Colombian, Venezuelan and Dominican Corporates

Domestic Markets Offer Investment Opportunities

Special Report

Related Research

Libro de Estadísticas Comparativas Colombia 2012, Jul. 31, 2012

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Colombia's Signs of Slowdown: Colombia demonstrated a high degree of resilience during the 2009 global final crisis. Over the last decade, the economy has grown, underpinned by solid domestic consumption and investment, with macroeconomic stability. During the first half of 2012, the fast pace of consumption, construction and industry activity slowed. The central bank estimates that in 2013 GDP will grow by between 2.0% and 5.0%. Fitch Ratings expects economic growth to receive a boost from investment in infrastructure.

Dominican Republic's Structural Challenges: During 2012, Dominican GDP growth has eased but remains positive, led by the performance of the tourism and mining industries and strong foreign direct inflows. Uncertainty over the suspension of the Stand-By Arrangement with the International Monetary Fund and the highly contested presidential election in May 2012 have affected business confidence, domestic credit and private investment.

Renewed weakness in the U.S. or the eurozone crisis could impair the Dominican Republic's economic prospects and limit external financing sources for the government and the corporate sectors. Fitch expects output growth to average 4.6% in the next two years.

Venezuela's Economy Highly Distorted: Venezuela's economy has become increasingly regulated, with strict exchange and capital controls and high inflation. After two years of contraction, the economy grew 4.2% in 2011 thanks to the performance of non-oil sectors. In Q112, the economy continued to expand, at 5.6%, underpinned by non-oil sectors such and construction and an increase in oil production. Despite last two years' economic performance, growth prospects are not bright due to the inconsistent policy framework and low investment.

Corporates' Strong Capital Structures: The Colombian, Venezuelan and Dominican companies in this report have robust capital structures, and Fitch does not foresee any major ratings changes due to declines in cash flow generation under an economic slowdown scenario. In general, the companies have moderate leverage levels and access to local bank/stock market financing. In recent years, the Colombian stock market has absorbed debt placements with maturities of 10–30 years, which has improved the maturity profile of rated companies and released pressure on their cash flows.

Report Structure

The first part of this report gives an account of the economic performance of the countries of northern South America: Colombia, Venezuela and the Dominican Republic. The second part provides summary analyses of the companies located in these countries that Fitch rates. This report aims to provide information that the agency considers of interest to investors and the market.

Colombia

Favorable Economic Performance

Over the past decade, the Colombian economy has improved its growth performance on the back of rising investment and the consolidation of macroeconomic stability. Colombia's five-year average GDP growth increased from 1.4% in 2003 to 4.4% in 2011. While most Latin American economies decelerated in 2011, Colombia's GDP growth rose to 5.9%, underpinned by solid domestic consumption and investment performances. Gross capital formation rose by 16.7% in real terms and unemployment declined to 10.8%, the lowest level since 2001. In spite of the expansion of domestic demand, growth in international commodity prices and the volatility of the exchange rate, inflation remained controlled, averaging 3.4% in 2011, within the long-term target range set by Colombia's central bank, the Banco de la Republica.

In 2012, the economy has entered a cyclical slowdown. The fast pace of consumption, construction and industrial activity in 2011 could not be maintained. In the first quarter of the year, the economy grew 4.7%, lower than expectations and the first-quarter 2011 performance. In the second quarter of 2012, inflation slowed due to lower growth in prices of food and utilities, and Fitch's projection for the full-year rate is in line with the long-term inflation target of 3.0%.

The central bank has revised down its economic growth forecast for 2012 to between 3.0% and 5.0%. In 2013, it is estimated that GDP will grow by between 2.0% and 5.0%. The range of expected growth reflects the degree of uncertainty over the impact of the European fiscal and financial crisis and the economic slowdown in the U.S. on Colombia's consumer confidence, the availability of funding sources, export demand, and the speed the recovery of investment in civil works and infrastructure. Taking these factors into consideration, the central bank decided to cut its policy rate by 25bp to 5.0% in July 2012. The authorities have maintained their commitment to buying at least US20 million daily through November 2012 in order to control exchange rate appreciation.

For 2013, economic growth could receive a major boost from investment in infrastructure, as a result of regulatory changes introduced by the Santos administration and the implementation of the investment plans of local governments. Investment could also benefit from the free trade area with the U.S.

Venezuela

A Highly Distorted Economy

The Venezuelan economy has become increasingly regulated over the last decade. A resumption of long-term private investment in the country is needed if Venezuela is to return to stable and sustainable economic growth. However, various obstacles stand in the way of this occurring. These include: increased discretionary state intervention via the nationalization of

Related Criteria

Corporate Rating Methodology, Aug. 8, 2012

Parent and Subsidiary Rating Linkage, Aug. 8, 2012

National Ratings Criteria, Jan. 19, 2011

private assets; regulatory risk in the form of price controls; unpredictable changes to the legal framework governing several sectors of the economy; the maintenance of strict exchange and capital controls since 2003; expectations of a devaluation of the Bolivar; persistently high inflation; and rising labor union unrest.

The Venezuelan economy operates in a high inflationary environment despite strict price controls over a considerable number of the goods and services contained in national CPI. Annualized inflation fell to a still high 21.3% in June 2012, from 27.6% and 27.1%, respectively, in 2011 and 2010. High inflation reflects expansive fiscal and monetary policies, low credibility of the exchange rate regime, and weakened national production capacity due to declining levels of private investment, a situation compounded by the recent wave of expropriation/nationalization of private assets in various industries, including food, cement, electricity, and steel, which have decreased in productivity in the hands of the government. As a result, Venezuela has increased its reliance on imports of finished and intermediate goods.

Furthermore; the Venezuelan economy operates under strict exchange controls established since February 5, 2003, which are administered by the Comisión de Administración de Divisas (CADIVI), created to centralize the purchase and sale of foreign currencies in the Banco Central de Venezuela (BCV). The exchange control regime has restricted the private sector's access to foreign currency at the official exchange rate, limiting imports of required raw materials to maintain normal operations or the repatriation of dividends to parent companies. In June 2010, the central bank introduced the SITME, a platform that regulates the trading of FX-denominated instruments, mostly government and Petróleos de Venezuela S.A. USD-denominated bonds. The private sector can purchase these FX-denominated instruments with Venezuelan bolívars at a rate of VEF5.3 per USD. This mechanism, though, has not fully addressed the shortage of foreign currency for the private sector.

Public Spending is the Main Growth Driver

In spite of the adverse business environment described above, the Venezuelan economy expanded by 4.2% in 2011 after two years of contraction. The 2011 growth performance can be explained by the 4.5% growth achieved by the non-oil economy, whereas the oil sector grew by a low 0.6%. This performance was partly the result of the benign international oil price scenario, with an average price for Venezuelan oil of approximately USD100 per barrel in December 2011 and close to USD99 per barrel in June 2012, far above had been factored into the national budgets for 2011 and 2012 (USD40 per barrel and USD50 per barrel, respectively). These high oil prices have allowed for faster growth in public spending, which, in conjunction with an accommodative monetary policy, has stimulated domestic demand.

The economy expanded by 5.6% in the first quarter of 2012, led by non-oil GDP growth of 5.6% and a contribution from the oil sector of 2.2%. The resumption of growth in the oil sector is explained by the advance of the Orinoco Oil Belt projects, some of which have contributed to an increase in oil production with early production from the areas being exploited.

The construction sector grew by 29.6% during the first quarter of 2012, compared with a contraction of 6.8% during the prior-year period and 4.8% expansion in 2011 as a whole. This substantial expansion in the construction sector can be explained by the government's efforts to accelerate housing construction projects in anticipation of the presidential elections on October 7, 2012 as well as by other major public infrastructure projects in the electricity and oil sectors, the latter encompassing the Orinoco Oil Belt projects mentioned above.

While increased election-related spending is providing a boost to the economy in 2012, growth prospects are not bright due to the inconsistent policy framework and low investment. Moreover, an adjustment in the official exchange rate and less aggressive fiscal expansion after the October elections could detract from growth momentum.

Dominican Republic

After demonstrating a high degree of resilience during the global financial crisis, the Dominican economy is starting to decelerate. GDP growth fell to 4.3% in 2011 from 7.8% in 2010 as a result of the gradual withdrawal of the monetary and fiscal stimulus and the slowdown in global economic activity. Economic activity eased further to 3.8% in Q112. Uncertainty surrounding the suspension of the Stand-By Arrangement with the International Monetary Fund and the highly contested presidential election in May 2012 affected business confidence, domestic credit and private investment. Although moderating, GDP growth remains broad-based, led by the positive performance of the tourism and mining industries and strong foreign direct inflows. Fitch expects output growth to average 4.6% in the next two years.

The average inflation rate reached 8.5% in 2011, up from 6.3% the previous year, mainly driven by the temporary spike in international food and oil prices. However, lower economic growth, coupled with declining international commodity prices, relieved pressure on consumer prices. Annual inflation dropped to 1.6% in July 2012 from a peak of 6.9% in January and is projected by Fitch to close the year within the central bank's inflation target range of 5.5% ± 1.0%. In response, the central bank started an aggressive easing cycle to stimulate domestic demand. It cut the policy rate by 75bp to 6% in June 2012 and by an additional 50bp to 5.5% in August.

