	4,177	3,380
Total Liabilities	19,834	15,075	14,042	13,089	12,498
Minority Interest	2,516	2,272	2,530	2,903	3,316
Shareholders Equity	14,505	14,121	16,610	17,722	18,937
Total Liabilities + Equity	36,855	31,467	33,182	33,715	34,752
Net Debt /EBITDA	1.8	0.9	1.0	0.7	0.3
Financial Debt /EBITDA	2.2	1.7	1.3	0.9	0.7
Financial Debt /Equity	0.6	0.4	0.3	0.2	0.2
ROAE	6.3%	18.1%	6.1%	6.1%	6.3%
ROAA	2.4%	7.6%	2.9%	3.2%	3.3%
ROIC	5.6%	8.1%	8.4%	8.1%	8.0%

EBITDA breakdown by business (2024)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	1,122	1,500	3,076	1,180	1,170
Cash Flow From Operations	3,075	1,586	484	1,928	2,135
CAPEX	-78	-1,023	-2,489	-1,550	-1,433
Changes in Financial Debt	59	-1,850	-859	-1,218	-797
Dividends (Paid) Received	0	-259	-777	-280	-316
Other CFI & CFF Items	-2,678	3,122	1,745	1,109	1,175
Changes in Equity	0	0	0	0	0
Final Cash	1,500	3,076	1,180	1,170	1,933
Change in Cash Position	378	1,576	-1,896	-11	763

Management

CEO: Giuseppe Turchiarelli
 CFO: Rafael de la Haza
 IRO: Jorge Velis
www.enelamericas.com

Sources: Company Reports and Credicorp Capital

Engie Energía Chile

**Equity Research Chile
Utilities**
Rating: Buy
TP: CLP 1,430

 Steffania Mosquera - smosquera@credicorpcapital.com
 Juan Felipe Becerra - jbecerra@credicorpcapital.com

Structural change in the future, improvement in margins expected

Investment Thesis

We are introducing our 2026E TP for Engie Energía Chile of CLP 1,430/share and our BUY recommendation. Indeed, despite a positive market performance with a ~40% YTD rally, we believe ECL is still at attractive valuations considering an outstanding EBITDA and earnings momentum. On the operating front, it has benefited from challenges in the electric system that have led to generation in its coal plants, resulting in a net selling position in the spot market. Also, recognizing compensation from the litigation settlement with TotalEnergies further enhances earnings. Indeed, Engie has increased its EBITDA guidance for 2025 from a USD 525-575 mn range to a USD 650-700 mn range, while doubling its bets on ambitious CAPEX plans. Beyond an outstanding 2025, we see an attractive story for Engie with incoming BESS projects and coal exits, which should enhance margins.

Renewables and BESS coming. A significant renewable pipeline (1.1 GW) is on track to be incorporated fully by 2026, without compromising leverage ratios in the long-term (3.7x ND/EBITDA in 2027). We expect ECL's operating performance and margin improvement to keep leverage in line after 2026.

Coal exit sets the stage for stronger long-term performance. Looking ahead, the planned coal phase-out in 2026 marks a structural inflection point, after which we expect sustained EBITDA margin expansion from ~33% to +40%, as the generation mix becomes increasingly cleaner and more efficient. The move aligns with the company's strategy to reduce its net buying spot position, which should translate into lower costs from energy purchases. Thus, ECL's cost structure after 2026 should see lower fuel costs from the exit of coal plants and lower energy purchases from a reduced spot position.

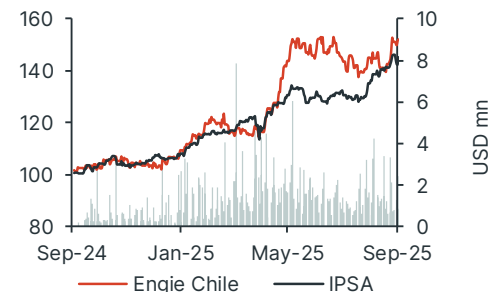
Valuation

We are updating our T.P. to CLP 1,430/share (+26.5% vs. our last CLP 1,180/share TP) with our 10-year DCF model. The model uses a 8.6% WACC for the DCF. Our new updated model assumes the declared CAPEX and capacity incorporations in the company's pipeline: BESS Arica (30 MW), BESS Tocopilla (116 MW), BESS Lille (140 MW), wind farm Pampa Fidelia (306 MW), BESS Kallpa (57 MW), BESS Los Loros (46 MW), fotovoltaic+BESS Libelula project (350 MW), and wind farm Chequenes (165 MW). It also includes IEM coal-to-gas reconversion.

Stock Data

Ticker	ecl ci
Price (CLP)	1,293
Target (CLP)	1,430
Total Return	17.3%
LTM Range	850 - 1,300
M. Cap (USD mn)	1,429
Shares Outs. (mn)	1,053
Free Float	40%
ADTV (USD mn)	1.3

Price Chart (CLP) and Volumes (USD mn)

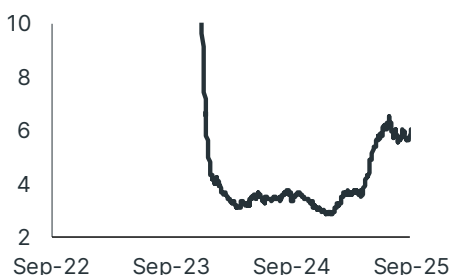


Valuation Summary

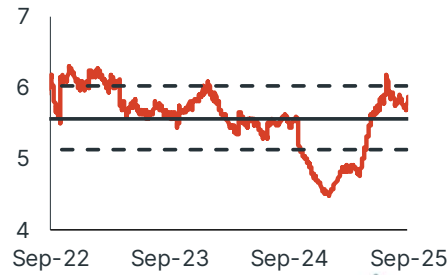
	2024	2025E	2026E	2027E
EV/EBITDA	5.9	5.0	6.3	5.1
P/E	4.2	4.4	6.3	6.1
P/CF	-36.6	-6.8	-4.9	4.8
P/BV	0.6	0.8	0.7	0.7
Div. Yield	0.0%	3.8%	6.7%	4.8%

Sources: Company Reports and Credicorp Capital

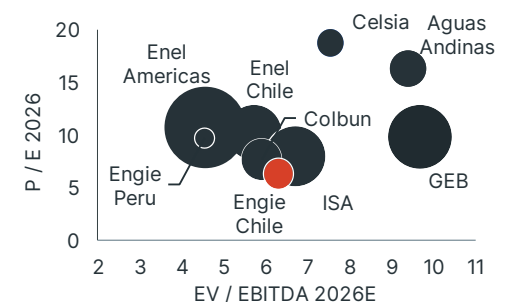
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

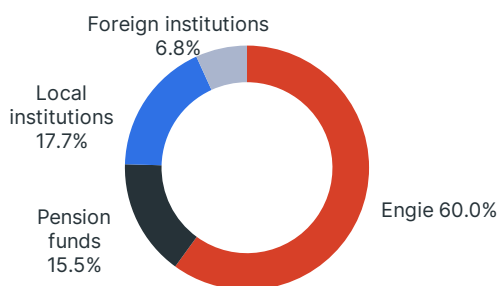


Engie Chile

Company Description

Engie Energia Chile (EECL) is the fourth largest power generator in Chile with ~2.7 GW renewable installed capacity. The company is engaged in transitioning out of coal by 2H26 and is developing a 1.2 GW renewable portfolio. EECL is also a relevant player in transmission with 2,409 km of tx lines, 32 substations and a 50% share in TEN, a 600 km-long tx line.

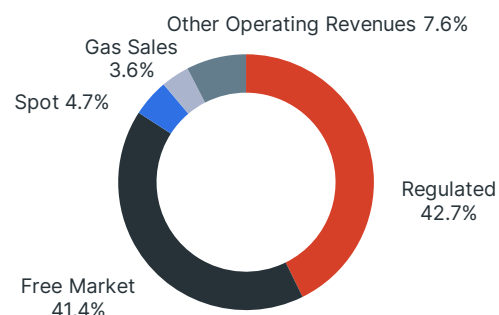
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	2,193	1,837	2,000	1,619	1,518
Gross Profit	251	403	551	371	477
EBITDA	403	516	674	534	665
Net Income	-408	231	323	228	233
EPS (CLP)	-369	208	292	206	211
Gross Margin	11.4%	22.0%	27.6%	22.9%	31.4%
EBITDA Margin	18.4%	28.1%	33.7%	33.0%	43.8%
Net Margin	-18.6%	12.6%	16.2%	14.1%	15.4%

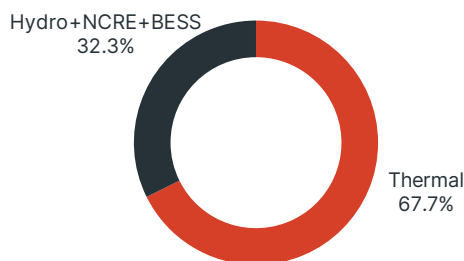
Revenue breakdown by segment (2024)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	301	499	255	230	213
Total Current Assets	986	1,081	766	713	678
Total Assets	4,259	4,721	4,919	5,388	5,384
Current Liabilities	709	650	388	387	386
Financial Debt	2,302	2,579	2,535	2,873	2,705
Total Liabilities	2,873	3,156	3,061	3,398	3,229
Minority Interest	0	0	0	0	0
Shareholders Equity	1,386	1,565	1,858	1,990	2,155
Total Liabilities + Equity	4,259	4,721	4,919	5,388	5,384
Net Debt /EBITDA	5.0	4.0	3.4	5.0	3.7
Financial Debt /EBITDA	5.7	5.0	3.8	5.4	4.1
Financial Debt /Equity	1.7	1.6	1.4	1.4	1.3
ROAE	-25.5%	15.6%	18.9%	11.8%	11.2%
ROAA	-9.5%	5.1%	6.7%	4.4%	4.3%
ROIC	5.2%	7.8%	9.7%	4.6%	6.7%

Generation Mix (2024)



Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	132	301	499	255	230
Cash Flow From Operations	544	-26	-211	-294	298
CAPEX	10	-730	-787	-730	-266
Changes in Financial Debt	333	277	-44	338	-168
Dividends (Paid) Received	0	0	-54	-96	-68
Other CFI & CFF Items	-718	676	853	756	188
Changes in Equity	0	0	0	0	0
Final Cash	301	499	255	230	213
Change in Cash Position	169	197	-244	-25	-16

Management

CEO: Juan Villavicencio
CFO: Vincent Sorel
IRO: Marcela Muñoz
www.engie.cl

Sources: Company Reports and Credicorp Capital

Enel Chile

Rating: Buy
TP: CLP 83.0

Steffania Mosquera - smosquera@credicorpcapital.com
Juan Felipe Becerra - jbecerra@credicorpcapital.com

Record EBITDA figures for 2025-2027 signal a strong momentum from the company

Investment Thesis

We are introducing our 2026E TP of CLP 83/share for Enel Chile while increasing our recommendation from HOLD to BUY. Our new recommendation is based on the company's CAPEX plan, particularly in battery storage (BESS), which should translate into lower fuel and energy purchase costs. For 2025, we expect EBITDA to reach CLP 1.4 bn, up from CLP 1.2 bn in 2023, making the company attractive from a historical multiples perspective. Moreover, we anticipate 2026 and 2027 EBITDA figures to remain above the USD 1.4 bn mark, in line with the company's guidance.

Enel's exposure to the regulated segment becomes key in the context of increased capacity in the system, while pricing signals remain positive. The company was the only winner in the 2024 auction, with contracts starting in 2027, which further underpins the resilience of its future revenues. Furthermore, we anticipate the October 2025 new auction should sustain the attractive pricing signals in the Chilean regulated energy market, which should benefit Enel Chile given its dominance in the segment.

