

# Ecopetrol S.A. Downgraded To 'BB-' From 'BB' Following Similar Action On The Sovereign; Outlook Stable

April 8, 2026

## Rating Action Overview

- On April 8, 2026, S&P Global Ratings lowered its long-term foreign currency sovereign credit rating on [Colombia](#) to 'BB-' from 'BB' and long-term local currency sovereign credit rating to 'BB' from 'BB+' because of continued underperformance in its fiscal consolidation amid upcoming election period.
- Our ratings on Ecopetrol S.A. are capped by the sovereign rating, reflecting its significant contribution to Colombia's revenues via dividend distributions and government royalties, the government's ownership stake, and its key role in the country's energy transition.
- As a result, on April 8, 2026, we lowered our issuer credit and issue-level ratings on Ecopetrol to 'BB-' from 'BB'.
- The revised outlook to stable from negative on Ecopetrol reflects that on Colombia.

## Rating Action Rationale

**Colombia's creditworthiness weakened due to fiscal risks and economic vulnerabilities.** Our sovereign credit ratings on Colombia are constrained by its limited fiscal flexibility, high and rising debt burden, weak external position characterized by volatile terms of trade, and moderate GDP per capita, all exacerbated by increasingly unpredictable fiscal policy. Unpredictable government policies, including broken fiscal rules and budget shortfalls, are causing deficits and inflation.

While Colombia has a stable political system, ongoing security issues and recent election results create uncertainty about future economic improvements. The new government faces pressure to spend more while struggling to raise revenue, and the country remains vulnerable to global economic changes and oil price fluctuations. (See [Colombia Long-Term Foreign Currency Rating Lowered To 'BB-' From 'BB' Due To Fiscal Imbalances; Outlook Stable](#), April 8, 2026.

**Our ratings on Ecopetrol remain capped by the credit risk of the sovereign and continue to move in line with our ratings on Colombia.** We assess the probability of timely and sufficient

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government support to Ecopetrol under stress as very high, based on the government's 88.49% ownership stake and Ecopetrol's critical role as Colombia's leading oil and gas producer. Ecopetrol remains a substantial revenue contributor to Colombia, as demonstrated by the approximately Colombian peso (COP)11.7 trillion dividend distribution in 2025. The company also continues to invest about 3.0% of expected investments for 2026 in Colombia's energy transition, supporting the development of cleaner energy sources and increased natural gas availability.

**Recent government actions could limit Ecopetrol's future financial performance should they become permanent.** Specifically, the agreement effective April 1, 2026, for Ecopetrol (and its Cartagena refinery) to receive approximately COP1.6 trillion from the first-quarter 2025 account of Colombia's Fuel Price Stabilization Fund (FEPC)--funded by Treasury bonds (TES) issued by the Republic of Colombia--suggests weaker fiscal consolidation and revenue expectations for the current administration. This suggests less flexibility for Ecopetrol to reduce dividends if needed.

Dividend payments to the government resulted in free cash flow to debt (DCF) ratios of -5.0%, significantly below our 2.5% expectation. This highlights the government's significant influence over Ecopetrol's cash flow, as dividends consistently represent 40%-60% of net income. The government's continued tendency to maximize dividend payouts, coupled with its ongoing fiscal challenges, raises the possibility of constraints on Ecopetrol's future financial flexibility.

## **Outlook**

The stable outlook on Ecopetrol remains tied to that of Colombia, reflecting the company's continued importance to the Colombian economy and its strong relationship with the government. As a result, we expect our ratings on Ecopetrol to move in line with those on the sovereign.

### **Downside scenario**

We could take a negative rating action on Ecopetrol in the next 12 months if we take a similar action on Colombia.

On the other hand, we could revise its stand-alone credit profile (SACP) down in the next 12 months if:

- The company's financial performance weakens such that we expect its adjusted net debt to EBITDA to consistently rise close to 3.0x. This could stem from lower prices, weaker production sales, or increased debt beyond our expectations;
- We perceive weaker business for Ecopetrol if it posts declines in production or replacement ratios below 100%; or
- Ecopetrol prioritizes cash outflows as dividends rather than for maintenance and growth capital expenditures (capex).

### **Upside scenario**

We could take a positive rating action on Ecopetrol if we were to take a similar action on the long-term foreign currency sovereign credit rating on Colombia.

Although unlikely within the next 12 months, we could revise up the SACP to 'bbb-' if the company's operating and financial performance is well above our expectations. This scenario could result if:

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- Ecopetrol has higher-than-expected production stemming from investments in Colombia or international fields;
- The company has debt-to-EBITDA ratios below 2.0x while improving profitability margins despite price volatility;
- Ecopetrol improves cash flows after capex and dividends, leading to discretionary cash flow to debt at or above 15%; or
- There are more independent board members and the company improves board member turnover.

## Company Description

Ecopetrol is a vertically integrated oil and gas company based in Bogota, Colombia. The company also engages in power and infrastructure-related activities. It has a presence in Colombia, Brazil, Mexico, the U.S. Gulf Coast, and Singapore, as well as in Chile, Peru, and Bolivia through Interconexión Eléctrica S.A. (ISA).

Ecopetrol is involved in all stages of the hydrocarbon chain: exploration, production, refining, and marketing, as well as the electric transmission business. The government of Colombia currently owns 88.49% of Ecopetrol, making it the controlling shareholder. Institutional shareholders and retail investors own the remaining 11.51%.

### Rating Component Scores

Component	
Foreign currency issuer credit rating	BB-/Stable/--
Local currency issuer credit rating	BB-/Stable/--
Business risk	Satisfactory
Country risk	Moderately high risk
Industry risk	Moderately high risk
Competitive position	Satisfactory
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bbb-

### Modifiers

Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Moderately negative
Comparable rating analysis	Neutral
Stand-alone credit profile	bb+

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024

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- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Colombia Long-Term Foreign Currency Rating Lowered To 'BB-' From 'BB' Due To Fiscal Imbalances; Outlook Stable](#), April 8, 2026
- [S&P Global Ratings Raises 2026 Oil Price Assumptions On Longer-Than-Expected Oil Flows Disruption](#), March 16, 2026
- [Ecopetrol S.A. Downgraded To 'BB' From 'BB+' On Similar Action On Colombia; Outlook Negative](#), June 27, 2025
- [Ecopetrol S.A. 'BB+' Ratings Affirmed; Outlook Still Negative; Stand-Alone Credit Profile Revised Down](#), June 4, 2025

## Ratings List

### Ratings List

#### Downgraded; Outlook Action

	To	From
<b><u>Ecopetrol S.A.</u></b>		
Issuer Credit Rating	BB-/Stable/--	BB/Negative/--

#### Downgraded

	To	From
<b><u>Ecopetrol S.A.</u></b>		
Senior Unsecured	BB-	BB

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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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