Downside risks cannot be totally ruled out in light of the island's vulnerability to external shocks and structural challenges. Renewed weakness in the U.S., the Dominican Republic's main tourism and remittances source market, and further escalation of the eurozone debt crisis could impair the country's economic prospects and limit external financing sources for the government and the corporate sectors. Lack of an effective response to the deterioration in public finances could undermine investors' confidence and currency stability. Rising crime, high energy costs, and infrastructure bottlenecks could also weigh on the competitiveness of the manufacturing and tourism industries.

Alpina Productos Alimenticios S.A.

Rating

Local Bonds	AA(col)

Outlook

Local Bond Issuance	Stable

Financial Data

Alpina Productos Alimenticios S.A.

COP Million	31 Dec 11	31 Dec 10
Revenue	1,265,084	1,142,356
Operating EBITDAR	138,323	118,822
Op. EBITDAR/ revenues (%)	10.9	10.4
Funds From Operations	83,970	40,409
Cash Flow From Operations	63,260	25,303
Free Cash Flow	34,231	-44,342
FFO/Interest Expense Net Of Interest Income (x)	3.42	2.06
Total Debt	375,811	393,590
Total Adjusted Debt with Equity Credit	387,156	404,768
Total Adjusted Debt/Op. EBITDAR (x)	2.8	3.3
Adjusted Leverage/FFO (x)	3.2	5.1
Operating EBITDAR/Debt-Service Coverage (x)	2.1	1.8

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Key Rating Drivers

Strong Competitive Position: Over the years, Alpina has maintained its position as one of the key players in Colombia's dairy products and cheese industry. The company benefits from a diverse product portfolio positioned through a perceived high-value strategy, and a nationwide distribution network. Its high-value brand positioning has allowed Alpina to take advantage of the recent expansion in the local economy and increases in consumer income, increasing volume sales of its value-added products.

Cash Flow Generation Improvement: The increase in volumes can also be explained by an aggressive pricing strategy, which has broadened Alpina's customer base. This strategy could add resilience to margins in adverse economic conditions. In addition, the implementation of initiatives aimed at generating efficiencies in the production process contributed to record higher margins and increased operating cash flow in 2011, which, along with a reduction in capital expenditure, contributed to the first positive free cash flow reported in five years.

Manageable Debt Maturity Profile: At year-end 2011, only 15% of Alpina's financial debt was short-term, while long-term debt is mostly comprised by local bond issuance of COP260 billion due since 2019. Fitch considers company's refinancing risk as low, due to the manageable annual debt maturity payments for the next four years and the management policy of executing annual capital expenditures depending on its internal cash flow generation to cash flow from operations

Leverage is Still High: Significant capital expenditure in the years to 2010 aimed at increasing Alpina's installed capacity has been reflected in relatively high leverage metrics. Nevertheless, at year-end 2011, total adjusted debt-to-EBITDA decreased significantly to 2. 8x, (net adjusted debt to EBITDA 2.5x) driven by the increased operating cash flow generation and lower capital expenditure. Alpina's rating incorporates expectations that leverage could be sustained in the 2.5x–3.0x range.

Industry Risk: The dairy industry is mature, with low margins, and is exposed to climate change and public policies aimed at protecting raw milk producers. In Colombia, current regulations over prices paid by milk processors and the fragmentation of the milk producer industry have been reflected in higher raw milk prices than in other countries in the region.

What Could Trigger a Rating Action

Leverage Decline; Aggressive Capex: The rating could be upgraded if Alpina were able to sustain a decrease in leverage amid a continued expansion in operations focused on value-added products. The rating could be downgraded if the company implements an aggressive capital expenditure program that put pressure on liquidity and leverage levels.

Liquidity and Debt Structure

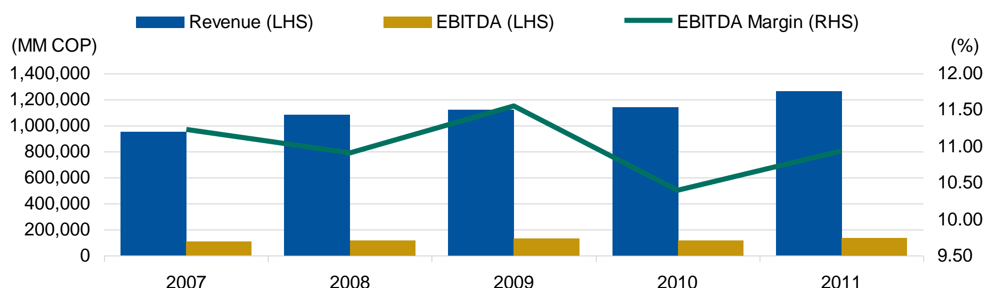
Adequate Cash, Manageable Debt: Alpina's liquidity levels are supported by its adequate cash position and manageable debt maturity structure. At year-end 2011, cash levels covered short-term debt by 1.4x.

Cash Flow and Credit Metrics

During 2011, revenues increased by 10.8%, driven by a 13.3% expansion in sales volume, fostered by an aggressive pricing strategy and product launching that broadened the customer base of the company, as well as favorable economic conditions that benefited the consumption of value-added products. In the past, Alpina's volume sales mix has been affected by changes in consumer preferences, mostly involving a migration in consumption toward low-cost products, a situation that is most likely to occur in periods of economic slowdown. Therefore, Alpina's new strategy of increasing its consumer base through more affordable products could add resilience and protect revenues and margins in adverse economic conditions.

Over the last few years, Alpina's shareholders have promoted its expansion into other countries. During 2012, Alpina started operations in Peru through a joint venture with a local food company. In addition, the company is completing construction of a plant in New York that will start operations during the last quarter of 2012. Although Alpina has been financing the launch of these two new companies' operations, both are being run as independent sister companies of Alpina, so will have a neutral effect in the company's cash flow.

Alpina: Revenue, EBITDA and Margin



Source: Alpina

In 2011, Alpina increased its EBITDA margin to 10.9% (2010: 10.4%) as it implemented initiatives to improve efficiency in the production process, as well as increasing volume sales of value-added products. Higher cash flow from operations and the decrease in capital expenditures allowed the company to record positive free cash flow for the first time in five years, reducing its leverage levels. At year-end 2011, the total adjusted debt-to-EBITDA ratio fell to 2.8x, which compares positively with year-end 2010's 3.4x. Alpina has continued deleveraging during 2012, following the expansion of its operations. Leverage levels are expected to be maintained in the 2.5x–3.0x range as the company contemplates continuing to execute its capital expenditure program depending on its internal cash flow generation, so as to avoid further increases in leverage.

Alpina Productos Alimenticios S.A. — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	138.323	118.822	129.619	118.149	106.641
Operating EBITDAR	138.323	118.822	129.619	118.149	106.641
Operating EBITDA Margin (%)	10,9%	10,4%	11,6%	10,9%	11,2%
Operating EBITDAR Margin (%)	10,9%	10,4%	11,6%	10,9%	11,2%
FFO Return on Adjusted Capital	13,1%	8,9%	12,0%	13,5%	10,7%
Free Cash Flow Margin (%)	2,7%	(3,9)%	(0,4)%	(11,6)%	(9,9)%
Return on Average Equity (%)	6,0%	4,4%	3,8%	8,1%	23,9%
Coverage					
FFO Interest Coverage	3,42	2,06	2,14	2,44	3,14
Operating EBITDA/Gross Interest Expense	3,99	3,11	2,88	2,86	5,04
Operating EBITDAR/ Interest Expense + Rents	3,99	3,11	2,88	2,86	5,04
Operating EBITDA/ Debt-Service Coverage	2,12	1,82	1,21	0,61	0,71
Operating EBITDAR/ Debt-Service Coverage	2,12	1,82	1,21	0,61	0,71
FFO Fixed Charge Coverage	3,42	2,06	2,14	2,44	3,14
FCF Debt Service Coverage	1,06	(0,09)	0,38	(0,44)	(0,48)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	1,71	0,26	0,90	(0,30)	(0,14)
Cash Flow from Operations/Capital Expenditures	19,59	0,58	1,36	0,05	0,30
Leverage					
FFO Adjusted Leverage	3,26	5,15	4,46	3,80	4,56
Total Debt with Equity Credit/Operating EBITDA	2,72	3,31	3,18	3,14	2,64
Total Net Debt with Equity Credit/Operating EBITDA	2,41	3,12	2,76	2,92	2,16
Total Adjusted Debt/Operating EBITDAR	2,80	3,41	3,32	3,25	2,84
Total Adjusted Net Debt/Operating EBITDAR	2,49	3,21	2,89	3,03	2,36
Implied Cost of Funds (%)	9,0%	9,5%	11,5%	12,7%	15,0%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	8,1%	6,9%	15,0%	40,8%	45,9%
Balance Sheet					
Total Assets	1.096.645	1.053.934	955.301	906.545	762.401
Cash and Marketable Securities	42.939	23.337	55.284	25.408	51.565
Short-Term Debt	30.595	26.993	61.827	151.056	129.358
Long-term Debt	345.216	366.597	350.924	219.489	152.346
Total Debt	375.811	393.590	412.751	370.545	281.704
Equity Credit					
Total Debt with Equity Credit	375.811	393.590	412.751	370.545	281.704
Off-Balance Sheet Debt	11.345	11.178	17.130	13.255	21.208
Total Adjusted Debt with Equity Credit	387.156	404.768	429.881	383.800	302.912
Total Equity	521.856	481.072	374.348	366.110	319.584
Total Adjusted Capital	909.012	885.840	804.229	749.910	622.496
Cash Flow					
Funds from Operations	83.970	40.409	51.285	59.622	45.324
Change in Working Capital	(20.710)	(15.106)	26.954	(54.691)	(22.942)
Cash Flow from Operations	63.260	25.303	78.239	4.931	22.382
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(3.229)	(43.843)	(57.404)	(106.692)	(75.825)
Common Dividends	(25.800)	(25.802)	(25.351)	(23.503)	(40.474)
Free Cash Flow	34.231	(44.342)	(4.516)	(125.264)	(93.917)
Net Acq. and Divest.	5.612	31.556	-	4.794	-
Other Investments, Net	-	-	(7.815)	(18.075)	16.400
Net Debt Proceeds	(17.779)	(19.161)	42.207	88.841	111.938
Net Equity Proceeds	-	-	-	23.546	-
Other (Inv. & Fin.)	(2.463)	-	-	-	-
Total Change in Cash	19.601	(31.947)	29.876	(26.158)	34.421
Income Statement					
Revenue	1.265.084	1.142.356	1.121.697	1.083.061	949.001
Revenue Growth (%)	10,7%	1,8%	3,6%	14,1%	
Operating EBIT	79.145	60.951	71.920	66.825	74.970
Gross Interest Expense	34.659	38.209	45.071	41.379	21.164
Rental Expense	-	-	-	-	-
Net Income	29.975	18.619	14.007	27.755	38.175

Bonos Ordinarios del Fideicomiso Grupo Nutresa S.A. (Nutresa)

Rating

Local Bonds	AAA(col)

Outlook

Local Bonds	Stable

Financial Data

Grupo Nutresa S.A.