Dx segment could also display positive signals. Upside risks from the upcoming tariff definition for the 2024-2028 period, which could positively impact distribution revenues. In addition, Enel Chile should benefit from the elimination of PEC1-related debt until 2027, strengthening its balance sheet and financial flexibility.

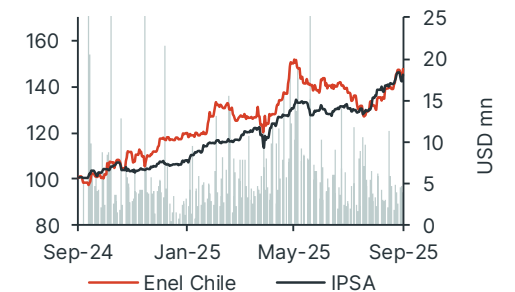
Valuation

We are updating our TP to CLP 83/share (+18.5% vs. our last CLP 70/share TP) with our 10-year DCF model. The model uses an 8.7% WACC for the DCF and assumes an exit EBITDA multiple of 6.0x. Our model includes the 2025-2027 Strategic Plan announcements by the company which include a 0.6 GW increase in renewable capacity (0.5 in BESS and 0.1 in Wind), alongside a USD 0.8 bn development CAPEX for these technologies.

Stock Data

Ticker	enelchil ci
Price (CLP)	72.0
Target (CLP)	83.0
Total Return	20.5%
LTM Range	48 - 74
M. Cap (USD mn)	5,224
Shares Outs. (mn)	69,167
Free Float	35%
ADTV (USD mn)	6.0

Price Chart (CLP) and Volumes (USD mn)

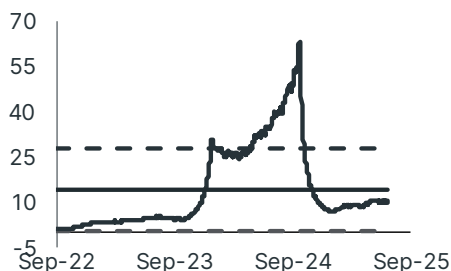


Valuation Summary

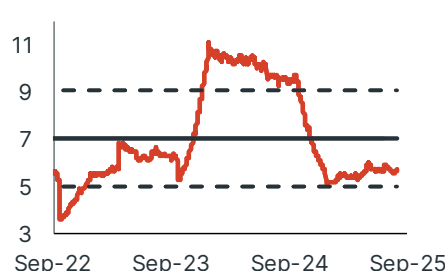
	2024	2025E	2026E	2027E
EV/EBITDA	9.7	5.8	5.7	5.9
P/E	32.2	9.6	10.2	10.9
P/CF	-4.8	30.2	6.6	6.1
P/BV	0.7	1.0	1.0	0.9
Div. Yield	9.5%	4.3%	5.2%	4.9%

Sources: Company Reports and Credicorp Capital

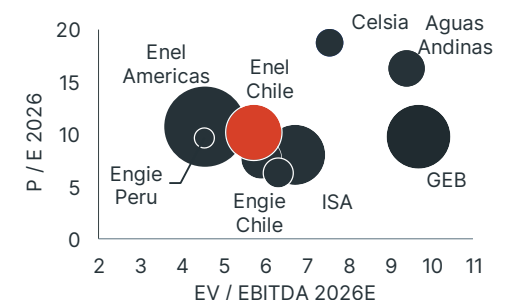
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

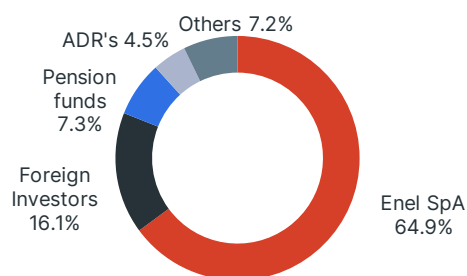


Enel Chile

Company Description

Enel Chile operates in the generation and distribution businesses in Chile. A reorganization in 2017 saw the Chilean renewable power assets of Enel Green Power transferred to the Enel Chile group. Enel Chile has an installed capacity of ~8.9 GW, comprised by 79 generating plants distributed across the country. Enel Distribution Chile provides power distribution services to ~2.2 mn clients in the Santiago metropolitan area.

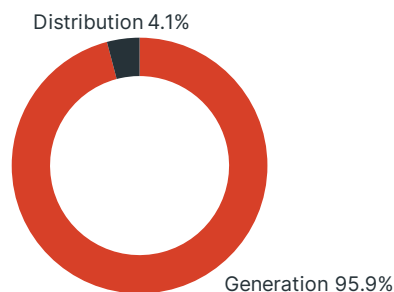
Ownership Structure



Income Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Revenues	4,973	4,289	4,687	4,359	4,371
Gross Profit	1,628	1,137	1,857	1,855	1,804
EBITDA	1,217	744	1,453	1,482	1,427
Net Income	729	125	542	513	480
EPS (CLP)	9	2	7	7	7
Gross Margin	32.7%	26.5%	39.6%	42.5%	41.3%
EBITDA Margin	24.5%	17.3%	31.0%	34.0%	32.7%
Net Margin	14.7%	2.9%	11.6%	11.8%	11.0%

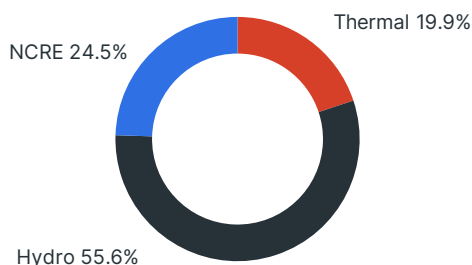
EBITDA breakdown by segment (2024)



Balance Sheet

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	704	473	215	196	197
Total Current Assets	2,646	2,622	2,069	1,704	1,526
Total Assets	13,206	14,930	12,724	12,248	12,031
Current Liabilities	3,118	2,633	2,039	1,883	1,887
Financial Debt	3,111	3,231	2,596	2,179	1,679
Total Liabilities	7,893	8,678	7,097	6,327	5,837
Minority Interest	351	431	396	449	498
Shareholders Equity	4,962	5,821	5,231	5,473	5,696
Total Liabilities + Equity	13,206	14,930	12,724	12,248	12,031
Net Debt /EBITDA	2.0	3.7	1.6	1.3	1.0
Financial Debt /EBITDA	2.6	4.3	1.8	1.5	1.2
Financial Debt /Equity	0.6	0.6	0.5	0.4	0.3
ROAE	15.5%	2.3%	9.8%	9.6%	8.6%
ROAA	5.6%	0.9%	3.9%	4.1%	4.0%
ROIC	9.4%	3.8%	8.5%	8.7%	8.0%

Generation Mix (2024)



Management

CEO: Gianluca Palumbo
CFO: Simone Conticelli
IRO: Isabela Klemes
www.enel.cl

Cash Flow Statement

<i>USD mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	960	704	473	215	196
Cash Flow From Operations	-307	-831	173	796	852
CAPEX	-762	-1,543	-800	-543	-543
Changes in Financial Debt	391	120	-634	-417	-500
Dividends (Paid) Received	-694	-381	-222	-271	-257
Other CFI & CFF Items	1,116	2,404	1,226	417	448
Changes in Equity	0	0	0	0	0
Final Cash	704	473	215	196	197
Change in Cash Position	-256	-231	-258	-19	1

Sources: Company Reports and Credicorp Capital

Engie Peru

**Equity Research Peru
Utilities**
Rating: Buy
TP: PEN 4.9

 Steffania Mosquera - smosquera@credicorpcapital.com
 Juan Felipe Becerra - jbecerra@credicorpcapital.com

Solid fundamentals should translate into margin improvements

Investment Thesis

We introduce our 2026E TP at PEN 4.90/share and reiterate our BUY rating. Fundamentals remained solid in 1H25 despite scheduled maintenance at Chilca and Yuncan, temporarily reducing self-generation and raising spot exposure. With full capacity now available, we expect Engie to close 2025 on a solid operational footing, a trend we see extending into 2026. We also assume that hydrological conditions in late 2025 will mirror those in 2024, with supporting system resilience, low spot prices, and a flat y/y EBITDA margin of 36.5% for Engie. For 2026 we are assuming an average hydrological year, as the company's fundamentals should remain unstressed.

We anticipate margins to benefit from additional capacity. By 2Q26, Engie will add 51.7 MW of solar capacity from the Expansión Intipampa project, and alongside average spot prices, the company should experience a slight reduction in consolidated costs (-3.9% y/y in 2026E vs. 2025E). Despite the expiration of supply contracts with Pluz Energía (200 MW) and Cerro Verde (170 MW), we project EBITDA margin to improve from 36% in 2024 to 38% by 2026E.

Potential catalysts could further support the stock. Engie is seeking PPAs for its Hanaqpampa solar and Sariri wind projects, and an announcement could drive upside to our TP. In addition, clarity on dividend policy would be supportive: while the company had a 100% dividend payout in 2024's one-offs-driven net income, our base case assumes a 60% LT payout. Any indication of a higher payout, particularly if no major CAPEX is confirmed, would make the name more attractive. Liquidity and long term contract prices, however, are the main risks which could impact the stock's potential.

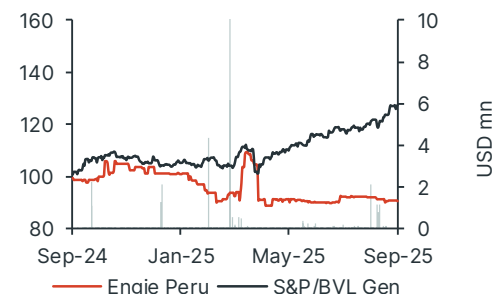
Valuation

We are updating our T.P. to PEN 4.90/share (-4.9% vs. our last PEN 5.15/share TP) obtained through our 10-year DCF model. The model uses a 9.1% WACC for the DCF. Our new updated model includes only the declared CAPEX and capacity incorporation of Expansion Intipampa (51.7 MW). Also, our model assumes the company maintains a contracted status equal to its efficient capacity in the long-term, as well as a USD 35 MWh price for new contracts.