COP Million	31 Dec 11	31 Dec 10
Revenue	5,057,383	4,458,858
EBITDA	568,131	538,165
EBITDA Margin (%)	11.2	12.1
Financial Debt	679,598	1,126,326
Debt/EBITDA (x)	1.2	2.1
Net Debt/EBITDA (x)	0.9	1.9
EBITDA/Interest Expense (x)	8.9	8.6

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Key Rating Drivers

Strong Business Profile: Grupo Nutresa's rating is supported by its leading position in Colombia's food industry, its strong brand recognition, and its extensive distribution network, which provide a key competitive advantage. The company holds a more than 50% market share in the Meat, Chocolates and Cookies businesses, which together account for 78% of its consolidated EBITDA.

Geographical and Product Diversification: Nutresa operates seven business lines and 33 production plants in eight countries. Its broad product portfolio and geographically diversified revenues lower business risk and cash flow volatility. Fitch considers positive the diversification of its cost structure, spread across a number of raw materials (commodities) that are not necessarily interlinked. Historically, none of its raw materials have represented more than 15% of consolidated variable costs, mitigating Nutresa's margin exposure to commodities price volatility.

Conservative Financial Profile: Historically, Nutresa's operating cash flows have financed its growth strategy, capital expenditure, debt servicing, and dividend payments. The company has a conservative leverage policy. As of December 31, 2011, Nutresa reported a debt-to-EBITDA ratio of 1.2x and a EBITDA/interest expense ratio of 8.9x, considered strong for its rating category.

Sound Liquidity: Nutresa has a healthy liquidity position, supported by positive free cash flows (after capital expenditure and dividends), sound cash-on-hand levels, a manageable debt amortization schedule, and broad access to financial markets.

What Could Trigger a Rating Action

Leverage Decline: Nutresa's rating could be negatively affected by a sustained deterioration in its leverage (debt to EBITDA) to above 3.0x or by a significant and sustained decline in its operating results that negatively affected its profitability margins and competitive position.

Liquidity and Debt Structure

Conservative Strategy: Nutresa's financial strategy is conservative. Historically, it has financed growth and capital expenditure through a combination of internal cash flow, debt and equity issuances. The company expects to continue with this strategy. As of December 31, 2011, Nutresa's consolidated debt of COP679.5 billion mainly comprised by bonds due between 2012 and 2021.

Sound Liquidity: Nutresa's liquidity is sound, and it is supported by cash on hand, strong operating cash flows, and a manageable amortization schedule. As of December 31, 2011, the company reported cash and marketable securities of COP193.0 billion, which compares favorably with its COP54.6 billion of short-term debt. Nutresa also has available credit lines with banks for about COP3.2 trillion and broad access to financial markets that provide the company with financial flexibility if needed.

Cash Flow and Coverage Ratios

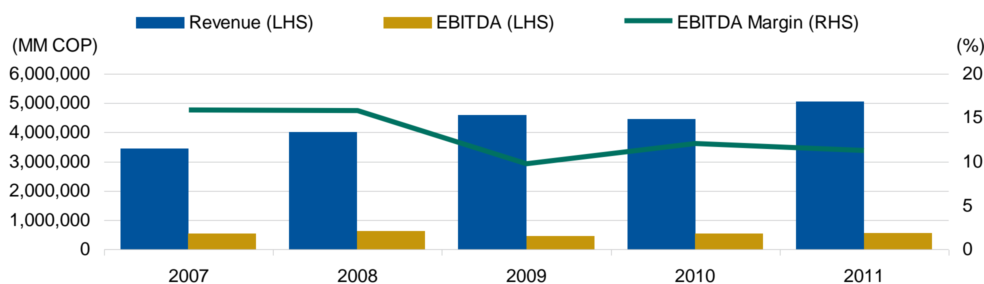
Nutresa's cash flows are exposed to commodities price volatility, given the commodity nature of some of its raw materials (sugar, coffee, wheat and cocoa), and to currency fluctuations from the countries in which it operates. Despite this, the company does not have high concentrations to any particular raw material, mitigating its financial exposure.

In 2011, Nutresa registered COP5.0 trillion of revenues, a 15.4% increase on the previous year due to a successful commercial strategy, sales increases in international markets, and the consolidation of recently acquired subsidiaries, Fehr Foods and Helados Bon. Conversely, its EBITDA margin declined to 11.2% from 12.1% as a consequence of raw materials price increases and a long rainy season that affected logistics and transportation costs.

In July 2011, Nutresa made a capital increase of COP522.5 billion through the issuance of new shares. Proceeds from this operation were destined to reduce debt and part-finance the company's capital expenditure plan.

Nutresa's credit metrics are solid. As of December 31, 2011, its consolidated leverage (debt/EBITDA) was 1.2x and its EBITDA/interest expenses ratio was 8.9x. Fitch expects these ratios to remain unchanged unless an important acquisition is made.

Nutresa: Revenue, EBITDA and Margin



Source: Grupo Nutresa

Grupo Nutresa S.A. — Financial Summary

Figures in million COP	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	568.131	538.165	448.544	634.417	547.428
Operating EBITDAR	568.131	538.165	448.544	634.417	547.428
Operating EBITDA Margin (%)	11,2%	12,1%	9,8%	15,8%	15,9%
Operating EBITDAR Margin (%)	11,2%	12,1%	9,8%	15,8%	15,9%
FFO Return on Adjusted Capital	7,0%	5,0%	4,6%	8,1%	8,7%
Free Cash Flow Margin (%)	0,9%	0,5%	4,6%	(4,0)%	0,9%
Return on Average Equity (%)	4,0%	4,5%	4,6%	7,5%	12,0%
Coverage					
FFO Interest Coverage	7,81	5,96	3,66	6,77	7,78
Operating EBITDA/Gross Interest Expense	8,85	8,60	5,58	11,13	10,13
Operating EBITDAR/ Interest Expense + Rents	8,85	8,60	5,58	11,13	10,13
Operating EBITDA/ Debt-Service Coverage	4,78	1,67	1,54	1,56	1,81
Operating EBITDAR/ Debt-Service Coverage	4,78	1,67	1,54	1,56	1,81
FFO Fixed Charge Coverage	7,81	5,96	3,66	6,77	7,78
FCF Debt Service Coverage	0,93	0,26	1,01	(0,26)	0,28
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	2,56	0,67	1,53	0,23	0,73
Cash Flow from Operations/Capital Expenditures	2,53	2,15		0,78	1,86
Leverage					
FFO Adjusted Leverage	1,36	3,02	3,46	2,29	1,71
Total Debt with Equity Credit/Operating EBITDA	1,20	2,09	2,26	1,39	1,31
Total Net Debt with Equity Credit/Operating EBITDA	0,86	1,85	1,92	1,08	1,07
Total Adjusted Debt/Operating EBITDAR	1,20	2,09	2,26	1,39	1,31
Total Adjusted Net Debt/Operating EBITDAR	0,86	1,85	1,92	1,08	1,07
Implied Cost of Funds (%)	7,1%	5,8%	8,5%	7,1%	15,0%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	8,0%	23,1%	20,7%	39,5%	34,5%
Balance Sheet					
Total Assets	7.931.169	8.084.691	6.929.126	5.336.553	5.348.302
Cash and Marketable Securities	193.087	133.389	152.572	200.123	134.295
Short-Term Debt	54.652	259.639	210.544	349.791	248.058
Long-term Debt	624.946	866.687	804.613	535.026	470.445
Total Debt	679.598	1.126.326	1.015.157	884.817	718.503
Equity Credit					
Total Debt with Equity Credit	679.598	1.126.326	1.015.157	884.817	718.503
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	679.598	1.126.326	1.015.157	884.817	718.503
Total Equity	6.490.839	6.334.914	5.390.240	3.867.184	4.132.359
Total Adjusted Capital	7.170.437	7.461.240	6.405.397	4.752.001	4.850.862
Cash Flow					
Funds from Operations	436.906	310.623	213.274	328.770	366.686
Change in Working Capital	(111.894)	(12.374)	-	(163.177)	(83.770)
Cash Flow from Operations	325.012	298.249	213.274	165.593	282.916
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(128.228)	(138.456)	-	(212.252)	(152.100)
Common Dividends	(150.292)	(139.534)	-	(115.468)	(99.437)
Free Cash Flow	46.492	20.259	213.274	(162.127)	31.379
Net Acq. and Divest.	16.414	3.766	-	1.173	1.274
Other Investments, Net	(84.717)	(137.466)	-	75.788	(40.799)
Net Debt Proceeds	(446.728)	111.169	-	166.383	12.625
Net Equity Proceeds	522.500	-	-	-	-
Other (Inv. & Fin.)	5.737	(16.911)	-	(15.389)	(17.205)
Total Change in Cash	59.698	(19.183)	213.274	65.828	(12.726)
Income Statement					
Revenue	5.057.383	4.458.858	4.588.366	4.009.727	3.449.517
Revenue Growth (%)	13,4%	(2,8)%	14,4%	16,2%	
Operating EBIT	432.495	432.744	448.544	465.886	432.885
Gross Interest Expense	64.191	62.608	80.314	57.000	54.046
Rental Expense	-	-	-	-	-
Net Income	253.511	263.239	213.274	299.051	247.313

Colombina S.A.

Rating

Local Bonds	AAA(col)
Outlook	
Local Bonds	Stable

Financial Data

Colombina S.A.

COP Million	31 Dec 11	31 Dec 10
Revenues	1,237,167	1,090,689
EBITDA	171,187	131,261
EBITDA Margin (%)	13.8	12.0
Financial Debt	319,116	280,088
Debt/EBITDA (x)	1.9	2.1
Net Debt/EBITDA (x)	1.7	1.7
EBITDA/Interest Expense (x)	6.4	5.1

Key Rating Drivers

Sound Business Position: Colombina possesses a diversified product line, a sound business position, and strong brand recognition in the countries in which it is present. The company is market leader in two businesses that represent more than 50% of its EBITDA: Candies and Exclusive Product Distribution.

Relatively Stable Margins: The rating factors in Colombina's stable operations with historically low volatility in revenues and margins as a consequence of successful cost control, its conservative derivatives strategy, and operating flexibility to adapt to changing market conditions.

Adequate Liquidity: Colombina's liquidity is supported by healthy operating cash flows, a manageable amortization schedule, and broad access to financial markets. As of December 31, 2011, the company had a cash balance of COP34,077 million and short-term debt of COP28,158 million. In addition, Colombina has about COP440,000 million of available credit lines with banks to be used when needed.

Conservative Credit Metrics: Colombina's conservative credit profile is supported by a successful commercial policy, relatively stable EBITDA generation, and conservative debt levels. Historically, the company has financed its capital expenditure through a combination of debt and internal cash flow generation.

What Could Trigger a Rating Action

Downgrade Triggers: Colombina's rating could be negatively affected if there were a sustained decline in margins, an aggressive dividend policy, a change in the company's capital structure, or a significant business position loss.

Liquidity and Debt Structure

Healthy Cash, Manageable Debt: Colombina's liquidity is characterized by healthy cash-on-hand levels, manageable debt amortization, and adequate access to the financial market. As of December 31, 2011, Colombina reported COP290,958 million of debt, mostly (88%) denominated in Colombian pesos. The company's main obligation comprises COP150,000 million of local bonds due 2016 and 2019.

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Cash Flow and Coverage Ratios

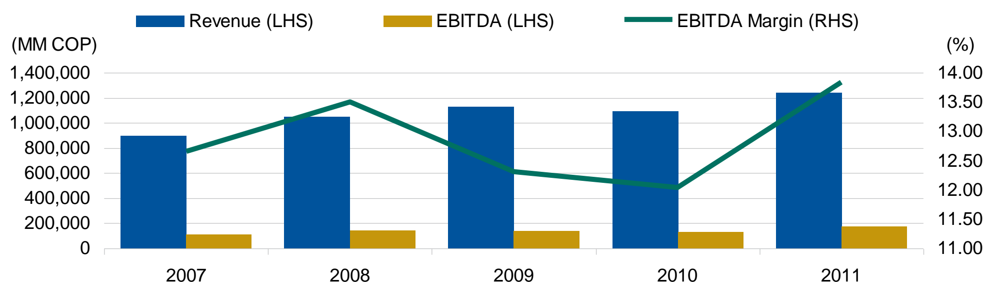
Colombina's cash flows are exposed to commodities price volatility, given the commodities nature of some of its raw materials (sugar, wheat and corn), and to currency fluctuations from the countries in which it operates. However, the company's successful financial coverage policy and flexible cost structure have allowed it to maintain relatively stable EBITDA margins over the years.

During 2011, Colombina reported revenues of COP1.2 trillion, an increase on 2010 as a result of rises in candy and cookie sales due to product innovations.

In 2011, the company registered EBITDA of COP171,187 million and an EBITDA margin of 13.8%, which compare positively with the previous year (COP131,261 million and 12.0%, respectively).

Colombina reported a debt/EBITDA ratio of 1.9x in 2011 (2.1x in 2010) and interest coverage, as measured by EBITDA to interest expense, of 6.4x (5.1x in 2010). These credit metrics are in line with those reported by the company's regional peers and with its current rating category. In the medium term, Fitch expects a debt/EBITDA ratio of around 2.0x and an EBITDA/interest expense ratio of 4.0x–4.5x.

Colombina: Revenue, EBITDA and Margin



Source: Colombina S.A.

Colombina S.A. — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	171.187	131.261	138.829	141.269	113.003
Operating EBITDAR	171.187	131.261	138.829	141.269	113.003
Operating EBITDA Margin (%)	13,8%	12,0%	12,3%	13,5%	12,7%
Operating EBITDAR Margin (%)	13,8%	12,0%	12,3%	13,5%	12,7%
FFO Return on Adjusted Capital	12,7%	9,6%	21,2%	14,4%	19,5%
Free Cash Flow Margin (%)	(5,2)%	(0,6)%	4,7%	(8,5)%	(5,1)%
Return on Average Equity (%)	10,6%	10,4%	10,1%	11,3%	24,8%
Coverage					
FFO Interest Coverage	3,69	2,68	4,02	2,95	5,62
Operating EBITDA/Gross Interest Expense	6,37	5,13	4,16	4,38	6,16
Operating EBITDAR/ Interest Expense + Rents	6,37	5,13	4,16	4,38	6,16
Operating EBITDA/ Debt-Service Coverage	3,11	3,43	2,25	1,41	1,46
Operating EBITDAR/ Debt-Service Coverage	3,11	3,43	2,25	1,41	1,46
FFO Fixed Charge Coverage	3,69	2,68	4,02	2,95	5,62
FCF Debt Service Coverage	(0,68)	0,49	1,41	(0,56)	(0,35)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	(0,06)	1,98	1,58	(0,31)	0,03
Cash Flow from Operations/Capital Expenditures	0,26	1,24	2,84	0,24	0,71
Leverage					
FFO Adjusted Leverage	3,22	4,09	1,90	2,79	1,87
Total Debt with Equity Credit/Operating EBITDA	1,86	2,13	1,84	1,88	1,71
Total Net Debt with Equity Credit/Operating EBITDA	1,67	1,70	1,76	1,70	1,44
Total Adjusted Debt/Operating EBITDAR	1,86	2,13	1,84	1,88	1,71
Total Adjusted Net Debt/Operating EBITDAR	1,67	1,70	1,76	1,70	1,44
Implied Cost of Funds (%)	9,0%	9,6%	12,8%	14,1%	19,0%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	8,8%	4,5%	11,1%	25,7%	30,6%
Balance Sheet					
Total Assets	1.012.489	968.102	901.929	860.096	730.828
Cash and Marketable Securities	34.077	56.845	10.599	25.596	29.652
Short-Term Debt	28.158	12.679	28.315	68.215	59.071
Long-term Debt	290.958	267.409	226.812	197.188	133.713
Total Debt	319.116	280.088	255.127	265.403	192.784
Equity Credit					
Total Debt with Equity Credit	319.116	280.088	255.127	265.403	192.784
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	319.116	280.088	255.127	265.403	192.784
Total Equity	461.403	431.589	377.656	396.661	335.885
Total Adjusted Capital	780.519	711.677	632.783	662.064	528.669
Cash Flow					
Funds from Operations	72.368	42.962	100.595	63.002	84.709
Change in Working Capital	(59.349)	47.127	19.006	(41.920)	(16.191)
Cash Flow from Operations	13.019	90.089	119.601	21.082	68.518
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(51.042)	(72.905)	(42.049)	(88.479)	(96.909)
Common Dividends	(26.242)	(23.954)	(24.225)	(21.383)	(17.312)
Free Cash Flow	(64.265)	(6.770)	53.327	(88.780)	(45.703)
Net Acq. and Divest.	1.914	26.185	8.471	4.640	5.585
Other Investments, Net	(151)	(3.480)	(9.519)	7.465	(9.861)
Net Debt Proceeds	39.028	24.964	(10.276)	72.619	64.183
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	707	5.347	-	-	134
Total Change in Cash	(22.767)	46.246	42.003	(4.056)	14.338
Income Statement					
Revenue	1.237.167	1.090.689	1.128.002	1.046.470	892.520
Revenue Growth (%)	13,4%	(3,3)%	7,8%	17,2%	
Operating EBIT	112.960	76.127	82.675	92.698	79.449
Gross Interest Expense	26.871	25.572	33.359	32.270	18.352
Rental Expense	-	-	-	-	-
Net Income	47.402	42.208	39.063	41.212	41.733

Cementos Argos S.A.