Stock Data

Ticker	engiec1pe
Price (PEN)	3.7
Target (PEN)	4.9
Total Return	40.0%
LTM Range	3.20 - 3.88
M. Cap (USD mn)	634
Shares Outs. (mn)	601
Free Float	38%
ADTV (USD mn)	0.2

Price Chart (PEN) and Volumes (USD mn)

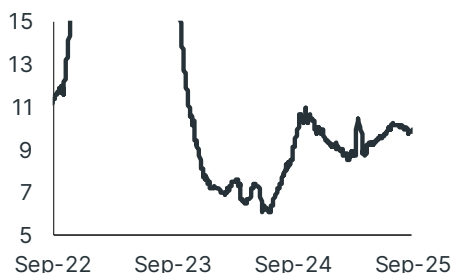


Valuation Summary

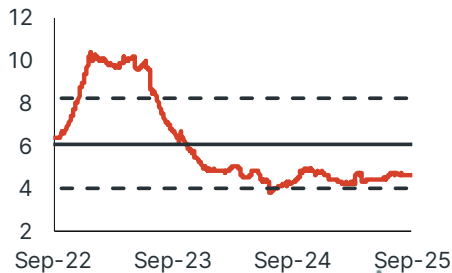
	2024	2025E	2026E	2027E
EV/EBITDA	4.0	4.6	4.6	4.5
P/E	6.6	9.2	9.7	9.1
P/CF	6.0	6.7	4.9	4.2
P/BV	0.5	0.5	0.5	0.5
Div. Yield	15.1%	9.3%	6.5%	6.2%

Sources: Company Reports and Credicorp Capital

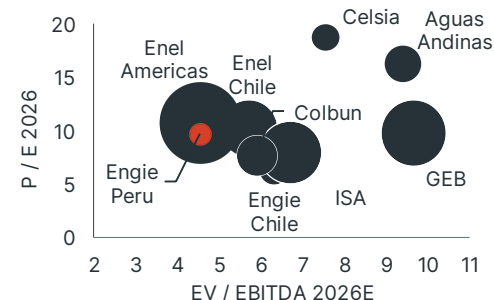
P/E 12M Forward



EV/EBITDA 12M Forward



Relative Valuation

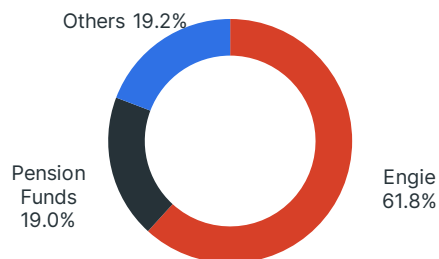


Engie Peru

Company Description

Engie Energia Peru is one of the largest generation companies in Peru with thermal, hydro and renewables plants, where Inti Pampa solar power, Punta Lomitas wind farm, and Duna and Huanbo wind plants stand out. The company has a balanced portfolio of regulated and non-regulated clients. Engie has ~2.7 GW of installed capacity, which has allowed to capture a 19% share of the electrical market. Engie Energia Peru is controlled by Engie S.A. ■■■

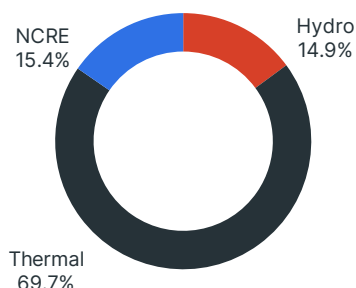
Ownership Structure



Income Statement

USD mn	2023	2024	2025E	2026E	2027E
Revenues	672	724	631	616	607
Gross Profit	112	180	147	150	150
EBITDA	125	264	231	232	235
Net Income	7	99	69	65	69
EPS (PEN)	0.01	0.16	0.11	0.11	0.12
Gross Margin	16.7%	24.8%	23.3%	24.4%	24.8%
EBITDA Margin	18.6%	36.5%	36.5%	37.7%	38.8%
Net Margin	1.0%	13.6%	10.9%	10.6%	11.4%

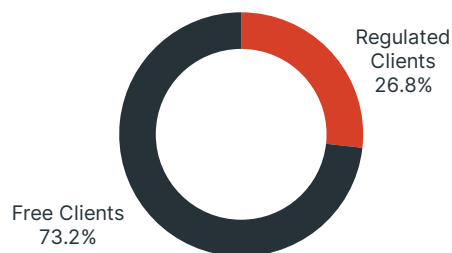
Generation Mix (2024)



Balance Sheet

USD mn	2023	2024	2025E	2026E	2027E
Cash & Equivalents	77	176	50	51	50
Total Current Assets	384	467	332	334	329
Total Assets	2,315	2,415	2,279	2,232	2,161
Current Liabilities	201	232	265	266	265
Financial Debt	587	579	475	417	319
Total Liabilities	1,141	1,166	1,062	1,005	906
Minority Interest	0	0	0	0	0
Shareholders Equity	1,174	1,249	1,217	1,227	1,254
Total Liabilities + Equity	2,315	2,415	2,279	2,232	2,161
Net Debt /EBITDA	4.1	1.5	1.8	1.6	1.1
Financial Debt /EBITDA	4.7	2.2	2.1	1.8	1.4
Financial Debt /Equity	0.5	0.5	0.4	0.3	0.3
ROAE	0.6%	8.1%	5.6%	5.4%	5.6%
ROAA	0.3%	4.2%	2.9%	2.9%	3.2%
ROIC	0.9%	6.5%	5.1%	5.0%	5.2%

Contract Sales in GWh, by segment (2024)



Cash Flow Statement

USD mn	2023	2024	2025E	2026E	2027E
Initial Cash	81	77	176	50	51
Cash Flow From Operations	108	110	94	130	150
CAPEX	-8	-109	-114	-64	-51
Changes in Financial Debt	-20	-8	-104	-58	-97
Dividends (Paid) Received	-30	-99	-59	-41	-39
Other CFI & CFF Items	-54	205	58	33	37
Changes in Equity	0	0	0	0	0
Final Cash	77	176	50	51	50
Change in Cash Position	-4	99	-126	0	-1

Management

CEO: El Mehdi Ben Maalla
CFO: Luciano Guffanti
IRO: Mario Alonso Spelucin
www.engie-energia.pe

Sources: Company Reports and Credicorp Capital

EPM

**Fixed Income Research Colombia
Utilities**

Baa3 / NR / BB+
Outlook: s / nr / n

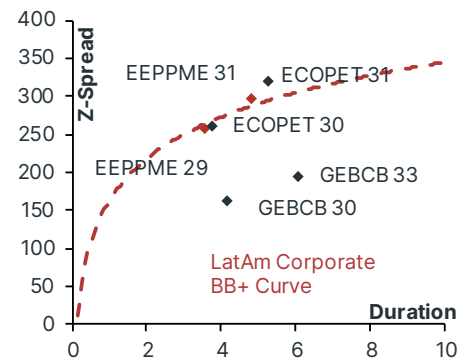
Josefina Valdivia - jvaldivia@credicorpcapital.com

A defensive card to play in Colombia

Investment Thesis

We remain optimistic on fading risks: i) lower execution risk at Hidroituango, ii) improved governance, and iii) lower regulatory risk. Weather conditions normalized in 2025 with sound reserve levels systemwide, especially for EPM (85% in July). Other stories are also unfolding favorably, namely the sale of UNE, the partial payment of subsidy balances by the government, Afinia’s spin-off of El Cesar and communication with the government to assess Afinia’s sustainability. Yet we highlight other stories with no clear path, such as the remaining ARs balance for the subsidy and tariff option debt, and the arbitration process of HI against EPM. We recognize that Colombia’s headline risk will continue to pressure bonds, but we feel EPM’s long-term fundamentals alone support valuations. In this context, we see EPM as a defensive card to play. We are OW on EPPME 29 (100 bp above COLOM 29) but N on EPPME 31 trading 80bp to Colombia.

EPM Bonds and comparables



Credit Data

REG-S Notes	2
Outstanding Senior Notes	USD 1,575mn
Closest Call Date	18-Apr-29
Closest Maturity Date	18-Jul-29

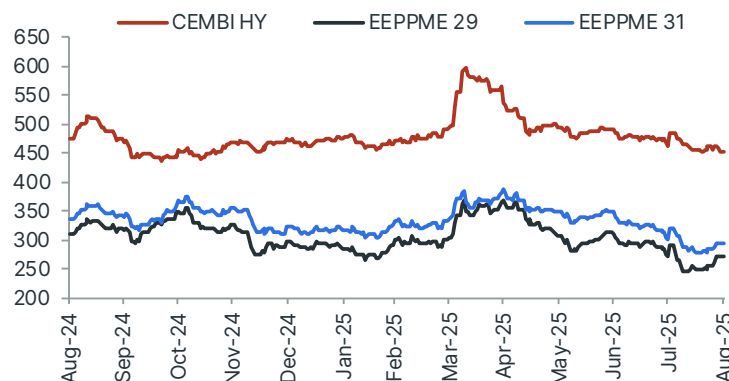
Concerns

- Ambitious capex plan in the upcoming years
- Remaining construction risks around the Ituango Project
- Some remanent exposure to social risks through political intervention

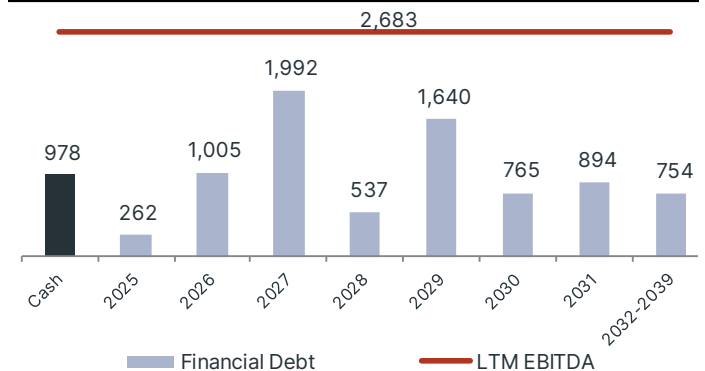
Strengths

- High cash generation
- Geographical and business diversification
- Implicit support of the City of Medellin
- Defensive business model
- Expanding generation capacity
- Improved governance

Z- Spread evolution



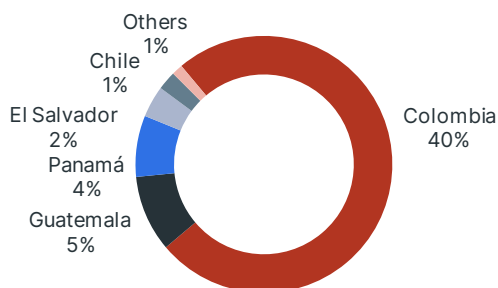
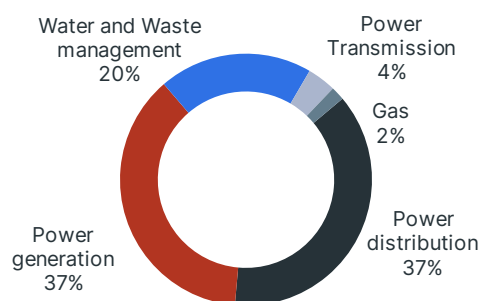
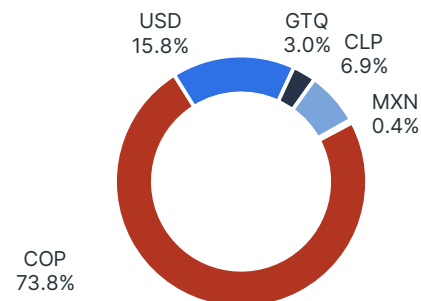
Debt Maturity Profile



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
EPPME 29	USD 1,000mn	4.25%	Baa3 / NR / BB+	256	3.6	94.5	0.4%	5.8%	Overweight
EPPME 31	USD 575mn	4.38%	Baa3 / NR / BB+	297	4.8	91.4	0.4%	6.2%	Neutral

Company Description

Empresas Públicas de Medellín is the largest utility conglomerate in Colombia. EPM operates in the electricity generation, transmission, and distribution businesses, as well as water and waste management and gas services. The Municipality of Medellín holds 100% of the company's shares.

Revenues Breakdown by Geography

LTM EBITDA Breakdown by Segment

Debt Breakdown by currency

Credit Metrics

	2021	2022	2023	2024	LTM2Q25
Interest Coverage	5.2x	4.3x	3.3x	3.3x	3.3x
Gross Debt / EBITDA	3.5x	3.0x	2.6x	2.7x	3.0x
Net Debt / EBITDA	2.9x	2.6x	2.3x	2.5x	2.6x
Net Debt / Equity	0.8x	0.8x	0.8x	0.9x	0.8x
ST Debt / Gross Debt	12%	12%	17%	8%	7%

Income Statement

USD MN**	2021	2022	2023	2024	LTM2Q25
Net Revenues	6,206	7,918	9,224	10,194	9,960
Gross Profit	2,093	2,834	3,064	3,496	3,354
EBIT	1,404	1,956	1,888	2,219	2,009
Interest Expenses	352	561	803	863	802
EBITDA	1,823	2,398	2,613	2,856	2,683
Gross Margin	34%	36%	33%	34%	34%
EBITDA Margin	29%	30%	28%	28%	27%
Net Margin	13%	13%	9%	12%	11%

Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash*	1,005	1,014	812	699	978
Current Assets	3,615	3,687	3,740	3,934	3,839
Total Assets	16,654	18,571	18,978	20,503	20,574
Current Liabilities	2,399	2,968	3,472	3,105	2,888
Total Liabilities	9,590	10,957	11,283	12,119	12,221
Equity	7,065	7,614	7,695	8,384	8,352
Net Debt	5,326	6,232	6,038	7,131	6,964
Gross Debt	6,331	7,246	6,850	7,829	7,941
Short Term Debt	767	883	1,166	659	541
Long Term Debt	5,564	6,363	5,683	7,171	7,401
ROE	11%	13%	11%	14%	13%
ROA	5%	5%	5%	6%	5%

Cash Flow Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Operational Activities	1,052	1,166	944	1,430	1,324
Investing Activities	-419	-585	-1,274	-1,359	-1,189
Financing Activities	-605	-457	25	-213	-196

Sources: Company Reports and Credicorp Capital

GEB

Rating: Buy
TP: COP 3,500

Steffania Mosquera - smosquera@credicorpcapital.com
Juan Felipe Becerra - jbecerra@credicorpcapital.com

Compelling equity story and solid dividend yield supports our preference for the stock

Investment Thesis

We are introducing our 2026E TP of COP 3,500/share for GEB while maintaining our BUY recommendation. Our recommendation is supported by the diversification and resilience of its revenue base and attractive growth prospects. The company has a balanced income structure between stable businesses such as Calidda and ElectroDunas, and higher-growth areas such as transmission—with expansion projects both at the consolidated level and particularly in Brazil—and TGI, which has benefited from the current dynamics and supply constraints in the Colombian gas sector. Also, its geographical diversification provides resilience against fiscal challenges and higher costs of capital in Colombia, without compromising its dividend yield, one of the COLCAP's highest.

We view GEB as a compelling vehicle to gain exposure to the electrification story in Latin America. It has meaningful assets such as Argo in Brazil, significant projects in Peru, and ongoing initiatives in Colombia (Colectora). In addition, the company has started to receive annual dividends of around COP 500 billion from Brazil and holds expansion opportunities exceeding USD 2 billion, strengthening its long-term growth profile.

Finally, we highlight that a meaningful increase in GEB's liquidity could allow the stock to be included in international indices, given its current market capitalization levels—a catalyst that would further enhance the investment case.

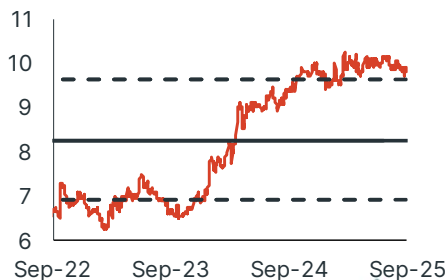
Valuation

We are introducing our new YE2026 TP of COP 3,500/share (+12.9% vs. previous TP). Our valuation model for GEB is a DCF for GEB's consolidated EBITDA (which incorporates ElectroDunas, Calidda, Contugas, TGI, Electnorte, Enlaza and Conecta) with a 9.50% WACC. We then add the values of the stakes of non-consolidated investments (Enel, Promigas, Vanti, REP, Transmantaro and Argo) and deduct a 15% holding discount. The model also incorporates our models for Enel Gx Colombia and Enel Dx Colombia (part of Enel Americas' valuation model).

P/E 12M Forward



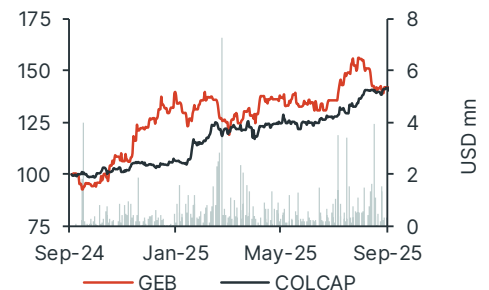
EV/EBITDA 12M Forward



Stock Data

Ticker	geb cb
Price (COP)	2,980
Target (COP)	3,500
Total Return	24.5%
LTM Range	2,420 - 3,075
M. Cap (USD mn)	7,018
Shares Outs. (mn)	9,181
Free Float	34%
ADTV (USD mn)	0.6

Price Chart (COP) and Volumes (USD mn)

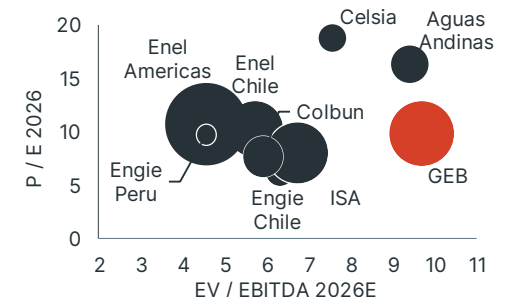


Valuation Summary

	2024	2025E	2026E	2027E
EV/EBITDA	8.5	10.4	9.7	8.0
P/E	9.1	9.9	9.7	7.6
P/CF	2.3	5.4	3.5	3.4
P/BV	1.2	1.4	1.2	1.0
Div. Yield	5.1%	8.0%	7.0%	7.2%

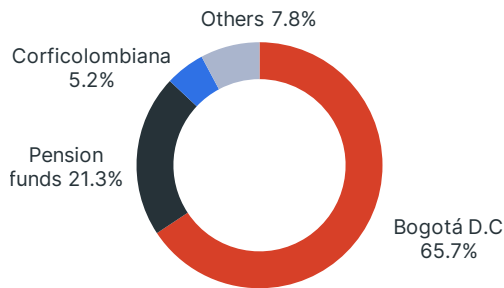
Sources: Company Reports and Credicorp Capital

Relative Valuation

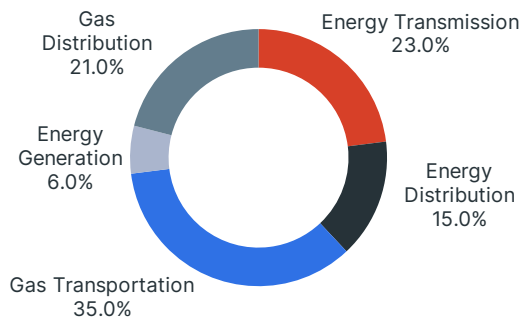


Company Description

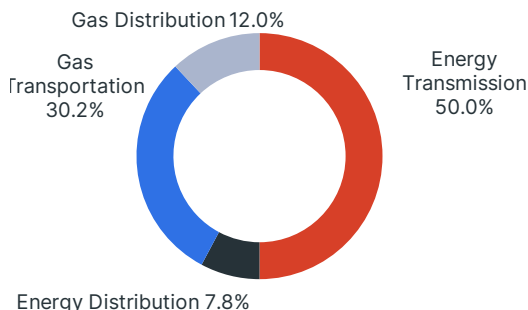
GEB is one of the largest groups in Latin America, with operations across the whole energy chain. GEB is the largest player in Colombia in natural gas transportation (TGI), power distribution, and power generation (through its participation in Enel Colombia); it also has a significant position in power transmission (Enlaza) and natural gas distribution (Vanti in Colombia and Calidda in Peru). GEB has also participation in Argo and Gebbras in Brazil, where both businesses have 9 active concessions (Argo I to IX), and in Peru through a participation in both ISA Peru and Consorcio Transmataro.

Ownership Structure

Income Statement

<i>COP mn</i>	2023	2024	2025E	2026E	2027E
Revenues	7,978	7,972	8,225	8,688	8,892
Gross Profit	3,547	3,722	3,699	3,925	3,999
EBITDA	5,197	4,956	4,352	4,700	5,707
Net Income	2,593	2,462	2,751	2,808	3,602
EPS (COP)	282	268	300	306	392
Gross Margin	44.5%	46.7%	45.0%	45.2%	45.0%
EBITDA Margin	65.1%	62.2%	52.9%	54.1%	64.2%
Net Margin	32.5%	30.9%	33.4%	32.3%	40.5%

Adj. EBITDA breakdown by segment (2024)

Balance Sheet

<i>COP mn</i>	2023	2024	2025E	2026E	2027E
Cash & Equivalents	2,290	1,584	1,383	3,982	9,821
Total Current Assets	4,390	5,066	4,568	5,512	8,267
Total Assets	43,526	46,249	47,198	50,740	56,214
Current Liabilities	3,682	3,484	5,264	4,638	4,648
Financial Debt	18,628	20,796	18,826	17,984	17,984
Total Liabilities	24,016	26,382	26,943	26,318	26,327
Minority Interest	602	705	648	870	1,155
Shareholders Equity	18,908	19,162	19,607	23,552	28,732
Total Liabilities + Equity	43,526	46,249	47,198	50,740	56,214
Net Debt /EBITDA	3.1	3.9	4.0	3.0	1.4
Financial Debt /EBITDA	3.6	4.2	4.3	3.8	3.2
Financial Debt /Equity	1.0	1.1	1.0	0.8	0.6
ROAE	13.2%	12.9%	14.2%	13.0%	13.8%
ROAA	5.7%	5.5%	5.9%	5.7%	6.7%
ROIC	5.8%	6.1%	5.3%	5.4%	6.2%

CAPEX breakdown by segment (2025-2029)

Cash Flow Statement

<i>COP mn</i>	2023	2024	2025E	2026E	2027E
Initial Cash	1,692	2,290	1,584	1,383	3,982
Operating Cash Flow	3,361	(1,128)	2,779	406	1,807
CAPEX	-1,426	3,378	1,616	1,942	871
Changes in Debt	2,168	-1,970	-842	0	0
Dividends	-2,001	-1,152	-2,182	-1,926	-1,966
Other CFI & CFF Items	-1,503	165	-1,573	2,177	5,127
Changes in Equity	-	-	-	-	-
Final Cash	2,290	1,584	1,383	3,982	9,821
Change in Cash Position	598	-706	-200	2,599	5,839

Management

CEO: Juan Ricardo Ortega López
 CFO: Jorge Tabares Ángel
 IRO: Karen Bibiana Guzmán Vanegas
www.grupoenergiabogota.com

Sources: Company Reports and Credicorp Capital

GEB

Baa3 / NR / BBB
s / nr / n

Fixed Income Research Colombia
Utilities

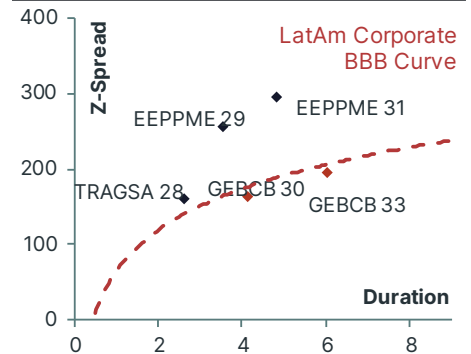
Josefina Valdivia - jvaldivia@credicorpcapital.com

Neutral on GEB: solid story, tight spreads

Investment Thesis

GEB's results this year have supported a steady deleveraging, with gross leverage falling to 3.5x—moving away from rating thresholds and converging to expected industry average levels. One persistent credit weakness remains GEB's exposure to FX volatility, although we've seen some improvements. This is balanced by GEB's solid fundamentals, including its diversified business and geographic footprint, conservative financial policy, and exposure to low-risk, defensive sectors. We continue to view its participation in energy transition stpry as a long-term positive, adding to the resilience of the business. We continue to acknowledge regulatory risks in Colombia, but we give a lower probability to imminent destabilizing changes. On bonds, we see spreads at GEBCB 30 and GEBCB 33 at tight levels to the Colombian sovereign. While we are positive on fundamentals, valuations don't offer much upside. We are Neutral on both bonds.