Ratings

Bonos Argos 2005	AA+(col)
Bonos Argos 2009	AA+(col)
Programa de Emisión de Bonos	AA+(col)
Papeles Comerciales Argos 2010	F1+(col)
Programa de Emisión de Papeles Comerciales	F1+(col)

Outlooks

Bonos Argos 2005	Stable
Bonos Argos 2009	Stable
Programa de Emisión de Bonos	Stable

Financial Data

Cementos Argos S.A.

COP Million	31 Dec 11	31 Dec 10
Revenue	3,668,610	3,023,069
Operating EBITDAR	709,981	539,182
Op. EBITDAR/ Revenues (%)	19.4	17.8
Funds From Operations	624,257	184,861
Cash Flow From Operations	499,370	191,932
Free Cash Flow	114,875	-268,284
FFO/Interest Expense Net of Interest Income (x)	3.52	1.09
Total Debt	3,418,318	2,872,349
Total Adjusted Debt with Equity Credit	3,418,318	2,872,349
Total Adjusted Debt/Op. EBITDAR (x)	4.81	5.33
Adjusted Leverage/ FFO (x)	4.17	7.92
Operating EBITDAR/Debt-Service Coverage (x)	0.38	0.49

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Key Rating Drivers

Geographical Diversification: Cementos Argos's credit profile is strengthened by its geographically diversified operations, which allow for a reduced impact should an economic contraction occur in one of its operating markets. Last year, the company's weak result in the U.S. was offset by the positive performance of its operations in Colombia and the Caribbean.

Strategic U.S. Acquisitions: The acquisition of cement and concrete assets in the U.S. for COP760 million enhances the company's operations there, and is consistent with its long-term strategy of geographically diversifying its operations. In the medium term, better synergies, economies of scale, and its leadership condition in the southeast market of the U.S. should have a positive impact on the company's performance.

Non-Core Split-Off: Cementos Argos announced the split-off of non-core assets, which will be managed by the group holding, Grupo Argos. This will reduce distortions in each company's balance sheet, show an accurate value of assets not linked to cement activities, use optimal capital structures for each business, and have managers focused in each of the group activities. The split-off is not expected to worsen the company's credit profile since it should not have a significant effect on its credit metrics.

Competitive Position and Support: The company has a strong competitive position in Colombia, the Caribbean, and the U.S. regions in which it operates. Cementos Argos's cost structure, logistics and geographical practices allow it to be competitive against other major players in the market. In addition, it is part of Grupo Empresarial Antioqueño, one of the largest economic groups in Colombia.

Suitable Leverage for Rating: The ratings are limited by the company's high leverage. The acquisition of cement assets from Lafarge resulted in debt increases and a reduction in liquid assets, leading to a temporary weakening of its credit metrics to 4.1x for total debt/EBITDAR and 3.8x for total adjusted net debt/(EBITDAR + dividends). However, the expected good performance of the Colombian and Panamanian markets, coupled with additional efficiencies of the new plant in the free trade area and the debt reduction plan that the company plans to pursue, should see a reversal of the current trend at year-end 2012.

Worsening Liquidity Position: The company's liquidity position is expected to deteriorate due to debt maturing in 2012. This situation should be alleviated with the sale of non-cement assets for about USD400 million. In addition, Argos has ample access to the Colombian capital markets and to bank facilities, and owns a high-quality investment portfolio that can be used as an additional source of liquidity, reducing refinancing risk.

What Could Trigger a Rating Action

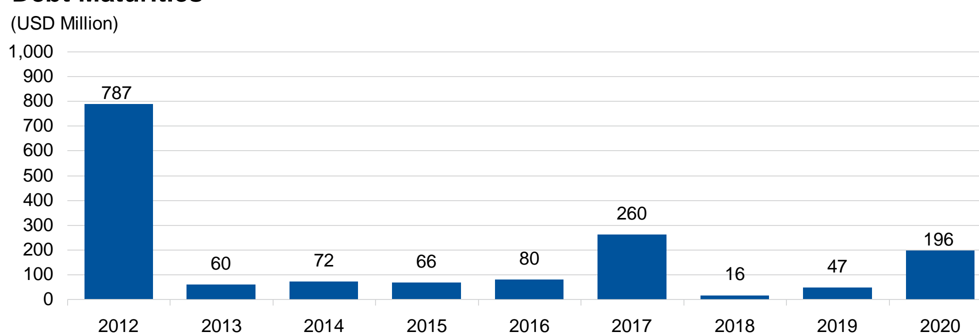
Upgrade Triggers: A strong recovery in revenues and profitability of the American market resulting in an improvement in the company's credit metrics could positively affect its ratings.

Downgrade Triggers: The following could negatively affect the company's credit quality, possibly leading to negative rating action: weaker-than-expected credit metrics, a significant change in capital structure, and worse-than-expected profit margins in the Colombian and Caribbean operations that fail to compensate for those achieved in the American market.

Liquidity and Debt Structure

In 2011, Cementos Argos's total debt increased 19% to COP3.4 billion, following an aggressive expansion strategy that included the acquisition of cement assets from Lafarge in the U.S. Maturities are falling due in the next few months, with a large concentration occurring throughout 2012, which will result in a weaker liquidity position in the next couple of months.

Debt Maturities

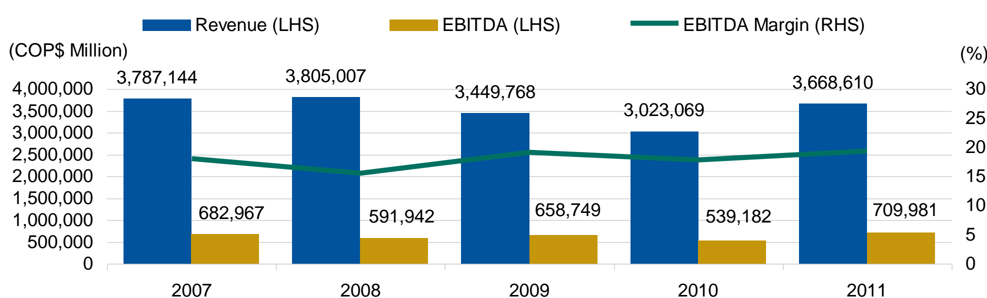


Source: Cementos Argos

However, the sale of non-cement assets for about USD400 million should alleviate this situation and help reduce the company's total debt to around USD380 million at year-end 2012. In addition, its various sources of liquidity, including wide access to the Colombian capital markets, bank facilities, and potential sales of its investment portfolio, should offset the temporary drop of liquidity.

Cash Flow and Credit Metrics

EBITDA Generation



Source: Cementos Argos; Fitch Ratings

In 2011, the company's operating cash flow generation was strong, relying mostly on the good performance of the Colombian and Caribbean markets. In 2011, Cementos Argos's EBITDA increased 31.6% to COP709.9 billion. Additional efficiencies from the new plant in the free trade area resulted in a better EBITDA margin of 19.4% in 2011 versus 17.8% in 2010.

However, following the acquisition of cement assets from Lafarge and the subsequent debt increase, Argos's net debt/EBITDA weakened to 4.1x. Fitch expects this ratio to improve to 3.2x in 2012 thanks to debt reduction plans and the good outlook for the Colombian and Panamanian markets.

Cementos Argos S.A. — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	709.981	539.182	658.749	591.942	682.967
Operating EBITDAR	709.981	539.182	658.749	591.942	682.967
Operating EBITDA Margin (%)	19,4%	17,8%	19,1%	15,6%	18,0%
Operating EBITDAR Margin (%)	19,4%	17,8%	19,1%	15,6%	18,0%
FFO Return on Adjusted Capital	5,4%	2,6%	3,5%	5,4%	8,0%
Free Cash Flow Margin (%)	3,1%	(8,9)%	(5,8)%	(13,9)%	(4,2)%
Return on Average Equity (%)	3,2%	2,7%	2,6%	1,0%	3,0%
Coverage					
FFO Interest Coverage	4,19	2,04	1,75	2,09	3,82
Operating EBITDA/Gross Interest Expense	3,62	3,03	2,50	2,30	3,36
Operating EBITDAR/ Interest Expense + Rents	3,62	3,03	2,50	2,30	3,36
Operating EBITDA/ Debt-Service Coverage	0,38	0,49	0,50	0,36	0,77
Operating EBITDAR/ Debt-Service Coverage	0,38	0,49	0,50	0,36	0,77
FFO Fixed Charge Coverage	4,19	2,04	1,75	2,09	3,82
FCF Debt Service Coverage	0,16	(0,08)	0,05	(0,17)	0,05
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	0,32	0,35	0,54	0,44	0,38
Cash Flow from Operations/Capital Expenditures	2,15	0,61	0,79	0,58	0,82
Leverage					
FFO Adjusted Leverage	4,17	7,92	7,05	6,53	3,09
Total Debt with Equity Credit/Operating EBITDA	4,81	5,33	4,95	5,94	3,52
Total Net Debt with Equity Credit/Operating EBITDA	4,40	4,44	3,97	4,27	3,10
Total Adjusted Debt/Operating EBITDAR	4,81	5,33	4,95	5,94	3,52
Total Adjusted Net Debt/Operating EBITDAR	4,40	4,44	3,97	4,27	3,10
Implied Cost of Funds (%)	6,2%	5,8%	7,8%	8,7%	8,8%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	49,5%	32,5%	32,5%	39,2%	28,3%
Balance Sheet					
Total Assets	16.781.066	15.514.449	14.697.615	12.010.307	11.268.019
Cash and Marketable Securities	290.935	476.130	645.107	985.635	287.964
Short-Term Debt	1.692.455	932.182	1.058.099	1.378.446	679.078
Long-term Debt	1.725.863	1.940.167	2.199.660	2.134.815	1.724.369
Total Debt	3.418.318	2.872.349	3.257.759	3.513.261	2.403.447
Equity Credit					
Total Debt with Equity Credit	3.418.318	2.872.349	3.257.759	3.513.261	2.403.447
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	3.418.318	2.872.349	3.257.759	3.513.261	2.403.447
Total Equity	11.698.704	11.264.558	9.827.504	6.520.796	7.286.463
Total Adjusted Capital	15.117.022	14.136.907	13.085.263	10.034.057	9.689.910
Cash Flow					
Funds from Operations	624.257	184.861	198.471	281.107	574.783
Change in Working Capital	(124.887)	7.071	26.078	259.189	(381.423)
Cash Flow from Operations	499.370	191.932	224.549	540.296	193.360
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(232.474)	(315.105)	(285.392)	(939.212)	(235.556)
Common Dividends	(152.021)	(145.111)	(139.352)	(128.987)	(117.470)
Free Cash Flow	114.875	(268.284)	(200.195)	(527.903)	(159.666)
Net Acq. and Divest.	-	-	-	615.981	256.076
Other Investments, Net	899.989	645.116	486.384	(364.377)	(134.504)
Net Debt Proceeds	502.178	(381.866)	(226.367)	1.018.914	207.830
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	(1.702.237)	(163.943)	(400.350)	(44.944)	(195.367)
Total Change in Cash	(185.195)	(168.977)	(340.528)	697.671	(25.631)
Income Statement					
Revenue	3.668.610	3.023.069	3.449.768	3.805.007	3.787.144
Revenue Growth (%)	21,4%	(12,4)%	(9,3)%	0,5%	10,4%
Operating EBIT	272.833	130.257	219.116	254.157	328.584
Gross Interest Expense	195.963	177.917	263.423	256.859	203.490
Rental Expense	-	-	-	-	-
Net Income	369.974	288.900	209.827	70.637	212.036