GEB Bonds and comparables



Credit Data

REG-S Notes	2
Outstanding Senior Notes	USD 800mn
Closest Call Date	15-Feb-30
Closest Maturity Date	15-May-30

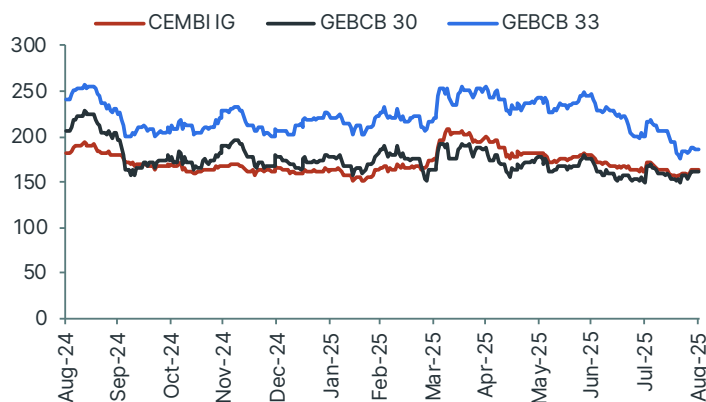
Concerns

- Regulatory risk on its operations in Colombia
- Exposed to FX risk
- High leverage

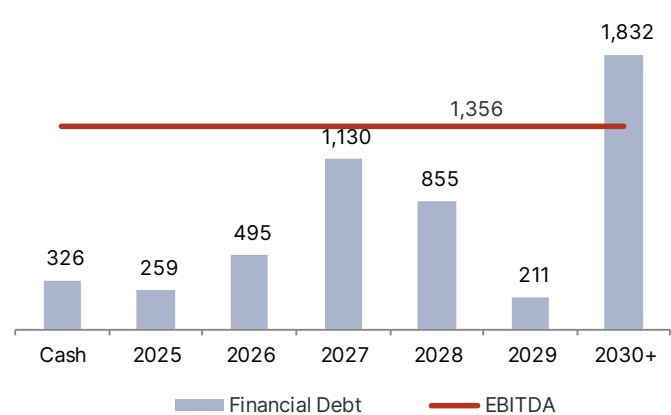
Strengths

- Geographic and business diversification
- Stable and predictable cash flows
- Potential support from the district to the company in case of a distress situation

Z- Spread evolution



Debt Maturity Profile



Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
GEBCB 30	USD 400mn	4.88%	Baa3 / NR / BBB	163	4.2	100.0	0.4%	4.9%	Neutral
GEBCB 33	USD 400mn	7.85%	Baa3 / NR / BBB	194	6.1	116.2	0.6%	5.3%	Neutral

ISA

Rating: Buy
TP: COP 25,400

Steffania Mosquera - smosquera@credicorpcapital.com
Juan Felipe Becerra - jbecerra@credicorpcapital.com

High diversification and long-term revenues supports our preference

Investment thesis

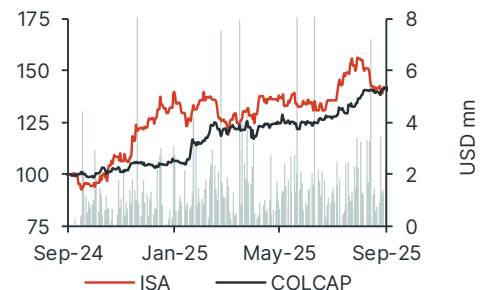
We are introducing our 2026E TP of COP 25,400/share for ISA while maintaining our BUY recommendation. Our recommendation is backed by ISA's stable, resilient cash flows, anchored in a diversified asset base with over 80% of future revenues secured under long-term (10+ year) contracts. We continue to view ISA as a strong vehicle to gain exposure to the electrification story in Latin America, given its significant presence in Brazil, Chile, Peru, and Colombia. This long-dated portfolio, combined with its geographic diversification, enhances visibility and reduces risk. Moreover, we believe this stability supports a lower cost of capital, which is particularly relevant in the context of Colombia's fiscal challenge, which partially offsets the current high costs of capital in the country.

Long term fundamentals outweigh short term risks. We highlight some risks to our investment thesis, especially regarding capital allocation decisions. Indeed, we are closely monitoring the company's ambitious 2040 CAPEX plan — increasing from USD 9 billion to USD 32 billion — without clear visibility on the specific projects or regulatory framework. We note a focus on battery storage within the transmission segment, which still has a long way to go regarding regulation. Finally, we note that Ecopetrol's controlling stake could introduce some noise to ISA's equity story, considering what should be noisy elections in Colombia and an already controversial management in Ecopetrol.

Stock Data

Ticker	isa cb
Price (COP)	22,020
Target (COP)	25,400
Total Return	21.1%
LTM Range	16,200 - 23,620
M. Cap (USD mn)	6,257
Shares Outs. (mn)	1,108
Free Float	49%
ADTV (USD mn)	1.5

Price Chart (COP) and Volumes (USD mn)



Valuation

We are introducing our new 2026 T.P. of COP 25,400/share (+10.0% vs. previous TP). Our valuation model for ISA is a SOTP with DCFs for ISA's individual operations, Intercolombia, Interchile, Transelca, Transmantaro, REP, CTEEP, and TAESA, and multiples for Internexa. We also incorporate road concessions in Chile, ISA Bolivia, and Colombia's Ruta Costera at book value. Then we apply a 15% holding discount.

Valuation Summary

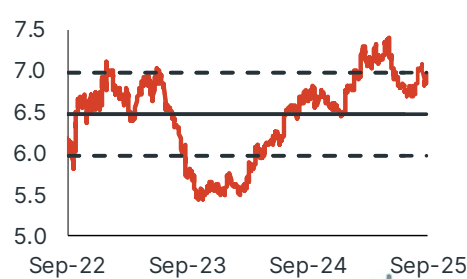
	2024	2025E	2026E	2027E
EV/EBITDA	5.9	7.3	6.7	6.3
P/E	6.6	8.6	8.0	6.8
P/CF	2.0	2.9	2.2	2.1
P/BV	1.0	1.3	1.1	0.9
Div. Yield	6.7%	5.8%	5.8%	6.3%

Sources: Company Reports and Credicorp Capital

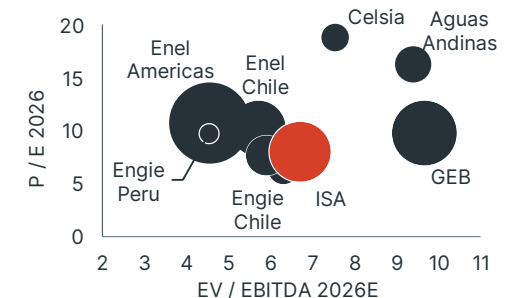
P/E 12M Forward



EV/EBITDA 12M Forward

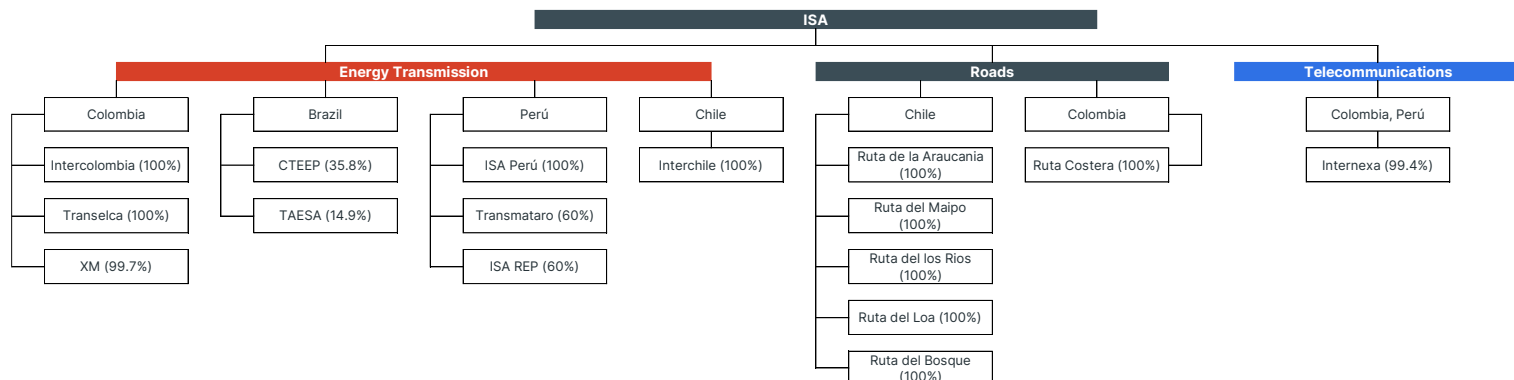
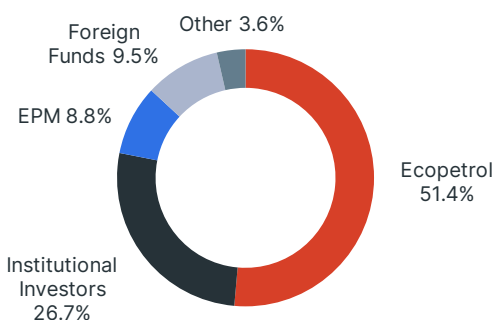


Relative Valuation

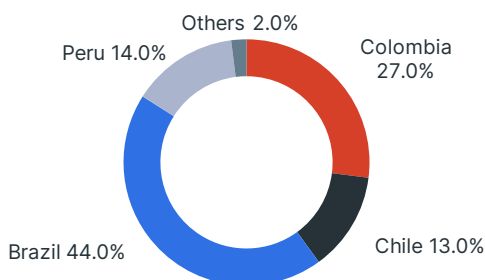


ISA
Company Description

ISA defines its business as the construction, operation, and maintenance of linear infrastructure systems, including: i) energy power transmission, ii) toll road concessions, iii) telecom transmission, and iv) real-time systems. The company's domicile is Colombia but about ~75% of its consolidated revenues come from Chile, Peru, Brazil and Bolivia.


Ownership Structure

Income Statement

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Revenues	14,552	15,829	15,407	18,939	17,001
Colombia	2,434	2,444	2,438	2,627	2,656
Peru	536	559	380	566	552
Chile	348	347	342	384	358
Brazil	1,699	1,963	1,977	1,798	1,773
Others	44	35	35	35	35
EBITDA	9,114	9,747	8,798	9,613	10,250
Colombia	1,733	1,448	1,982	1,759	1,889
Peru	422	434	453	454	434
Chile	193	196	211	211	199
Brazil	1,473	1,489	1,504	1,520	1,536
Others	4	4	4	4	4
Net Income	2,466	2,808	2,823	3,053	3,601
EPS (COP)	2,226	2,535	2,549	2,757	3,251

Revenue breakdown, by country (2024)


EBITDA Margin	62.6%	61.6%	57.1%	50.8%	60.3%
Net Margin	16.9%	17.7%	18.3%	16.1%	21.2%

Management

CEO: Jorge Andrés Carillo
 CFO: Jaime Falquez Ortega
 IRO: Patricia Ospina Campo
www.isa.co

Balance Sheet

<i>COP bn</i>	2023	2024	2025E	2026E	2027E
Total Assets	71,217	76,995	79,431	83,618	87,919
Total Liabilities	44,851	48,727	48,599	48,953	48,732
Minority Interest	10,081	10,422	11,574	12,354	13,274
Shareholders Equity	16,285	17,846	19,258	22,311	25,913
Total Liabilities + Equity	71,217	76,995	79,431	83,618	87,919
ROAE	14.2%	16.5%	15.2%	14.7%	14.9%
ROAA	3.3%	3.8%	3.6%	3.7%	4.2%

Kallpa Generación

Fixed Income Research Peru Utilities

Baa3 / NR / BBB-
Outlook: s / nr / s

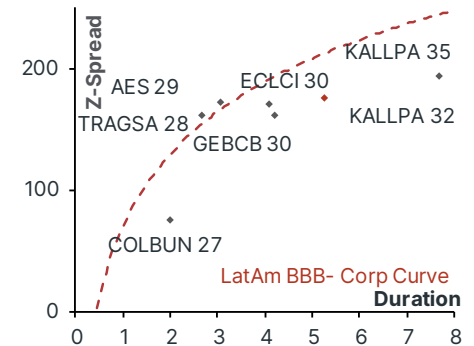
Josefina Valdivia - jvaldivia@credicorpcapital.com

Sunny project supports growth outlook, but limited upside in bonds

Investment Thesis

This year, Kallpa has been recording stronger EBITDA metrics driven by a new PPA contract and healthy dispatch levels. Meanwhile, financial metrics have remained solid, with 2Q25 net leverage at 3.1x. The company continues progressing on the Sunny project (309 MW), which will be completed by 4Q24-1S25. This project will add 17% additional capacity and is being developed in parallel to other projects envisioned under the 'contracts with third parties' strategy. Regarding a potential sale, we reiterate that a 'Downgrade Event' derived from a change of control would trigger a repurchase of bonds at 101%. The new Senior Notes maintain this CoC. Regarding the Notes, we see the bonds' spreads are minimums and trading tight to the sovereign at a ~50-60 bp differential for the corporate risk. With little to no room for further spread compression, in our view, we remain Neutral KALLPA 32 and KALLPA 35.

Kallpa Bonds and comparables



Credit Data

REG-S Notes	3
Outstanding Senior Notes	USD 1,402mn
Closest Call Date	02-Oct-25
Closest Maturity Date	16-Aug-27

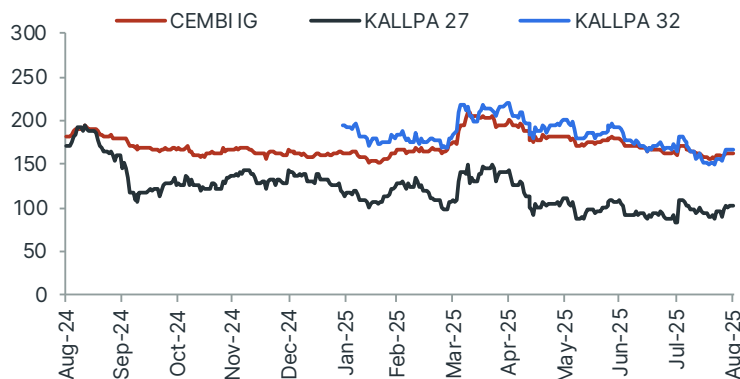
Concerns

- Hydrology risk
- High dividend payout
- Expected change of control amid the ongoing divestment strategy of the holding company
- In the middle of an investment cycle - yet shorter in length and smaller in size vs. the previous cycle

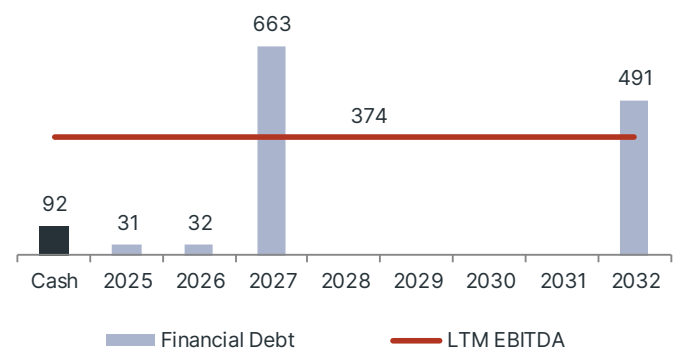
Strengths

- Supplied by low-cost local gas
- Sound structure of PPAs with an average life of 8.2 years and an 87% contracting level
- Diversified generation portfolio

Z- Spread evolution



Debt Maturity Profile



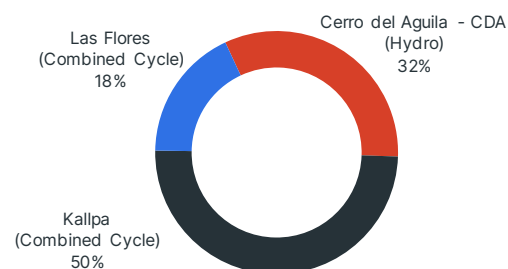
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
KALLPA 27	USD 202mn	4.13%	Baa3 / NR / BBB-	655	0.1	100.4	0.3%	4.1%	Neutral
KALLPA 32	USD 500mn	5.88%	Baa3 / NR / BBB-	175	5.3	104.4	0.5%	5.0%	Neutral
KALLPA 35	USD 700mn	5.50%	Baa3 / NR / BBB-	194	7.7	100.5	0.5%	5.4%	Neutral

Kallpa

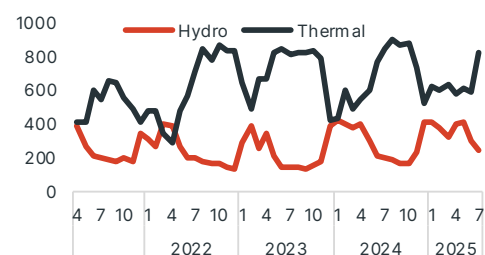
Company Description

Kallpa is a subsidiary of Nautilus Inkia Holdings, which is controlled by I Squared Capital, located in Peru. In August 2017, Kallpa and Cerro del Águila merged their operations, which has brought benefits due to the diversification of energy generation sources. The company has an installed capacity of 1,860 MW (2/3 thermo Gx and 1/3 hydro Gx).

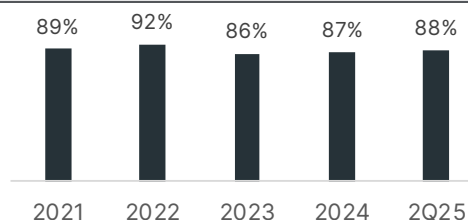
Installed Capacity (MW)



Kallpa's Generation (GWh)



Contracting Level



Credit Metrics

	2021	2022	2023	2024	LTM2Q25
Interest Coverage	5.2x	4.3x	4.3x	6.4x	6.4x
Gross Debt / EBITDA	4.2x	4.3x	4.2x	3.2x	3.3x
Net Debt / EBITDA	4.1x	4.2x	4.0x	3.1x	3.1x
Net Debt / Equity	3.2x	3.2x	3.3x	3.6x	3.1x
ST Debt / Gross Debt	3%	3%	3%	3%	5%

Income Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Net Revenues	534	597	685	713	740
Gross Profit	217	201	200	281	305
EBIT	214	192	189	269	289
Interest Expenses	51	61	62	55	58
Adjusted EBITDA	266	264	264	353	374
Gross Margin	41%	34%	29%	39%	41%
EBITDA Margin	50%	44%	39%	50%	51%
Net Margin	22%	14%	12%	22%	21%

Balance Sheet

USD MN	2021	2022	2023	2024	LTM2Q25
Cash	32	36	42	32	92
Current Assets	156	159	181	177	251
Total Assets	1,937	1,991	1,954	1,980	2,117
Current Liabilities	120	129	156	173	200
Total Liabilities	1,593	1,645	1,635	1,671	1,748
Equity	345	346	319	310	369
Net Debt	1,093	1,103	1,069	1,109	1,144
Gross Debt	1,125	1,139	1,111	1,142	1,236
Short Term Debt	33	37	34	37	68
Long Term Debt	1,092	1,102	1,076	1,105	1,168
ROE	34%	25%	26%	50%	41%
ROA	6%	4%	4%	8%	7%

Cash Flow Statement

USD MN	2021	2022	2023	2024	LTM2Q25
Operating Activities	251	240	235	278	274
Investing Activities	-111	-37	-31	-101	-191
Financing Activities	-135	-200	-199	-187	-35

Sources: Company Reports and Credicorp Capital

Orazul

**Fixed Income Research Peru
Utilities**
Ba2 / NR / BB

Josefina Valdivia - jvaldivia@credicorpcapital.com

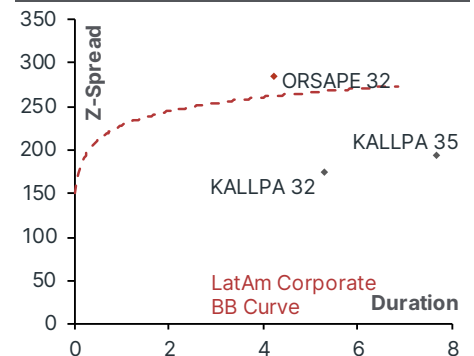
Outlook: s / nr / s

Overweight on the bonds as a carry play

Investment Thesis

We remain constructive on Orazul's long-term credit prospects, supported by confidence in the company's expected performance under current climatic conditions, strong margins, and relatively low sensitivity to seasonal margin fluctuations. Net leverage closed at 4.1x, below rating agencies' thresholds. Regarding a potential change of control, we reiterate that a downgrade 'Event' triggered by such a change would obligate bond repurchase at 101% of par. On bonds, the recent new ORSAPE 32 looks tight to Kallpa but offers BB corporate universe. Thus our Overweight.

Orazul Bonds and comparables



Credit Data

REG-S Notes	1
Outstanding Senior Notes	USD 380mn
Closest Call Date	09-Oct-25
Closest Maturity Date	28-Apr-27

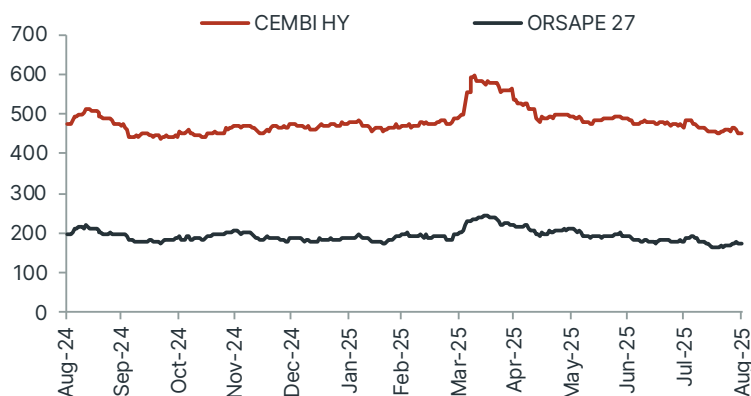
Concerns

- Lack of diversification
- Expected change of control amid the ongoing divestment strategy of the holding company

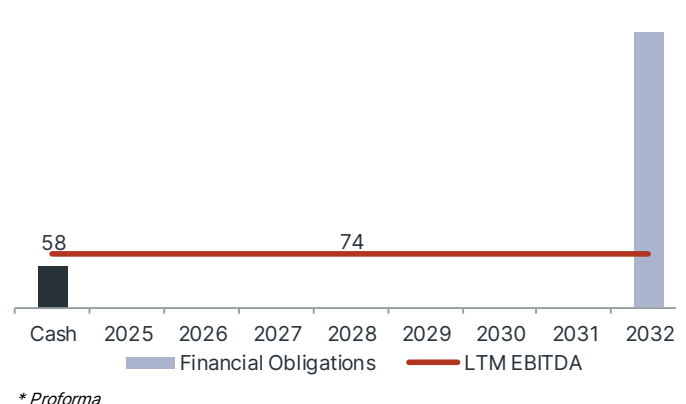
Strengths

- High operating margins in the hydroelectric generation business
- Comfortable debt amortization profile
- Contracting level at efficient capacity