Grupo Odinsa S.A.

Rating

Bonds Grupo Odinsa	AA(col)

Outlook

Bonds Grupo Odinsa	Stable

Financial Data

Grupo Odinsa S.A.

COP Million	31 Dec 11	31 Dec 10
Revenue	575,296	412,772
Operating EBITDAR	221,054	112,332
Op. EBITDAR/ Revenues (%)	38.4	27.2
Funds From Operations	159,901	118,524
Cash Flow From Operations	211,721	114,595
Free Cash Flow	101,621	68,916
FFO/Interest Expense Net of Interest Income (x)	14.1	5.2
Total Debt	266,950	232,412
Total Adjusted Debt with Equity Credit	266,950	232,412
Total Adjusted Debt/Op. EBITDAR (x)	1.21	2.07
Adjusted Leverage/ FFO (x)	1.4	1.7
Operating EBITDAR/Debt-Service Coverage (x)	1.8	0.9

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Key Rating Drivers

Growth/Business Sustainability Balance: Grupo Odinsa has an aggressive strategy aimed at reaching new segments and expanding its revenue sources. While resulting in greater diversity of operations, this strategy may require additional resources, which could lead to a deterioration in the company's capital structure depending on the type of funding used.

Tight Liquidity: Odinsa's liquidity position is significantly tighter than those of its peers. Given the industry in which it operates, the company requires a robust liquidity position that allows for enough financial flexibility to face business risks associated with costlier-than-expected projects, construction delays, and high working capital requirements.

Satisfactory Financial Performance: On a consolidated basis, the company's operational revenues continue to show significant growth. In 2011, Odinsa achieved 39.4% revenue growth, thanks mainly to the construction business. This good performance resulted in consolidated EBITDA of COP221.0 billion (COP112.3 billion in 2010) and an EBITDA margin of 38.4% (27.2% in 2010). In 2012, Fitch expects the company to have an EBITDA margin of around 30%.

Moderate Leverage: Historically, Odinsa's leverage has been moderate. The company's total debt to EBITDA adjusted by dividends was 1.6x in 2011. Looking forward, its backlog should result in significant operational cash flows, reducing the impact that additional debt could have on the company's credit profile. With the financing of new projects, total debt/EBITDA should remain at 2.5x–3x in the next five years.

What Could Trigger a Rating Action

Downgrade Triggers: The credit rating could be negatively affected by a reduced backlog, which could in turn reduce the company's operational cash flows. Poor performance in one of the group's subsidiaries could result in lower dividends for Odinsa. Loss of financial flexibility could result should the company fail to generate enough cash flow to fund some of its projects and more debt is required.

Upgrade Triggers: A rating upgrade could occur if stabilized cash flow generation is sustained over a whole economic cycle, and a backlog increase allows for the maintenance of better margins.

Liquidity and Debt Structure

Subsidiaries Provide Liquidity: Given its holding company status, Odinsa receives significant resources from its subsidiaries. Dividend flows from controlled and non-controlled companies, in addition to cash flows from building consortiums, are viewed as important sources of liquidity. In 2011, Odinsa received dividends for COP95.7 billion and cash flows from consortiums of about COP1.1 billion. Despite this, the company's liquidity position is tight. As of December 31, 2011, its cash/short-term debt ratio remained weak.

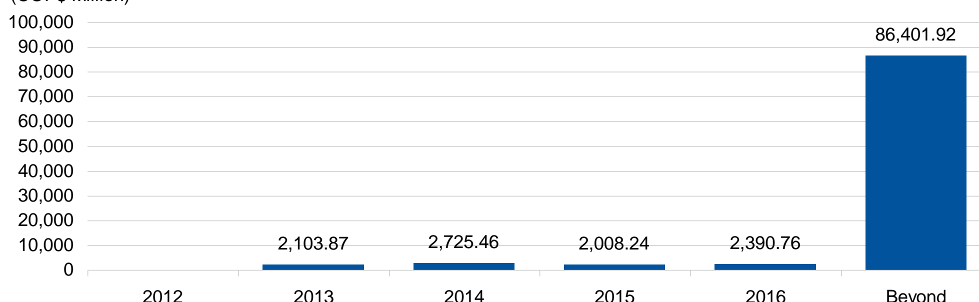
Liquidity Position — Consolidated

	2011	2010	2009	2008	2007
Cash/Short-Term Debt	0.37	0.22	0.39	1.82	6.63
CFO/Short-Term Debt	2.29	1.05	0.40	-1.71	1.29
Cash + FFO/Short-Term Debt	2.10	1.31	2.00	2.90	0.18

Source: Fitch

During 2011, the company's total debt increased 14.9% to COP266.9 billion. This was explained mainly by transactions in foreign countries, mainly for projects in the Dominican Republic and for future capitalizations of the construction company Gecsa. Most of the company's short-term debt is linked to loans used to finance power generation operations in Chile and Panama. The company expects to roll over some of this debt when payments from the Panamanian operation start coming in.

Debt Maturities
(COP$ Million)



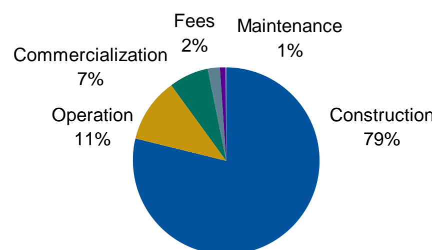
Source: Grupo Odinsa S.A.

Of total consolidated receivables, 48% are payable by generators and other related companies for project financing provided by Odinsa. The remainder are related to special-purpose vehicles and partnerships to which Odinsa provides services, or from which it receives dividends. COP147.2 billion in receivables correspond to a loan given by Odinsa Holding to Generadora del Atlántico.

Cash Flow and Credit Metrics

Odinsa's cash flows are highly exposed to the economic cycles of the construction industry, which are in turn strongly correlated to the existence of new projects, or the expansion of existing ones. The company requires a growing backlog that balances the life cycles of its different projects in order to maintain positive cash flow generation at every stage of the economic cycle.

Revenue Distribution
(As of Dic 31, 2011)



Source: Grupo Odinsa

Due to growing sales, over the last few years Grupo Odinsa's operational cash flow generation has become stronger. As of December 31, 2011, the company's cash flow from operations had increased 84.8% to COP211.7 billion, and its free cash flow had increased 47.5% to COP101.6 billion. Capital requirements from new projects and their pre-

operating expenses may demand additional cash. However, thanks to the stability of revenues associated with concessions and with those of new projects, Odinsa's cash flow generation should be enough to cover additional cash requirements.

Despite the debt increases seen during 2011, EBITDA growth allowed for improved credit metrics. During 2011, the total debt/EBITDA ratio reached 1.21x, down from 2.07x in 2010, and its interest coverage increased to 7x from 5.5x in 2010. With the financing of new projects, total debt/EBITDA should remain at 2.5x–3x over the next five years.

Grupo Odinsa S.A. — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	221.054	112.332	91.296	97.308	61.867
Operating EBITDAR	221.054	112.332	91.296	97.308	61.867
Operating EBITDA Margin (%)	38,4%	27,2%	28,6%	40,8%	37,8%
Operating EBITDAR Margin (%)	38,4%	27,2%	28,6%	40,8%	37,8%
FFO Return on Adjusted Capital	20,2%	17,5%	32,6%	19,5%	2,1%
Free Cash Flow Margin (%)	17,7%	16,7%	3,8%	(69,7)%	(6,2)%
Return on Average Equity (%)	21,0%	22,4%	24,7%	17,0%	14,6%
Coverage					
FFO Interest Coverage	6,06	6,81	10,43	3,94	1,39
Operating EBITDA/Gross Interest Expense	7,00	5,51	4,26	3,29	10,94
Operating EBITDAR/ Interest Expense + Rents	7,00	5,51	4,26	3,29	10,94
Operating EBITDA/ Debt-Service Coverage	1,78	0,87	0,62	0,88	3,42
Operating EBITDAR/ Debt-Service Coverage	1,78	0,87	0,62	0,88	3,42
FFO Fixed Charge Coverage	6,06	6,81	10,43	3,94	1,39
FCF Debt Service Coverage	1,08	0,69	0,23	(1,24)	(0,24)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	1,35	0,88	0,56	0,09	4,32
Cash Flow from Operations/Capital Expenditures	4,05	8,67	5,59	(81,20)	7,74
Leverage					
FFO Adjusted Leverage	1,39	1,67	0,93	1,70	7,39
Total Debt with Equity Credit/Operating EBITDA	1,21	2,07	2,29	2,04	0,94
Total Net Debt with Equity Credit/Operating EBITDA	1,05	1,85	1,75	0,53	(0,40)
Total Adjusted Debt/Operating EBITDAR	1,21	2,07	2,29	2,04	0,94
Total Adjusted Net Debt/Operating EBITDAR	1,05	1,85	1,75	0,53	(0,40)
Implied Cost of Funds (%)	12,6%	9,2%	10,5%	23,1%	9,2%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	34,6%	46,9%	60,0%	40,7%	21,5%
Balance Sheet					
Total Assets	1.335.077	1.524.338	1.373.659	1.175.177	812.155
Cash and Marketable Securities	33.848	24.110	48.565	146.949	82.667
Short-Term Debt	92.320	108.939	125.149	80.724	12.462
Long-term Debt	174.630	123.474	83.465	117.740	45.503
Total Debt	266.950	232.413	208.614	198.464	57.965
Equity Credit					
Total Debt with Equity Credit	266.950	232.413	208.614	198.464	57.965
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	266.950	232.413	208.614	198.464	57.965
Total Equity	679.683	560.538	477.687	400.265	317.574
Total Adjusted Capital	946.633	792.951	686.301	598.729	375.539
Cash Flow					
Funds from Operations	159.901	118.525	202.240	86.977	2.185
Change in Working Capital	51.820	(3.930)	(151.775)	(224.850)	13.862
Cash Flow from Operations	211.721	114.595	50.465	(137.873)	16.047
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(52.265)	(13.217)	(9.027)	(1.698)	(2.074)
Common Dividends	(57.835)	(32.462)	(29.266)	(26.849)	(24.048)
Free Cash Flow	101.621	68.916	12.172	(166.420)	(10.075)
Net Acq. and Divest.	-	-	(58.360)	(54.774)	(3.201)
Other Investments, Net	(160.826)	(166.911)	(78.954)	28.808	51.905
Net Debt Proceeds	24.854	29.234	10.151	142.706	(36.094)
Net Equity Proceeds	-	-	-	4.770	4
Other (Inv. & Fin.)	44.089	44.308	16.608	109.190	8.617
Total Change in Cash	9.738	(24.453)	(98.383)	64.280	11.156
Income Statement					
Revenue	575.296	412.772	319.505	238.608	163.782
Revenue Growth (%)	39,4%	29,2%	33,9%	45,7%	27,7%
Operating EBIT	192.620	107.228	85.190	93.471	59.210
Gross Interest Expense	31.581	20.395	21.453	29.561	5.654
Rental Expense	-	-	-	-	-
Net Income	130.219	116.209	108.539	60.935	43.586

Comunicación Celular S.A. Comcel

Rating

Local Bond Issuance	AAA(col)

Outlook

Local Bond Issuance	Stable

Financial Data

Comunicación Celular S.A. Comcel

COP Million	31 Dec 11	31 Dec 10
Revenue	7,055,872	6,270,009
Operating EBITDAR	3,648,560	3,228,767
Op. EBITDAR/ Revenues (%)	51.7	51.5
Funds From Operations	3,629,972	2,293,174
Cash Flow From Operations	2,724,656	2,627,954
Free Cash Flow	347,340	607,405
FFO/Interest Expense Net Of Interest Income (x)	42.06	45.61
Total Debt	1,980,226	2,056,339
Total Adjusted Debt/Op. EBITDAR (x)	0.54	0.64
Adjusted Leverage/FFO (x)	0.53	0.88
Operating EBITDAR/Debt-Service Coverage (x)	14.10	61.78

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Key Rating Drivers

Sound Operating Cash Flow: Comcel's operations have benefited from growth in its customer base and an increase in ARPU driven by the expansion of data services. Comcel maintains competitive advantages via its ample geographical coverage. According to market figures, at end-September 2011, Comcel had a 65.3% market share in mobile services in Colombia. Tight operating cost control has allowed the company to maintain a solid EBITDA margin, which reached 51.7% in 2011.

Conservative Leverage and Coverage: Solid cash flow from operations has allowed Comcel to finance the significant capital expenditure required by the telecoms industry, remunerate shareholders, and still record low leverage levels. At end-December 2011, its debt/EBITDA ratio was 0.5x, while interest coverage increased to 41x. The company's conservative credit protection metrics provide ample financial flexibility to implement the investments that will continue strengthening its competitive position.

Parent Company Support: The rating assigned to Comcel incorporates the support provided by America Movil S.A.B. de C.V., in terms of both knowhow and operating support. America Movil is one of the key players in the Latin American telecoms industry, with last-12-month (LTM) revenues of USD55 billion at end-March 2012. Comcel accounted for 11.7% of group EBITDA, representing America Movil's third-largest operation in terms of EBITDA generation. Fitch rates America Movil's local- and foreign-currency IDRs at 'A'/Outlook Stable.

Regulatory Risk: Comcel operates in a highly regulated industry. Over the last year, the Colombian authorities have been setting new rules on competition in the sector. Although these actions have not materially affected the company's operations, Fitch will monitor eventual changes in the institutional framework and their impact on the credit profile of companies in the sector.

What Could Trigger a Rating Action

Downgrade Triggers: The rating assigned to Comcel's bonds cannot be upgraded because it is the highest rating on the national scale. It could be downgraded if leverage ratios increased significantly in the medium term, following the capital expenditure required by the telecoms industry. Specifically, leverage ratios over 1.5x together with a significant decline in revenues could lead to negative rating action.

Liquidity and Debt Structure

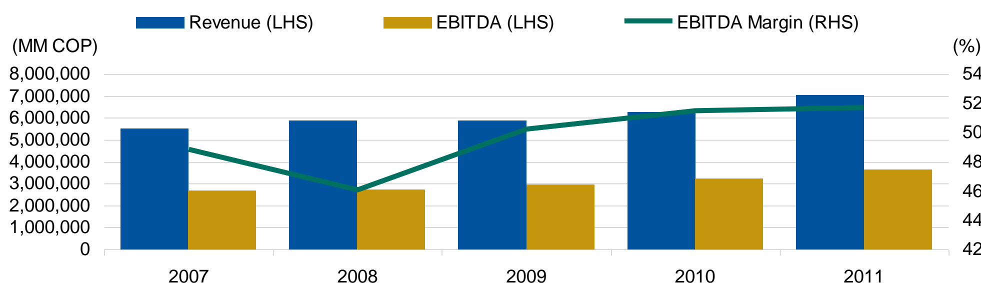
Solid Cash, Manageable Debt: Comcel's liquidity levels are supported by its solid cash flow generation and manageable debt maturity structure. At end-December 2011, Comcel's cash levels and funds from operations covered short-term debt by 21x. Of the company's debt, 69% is denominated in dollars, represented by a USD750 million loan due 2015. Although most of its revenues are in local currency, Comcel's low leverage and expectations of a stable Colombian peso mitigate currency risk.

Cash Flow and Credit Metrics

Non-consolidated revenues increased by 12.5% to COP7.05 trillion in 2011. The company's activities were supported by an expansion in the customer base and an increase in the proportion of postpaid subscribers, from whom ARPU was 10 times higher than from prepaid subscribers. Fitch expects the expansion of the Colombian economy, a decline in the unemployment rate, and the increasing use of smartphones to contribute to the strengthening of the customer base and revenues.

Comcel continues showing solid operating cash flow generation, supported by its leading market position, its robust customer base, and operating cost control — factors that resulted in an EBITDA margin of 51.7% in 2011. Although the higher weight of postpaid customers is reflected in additional working capital investments, cash flow from operations of COP2.72 trillion was enough to finance the increasing capital expenditure required to integrate the network and systems of Comcel and Telmex, as well as remunerate shareholders and still show positive free cash flow. Going forward, Fitch expects capital expenditure to be reduced to the average levels recorded prior to 2011, which, along with benefits from network integration and the strengthening of the subscriber base, should maintain the company's solid credit profile.

Comcel: Revenue, EBITDA and Margin



Source: Comcel S.A.

The robust cash flow generation has allowed Comcel to maintain conservative leverage levels in a capital-intensive industry. At year-end 2011, its debt/EBITDA ratio reached 0.5x, which compares positively with levels reported by regional peers. Its rating incorporates the expectation that Comcel will continue to show low financial and business risk.