Z- Spread evolution



Debt Maturity Profile*



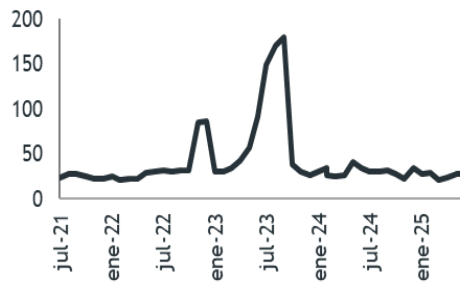
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
ORSAPE 32	USD 380mn	6.30%	Ba2 / NR / BB	284	4.2	100.7	0.5%	6.1%	Overweight

Orazul

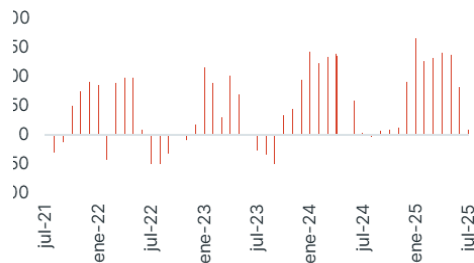
Company Description

Orazul Energy Peru is a power generation company that owns and operates two hydroelectric plants with a combined capacity of 376 MW (Carhuaquero - 110 MW - in Cajamarca and Cañon del Pato - 266 MW - in Ancash), as well as a small 1 MW solar power plant next to the Carhuaquero plant. Orazul is 67% contracted and has an average remaining life of PPAs of 5.9 years. Orazul is indirectly owned by certain funds managed by I Squared Capital Advisors (US) LLC.

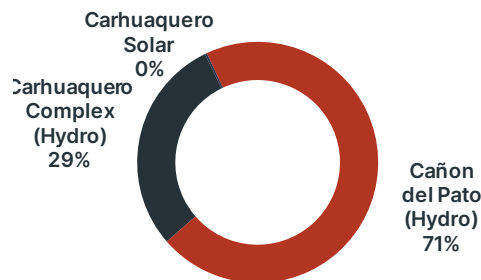
System's Average Spot Price (\$/MW)



Net Position Spot Market (GWh)



Installed Capacity (MW)



Credit Metrics

	2021	2022	2023	2024	2Q25LTM
Interest Coverage	2.1x	2.8x	3.0x	3.2x	3.3x
Gross Debt / EBITDA	4.5x	4.8x	5.4x	5.0x	4.9x
Net Debt / Adjusted EBITDA	4.2x	4.6x	4.9x	4.6x	4.1x
Net Debt / Equity	0.7x	0.4x	0.4x	0.5x	0.4x
ST Debt / Gross Debt	0%	0%	0%	0%	0%

Income Statement

USD MN	2021	2022	2023	2024	2Q25LTM
Net Revenues	117	107	114	103	106
Gross Profit	64	68	47	51	53
EBIT	60	64	42	47	48
Interest Expenses	39	26	22	23	23
Adjusted EBITDA	81	75	67	73	74
Gross Margin	55%	64%	41%	49%	50%
Adjusted EBITDA Margin	69%	70%	58%	70%	70%
Net Margin	-57%	27%	29%	-37%	-31%

Balance Sheet

USD MN	2021	2022	2023	2024	2Q25LTM
Cash	21	17	36	26	58
Current Assets	42	37	63	55	87
Total Assets	915	1,179	1,206	1,121	1,149
Total Liabilities	405	386	383	382	386
Equity	510	792	823	738	763
Net Debt	338	343	324	335	304
Gross Debt	359	360	360	362	362
Short Term Debt	0	0	0	0	0
Long Term Debt	359	359	360	361	362
ROE	-13%	4%	4%	-5%	-4%
ROA	-7%	2%	3%	-3%	-3%

Cash Flow Statement

USD MN	2021	2022	2023	2024	2Q25LTM
Operating Activities	79	75	49	64	62
Investing Activities	17	-6	-9	-8	-8
Financing Activities	-227	-73	-22	-66	-61

Sources: Company Reports and Credicorp Capital

Termocandelaria

**Fixed Income Research Colombia
Utilities**
NR / BB / BB

Josefina Valdivia - jvaldivia@credicorpcapital.com

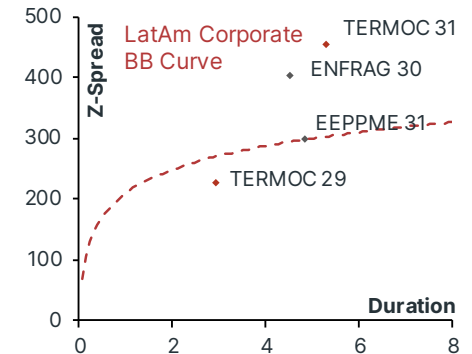
Outlook: nr / s / p

Attractive carry but limited upside

Investment Thesis

TERMOC's renewable expansion plans (100–300 MW) and TECAN's new combined cycle plant are set to enhance efficiency, scale, and the overall business profile. Transmission and renewable project risks—such as Colectora—have faced delays, giving TERMOC more time to benefit from demand growth, though medium-term risks remain. The company is also managing a working capital impact of USD 90 mn in receivables from AIR-E. While liquidity and financial discipline are solid, we remain attentive to resolution paths (e.g., government payments or asset sales). We maintain a Neutral stance on TERMOC 29 due to low liquidity. TERMOC 31 has outperformed, with its spread 50 bps inside ENFRAG 30, supported by strong carry and cautious management guidance. However, further spread compression appears limited amid expectations of weaker performance and working capital headwinds. We stay Neutral.

Termocandelaria Bonds and comparables



Credit Data

REG-S Notes	2
Outstanding Senior Notes	USD 468mn
Closest Call Date	9-Oct-25
Closest Maturity Date	30-Jan-29

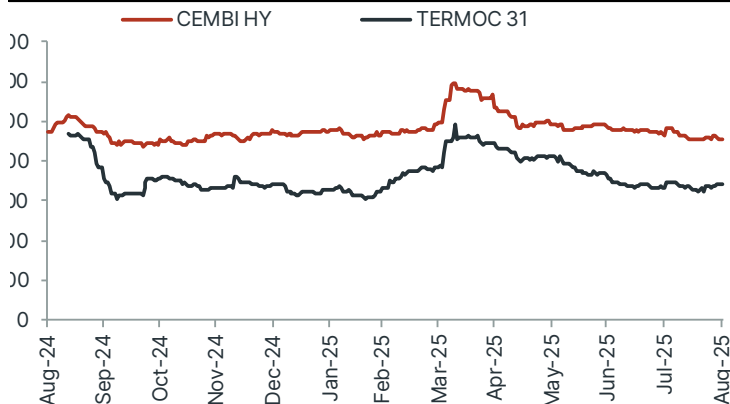
Concerns

- Out-of-merit dispatch challenged by upcoming upgrades to the transmission infrastructure and new renewable projects
- Execution risk of an upcoming renewable portfolio
- Potential exit of shareholders
- Change of guarantors for the new bond

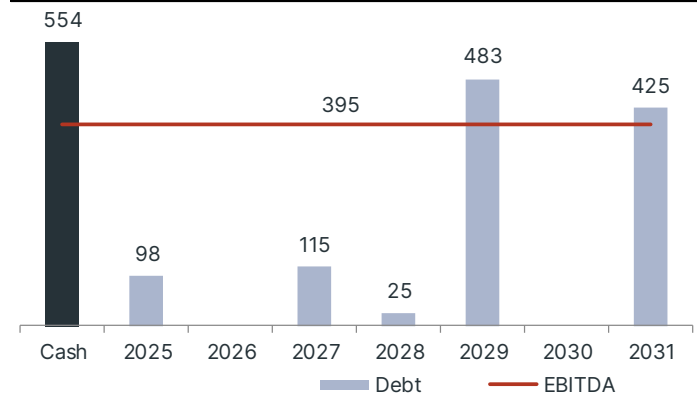
Strengths

- Inverted hydrology risk
- Relevant player in the Atlantic Coast
- Secured local LNG supply and one of three players with access to the single regasification plant in Colombia
- Reduced exposure to the spot market
- Improved efficiency and capacity after the completion of TECAN's expansion

Z- Spread evolution



Bonds' amortizing schedule



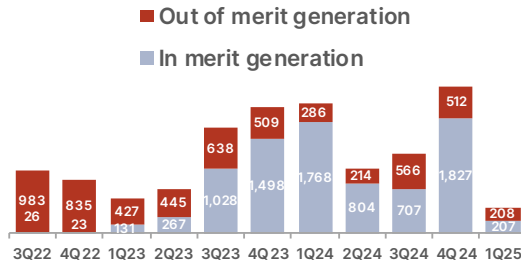
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
TERMOC 29	USD 43mn	7.88%	NR / NR / BB	226	3.0	100.5	0.7%	7.6%	Neutral
TERMOC 31	USD 425mn	7.75%	NR / BB / BB	356	3.4	103.4	0.6%	6.7%	Neutral

Termocandelaria

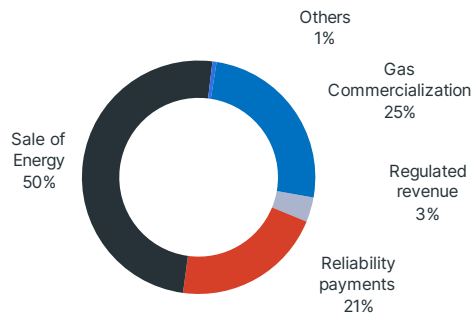
Company Description

Termocandelaria Power Ltd. (TPL) is a leading Colombian thermal power generation company in the Atlantic Coast region. Through its subsidiaries, Termobarranquilla S.A. E.S.P. (TEBSA) and Termocandelaria S.C.A. E.S.P. (TECAN), it made for about 8% of the system's total dispatch in 2024 YTD. The company's main shareholders are SCL Energía Activa, Colpatria and Moneda Asset Management.

Energy Generated (GWh)



Revenues Distribution



TPL's Consolidated Indettedness (MN USD)

Lendor	Due Date	Type	Principal
BBVA Spain	Jan-29	Bullet	108,20
Nova Scotia	Mar-27	Bullet	115,00
Banco de Bogota Miami	Mar-28	Bullet	25,00
LNG WK	2Q25-3Q25	Bullet	87,04
TEBSA Total Debt			335,24
BBVA Spain	Jan-29	Bullet	331,71
LNG WK	2Q25-3Q25	Bullet	11,08
TECAN Total Debt			342,79
Bond holders	Jan-29	Amortizing	43,17
Bond holders	Set-31	Bullet	425,00
TPL Individual Debt			468,17

Credit Metrics

	2021	2022	2023	2024	LTM1Q25
Interest Coverage	3.1x	5.9x	16.2x	10.5x	9.2x
Gross Debt / EBITDA	5.5x	3.2x	2.4x	2.6x	2.9x
Net Debt / EBITDA	4.2x	2.3x	1.6x	1.1x	1.5x
Net Debt / Equity	2.9x	2.4x	1.6x	1.1x	1.6x
ST Debt / Gross Debt	9%	10%	36%	12%	11%

Income Statement

USD MN	2021	2022	2023	2024	LTM1Q25
Net Revenues	574	699	1,135	1,516	1,439
Gross Profit	105	215	348	408	355
EBIT	90	199	330	385	332
Interest Expenses	45	42	24	43	43
EBITDA	138	248	386	451	395
Gross Margin	18%	31%	31%	27%	25%
EBITDA Margin	24%	35%	34%	30%	27%
Net Margin	-1%	12%	18%	12%	9%

Balance Sheet

USD MN	2021	2022	2023	2024	LTM1Q25
Cash	190	218	309	639	554
Current Assets	182	225	500	513	398
Total Assets	1,152	1,212	1,536	1,832	1,707
Current Liabilities	130	158	466	255	203
Total Liabilities	952	982	1,167	1,382	1,340
Equity	200	230	368	450	367
Net Debt	576	562	608	512	596
Gross Debt	766	781	917	1,151	1,150
Short Term Debt	68	78	333	137	122
Long Term Debt	697	702	584	1,014	1,028
ROE	-3%	37%	56%	41%	36%
ROA	0%	7%	13%	10%	8%

Cash Flow Statement

USD MN	2021	2022	2023	2024	LTM1Q25
Operating Activities	118	166	165	305	246
Investing Activities	-90	-51	-84	-333	-336
Financing Activities	-126	-86	9	52	55

* The company has not yet released full 2Q25 financial statements.

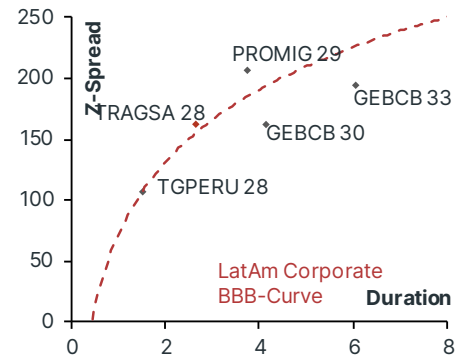
Sources: Company Reports and Credicorp Capital

Defensive credit profile amid sovereign volatility

Investment Thesis

TGI's strength lies in a proactive management team that has focused on debt management to balance out operational dynamics. This is supportive of the credit. Net leverage closed at 1.6x. The bond has shown a low beta compared to the Colombian sovereign's high volatility. Also, the bond has been overall resilient amid base rate volatility. Looking at current valuations, we continue to like this bond's defensiveness. However, we maintain a Neutral recommendation, seeing very tight spreads inside PROMIG 29, where we find wider room for spread compression and tight valuations to GEBCB 30 despite higher diversification at the holding level.

TGI Bonds and comparables



Credit Data

REG-S Notes	1
Outstanding Senior Notes	USD 548mn
Closest Call Date	01-Aug-28
Closest Maturity Date	01-Nov-28

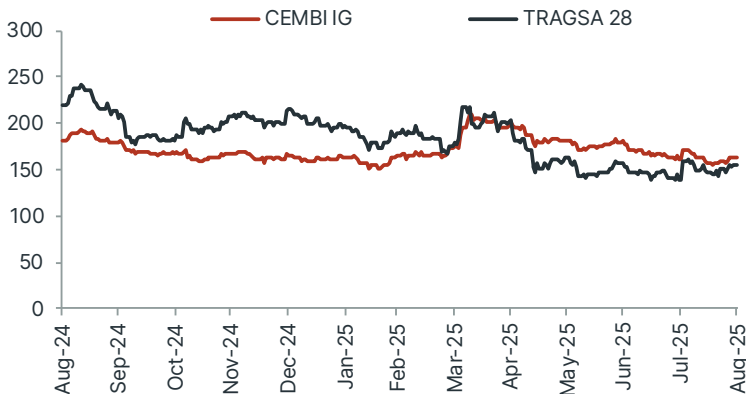
Concerns

- Decline in average life of contracts
- Interest burden
- Additional hedging costs from change in functional currency.

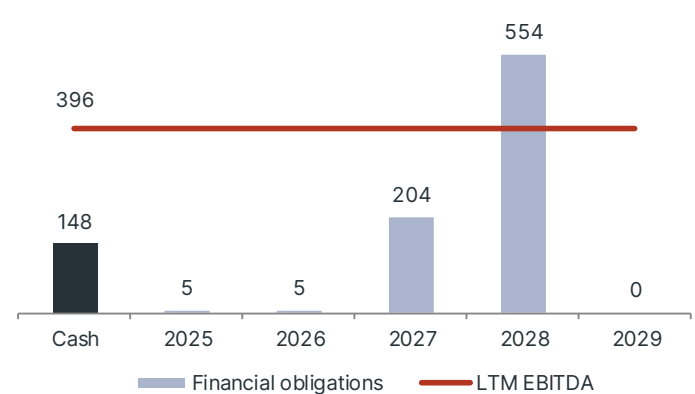
Strengths

- Owns and operates the longest and most relevant gas pipeline in the country
- Firm capacity contracts and other fixed charges comprising ~75% of revenues
- CREG approved the partial pass-through of FX hedging costs and the recognition of fully depreciated assets for remuneration (not yet effective)

Z- Spread evolution



Debt Maturity Profile



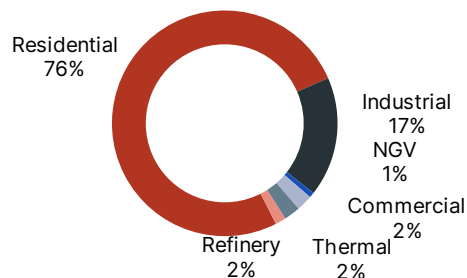
Bond	Amount	Coupon	Rating	Z-spread	Duration	Price	Carry	YTW	Recommendation
TRAGSA 28	USD 548mn	5.55%	Baa3 / NR / BBB	162	2.7	101.7	0.5%	4.8%	Neutral

TGI

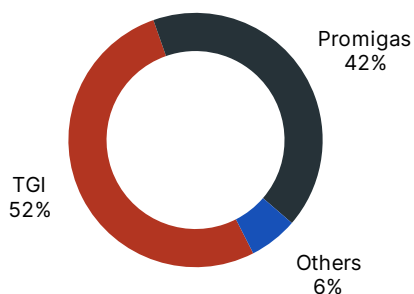
Company Description

TGI is part of one of the most important business groups in Colombia, Grupo Energia de Bogotá, which is dedicated to the energy sector and has an international presence in LatAm. The company provides natural gas transportation services in Colombia, serving ~50% of Colombia's population. The company has a total capacity of 859 mcf. GEB owns 99.9% of TGI.

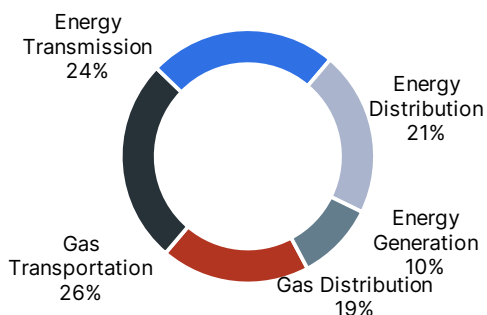
LTM Rev. Breakdown by Demand Sector



Market share



Adjusted EBITDA by business segment



Credit Metrics

	2021	2022	2023	2024	2Q25LTM
Interest Coverage	4.5x	4.6x	3.8x	3.2x	3.7x
Gross Debt / EBITDA	3.8x	3.1x	2.1x	2.0x	1.9x
Net Debt / EBITDA	3.3x	2.8x	1.8x	1.7x	1.6x
Net Debt / Equity	1.2x	1.0x	0.7x	0.7x	0.7x
ST Debt / Gross Debt	34%	39%	0%	0%	0%

Income Statement

USD MN	2021	2022	2023	2024	2Q25LTM
Net Revenues	385	401	472	533	518
Gross Profit	236	252	310	346	321
EBIT	209	224	281	301	271
Interest Expenses	67	68	102	128	108
EBITDA	301	316	379	416	396
Gross Margin	61%	63%	66%	65%	62%
EBITDA Margin	78%	79%	80%	78%	77%
Net Margin	26%	28%	33%	24%	23%

Balance Sheet

USD MN	2021	2022	2023	2024	2Q25LTM
Cash	141	95	140	119	148
Current Assets	208	161	240	237	232
Total Assets	2,493	2,391	2,707	2,532	2,515
Current Liabilities	437	430	65	137	198
Total Liabilities	1,665	1,534	1,656	1,529	1,562
Equity	828	857	1,051	1,003	953
Net Debt	988	880	765	702	620
Gross Debt	1,129	975	905	820	768
Short Term Debt	381	378	1	4	3
Long Term Debt	748	597	903	813	762
ROE	12%	13%	15%	13%	12%
ROA	4%	5%	6%	5%	5%

Cash Flow Statement

USD MN	2021	2022	2023	2024	2Q25LTM
Operating Activities	159	252	244	247	209
Investing Activities	-12	-51	-31	-46	-61
Financing Activities	-136	-233	-175	-228	-59

Sources: Company Reports and Credicorp Capital



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Other equity securities							
Debt securities			Cementos Argos S.A, Promigas S.A.	S.A.C.I. Falabella, Volcan Compañía Minera S.A.A.	Banco de Credito e Inversiones S.A, Enel Generacion Chile S.A, Soc Quimica Chilena de Chile S.A, Grupo de Inversiones Suramericana, Alicorp S.A.A, Luz del Sur S.A.A.	Cencosud S.A, Empresas CMPC S.A, Enel Americas S.A, Enel Chile S.A, Celulosa Arauco, Banco Davivienda S.A, Bancolombia S.A, Ecopetrol S.A, Grupo Aval Acciones y Valores S.A, Grupo Nutresa S.A, Compañía de Minas Buenaventura, Enel Distribucion Peru S.A.A, Engie Energia Peru S.A, Inretail Peru Corp, Minsur S.A.	AES Gener S.A, Colbun S.A, E.CL S.A, Banco de Bogota S.A, Grupo Energia Bogota, Intercorp Financial Services
Derivatives on equity/debt securities							

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Debt securities						
Derivatives on equity/debt securities						

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F. Rating System

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Buy: Expected returns of 5 percentage points or more in excess over the expected return of the local index, over the next 12-18 months.

Hold: Expected returns of +/- 5% in excess/below the expected return of the local index over the next 12-18 months.

Underperform: Expected to underperform the local index by 5 percentage points or more over the next 12-18 months.

Under Review: Company coverage is under review.

The IPSA, COLCAP and SP/BVL indexes are the selective equity indexes calculated by the Bolsa de Comercio de Santiago, the Bolsa de Valores de Colombia, and the Bolsa de Valores de Lima, respectively.

In making a recommendation, the analyst compares the target price with the actual share price, and compares the resulting expected return for the IPSA, the COLCAP, and/or the SP/BVL indexes, as estimated by Credicorp Capital S.A. Corredores de Bolsa, Credicorp Capital Colombia Sociedad Comisionista de Bolsa, and/or CredicorpCapital Peru S.A, and then makes a recommendation derived from the difference in upside potential between the shares and the respective index.

G. Distribution of Rating

	Buy	Hold	Underperform	Restricted / UR
Companies covered with this rating	34%	56%	10%	0%
Compensation for investment banking services in the past 12 months*	43%	35%	0%	0%

*Percentage of investment banking clients in each rating category.

H. Price Target

Unless otherwise stated in the text of this report, target prices in this report are based on either a discounted cash flow valuation or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, in fashion. Valuations may also be affected by changes in taxation, in exchange rates and, in certain industries, in regulations. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, and political and social conditions. This discussion of valuation methods and risk factors is not comprehensive – further information is available upon request.

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