Comunicación Celular S.A. Comcel — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	3.648.560	3.228.767	2.939.278	2.700.884	2.697.261
Operating EBITDAR	3.648.560	3.228.767	2.939.278	2.700.884	2.697.261
Operating EBITDA Margin (%)	51,7%	51,5%	50,3%	46,1%	48,9%
Operating EBITDAR Margin (%)	51,7%	51,5%	50,3%	46,1%	48,9%
FFO Return on Adjusted Capital	49,2%	34,7%	41,1%	48,5%	56,9%
Free Cash Flow Margin (%)	4,9%	9,7%	6,7%	1,3%	14,9%
Return on Average Equity (%)	35,7%	25,3%	28,0%	29,1%	21,3%
Coverage					
FFO Interest Coverage	42,06	45,61	25,46	23,47	25,44
Operating EBITDA/Gross Interest Expense	41,27	62,81	34,42	25,28	25,18
Operating EBITDAR/ Interest Expense + Rents	41,27	62,81	34,42	25,28	25,18
Operating EBITDA/ Debt-Service Coverage	14,10	61,78	8,04	23,16	25,18
Operating EBITDAR/ Debt-Service Coverage	14,10	61,78	8,04	23,16	25,18
FFO Fixed Charge Coverage	42,06	45,61	25,46	23,47	25,44
FCF Debt Service Coverage	1,68	12,61	1,30	1,58	8,66
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	1,95	18,00	1,68	4,10	11,12
Cash Flow from Operations/Capital Expenditures	1,89	2,77	2,72	1,83	2,06
Leverage					
FFO Adjusted Leverage	0,53	0,88	0,41	0,36	0,33
Total Debt with Equity Credit/Operating EBITDA	0,54	0,64	0,31	0,34	0,33
Total Net Debt with Equity Credit/Operating EBITDA	0,52	0,55	0,26	0,23	0,24
Total Adjusted Debt/Operating EBITDAR	0,54	0,64	0,31	0,34	0,33
Total Adjusted Net Debt/Operating EBITDAR	0,52	0,55	0,26	0,23	0,24
Implied Cost of Funds (%)	4,4%	3,5%	9,4%	11,8%	10,1%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	8,6%	0,0%	31,1%	1,1%	
Balance Sheet					
Total Assets	10.360.567	8.809.228	7.452.090	7.633.126	6.784.470
Cash and Marketable Securities	69.217	282.057	138.491	294.083	263.515
Short-Term Debt	170.336	854	280.115	9.802	
Long-term Debt	1.809.890	2.055.485	620.000	900.000	900.000
Total Debt	1.980.226	2.056.339	900.115	909.802	900.000
Equity Credit					
Total Debt with Equity Credit	1.980.226	2.056.339	900.115	909.802	900.000
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	1.980.226	2.056.339	900.115	909.802	900.000
Total Equity	5.584.470	4.702.161	4.392.633	4.259.363	3.887.516
Total Adjusted Capital	7.564.696	6.758.500	5.292.748	5.169.165	4.787.516
Cash Flow					
Funds from Operations	3.629.972	2.293.174	2.088.791	2.400.414	2.617.981
Change in Working Capital	(905.316)	334.780	63.787	(525.101)	(1.021.786)
Cash Flow from Operations	2.724.656	2.627.954	2.152.578	1.875.313	1.596.195
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(1.438.184)	(947.096)	(790.361)	(1.024.009)	(775.166)
Common Dividends	(939.132)	(1.073.453)	(973.239)	(773.787)	-
Free Cash Flow	347.340	607.405	388.978	77.517	821.029
Net Acq. and Divest.	(23.180)	(2.333.628)	(518.402)	(132.237)	-
Other Investments, Net	(460.886)	713.564	122.544	(63.507)	(304.481)
Net Debt Proceeds	(76.113)	1.156.225	(9.688)	9.802	(320.681)
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	-	-	-	-	-
Total Change in Cash	(212.839)	143.566	(16.568)	(108.425)	195.867
Income Statement					
Revenue	7.055.872	6.270.009	5.849.180	5.861.578	5.520.969
Revenue Growth (%)	12,5%	7,2%	(0,2)%	6,2%	20,3%
Operating EBIT	2.776.687	2.054.052	2.147.722	1.820.365	1.444.480
Gross Interest Expense	88.400	51.407	85.391	106.822	107.121
Rental Expense	-	-	-	-	-
Net Income	1.836.209	1.149.888	1.209.964	1.187.213	749.593

Empresa de Telecomunicaciones de Bogotá S.A., E.S.P.(ETB)

Ratings

Foreign Currency

Long-Term IDR	BBB−

Local Currency

Long-Term IDR	BBB−

National

Long Term Rating	AAA(col)

Outlooks

Long-Term Foreign Currency IDR	Stable
Long-Term Local Currency IDR	Stable
National Long Term Rating	Stable

Financial Data

Empresa de Telecomunicaciones de Bogotá S.A., E.S.P.(ETB)

COP Million	31 Dec 11	31 Dec 10
Revenues	1,436,664	1,467,027
EBITDA	707,481	642,264
EBITDA Margin (%)	49.2	43.8
Total Assets	4,957,881	4,873,166
Total Debt	299,514	302,767
Total Debt/EBITDA (x)	0.42	0.47
FFO Adjusted Leverage (x)	0.38	0.50
EBITDA/Interest Expense (x)	25.9	23.0

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Key Rating Drivers

Strong Incumbent Position: ETB's competitive position benefits from its role as the incumbent operator in Bogota, Colombia's largest telecoms market, although operating in this market exposes it to strong competitive pressure. ETB's investments are aimed at strengthening its business portfolio and providing the company with a convergent services offering.

Strong Profile, Weakening Revenues: ETB has a strong financial profile in terms of low leverage and robust cash flow generation compared with regional peers, which offsets revenue pressure. ETB derives a significant proportion of its revenues from local and long-distance services, which are weakening and not being fully compensated by data and internet service revenue growth, a similar trend to that seen at its regional incumbent peers. However, cash flow from operations (FFO) should give ETB the flexibility to maintain a stable capital structure.

Low Leverage: ETB's strong financial profile is supported by robust cash flow generation and low leverage, which gives it the flexibility to absorb debt without a significant increase in leverage. Over the past few years, the company has generated operating cash flows, allowing funding of its investments and the maintenance of low leverage. Fitch believes that given the current low leverage, ETB has room to increase financial debt and leverage its capital structure, which can be used for capital investments, without a significant deterioration in its credit profile.

Strong Liquidity Position: The company's liquidity position is strong, supported by high cash balances, low debt levels, a comfortable debt maturity profile, and positive free cash flow (FCF) generation. All debt is denominated in the local currency and pays a variable interest rate.

What Could Trigger a Rating Action

Negative Rating Triggers: Negative rating action could be considered if over the medium term Fitch perceives that the company is beginning to generate negative free cash flow due to increased capex and dividends, and weak cash from operations that leads to additional debt funding requirements, resulting in increased adjusted (for contingencies, pension liabilities and leases) leverage.

Positive Rating Triggers: The potential for positive rating action seems limited given the company's increased capital expenditure program and the effects on FCF of intense competition and weak operating trends.

Liquidity and Debt Structure

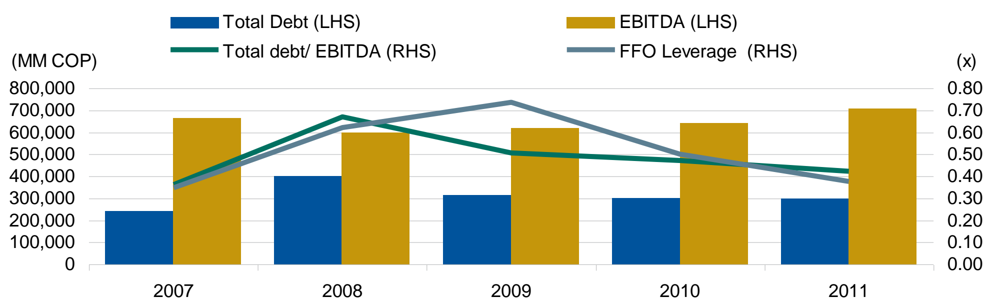
Strong Liquidity, Supported by High Levels of Cash on Balance Sheet, Positive FCF Generation and Low Leverage

At end-June 2012, the company had cash and marketable securities of COP466 billion, fully covering its debt of COP277 billion.

Operational cash flow generation has allowed the company to strengthen its liquidity position, finance its capex, and reduce debt. During the past two years, ETB's capex has been low relative to previous years and compared with its peer group. In the past two years, its capex-to-revenue ratio has averaged 12% annually, while in the years before 2009, capex was close to 24% of revenues. In 2011, the company made capital expenditure of about COP177.6 billion, mainly aimed at strengthening its transportation and access network, which led to an FFO/capex ratio of 4.6x.

Fitch expects that over the next three years, the company will carry out investments aimed at strengthening its network and infrastructure to enable it to offer convergent services to its customers. Thus, FCF generation should be reduced due to higher expected capex. Given its cash flow generation and low leverage, the company should have the financial flexibility to fund its investment plans through cash and credit resources without a resultant deterioration in its credit profile.

Credit Metrics



Source: ETB

Cash generation has also funded most of ETB's pension liabilities. At year-end 2011, the company had funded 89% of its pension liabilities with resources amounting to COP1,064 billion. ETB plans to transfer its pension liabilities to a pension fund managed by a trust so that this obligation would come out of its balance sheet. This would generate pension payment savings of about COP150 billion a year, which would contribute to the strengthening of its results.

Empresa de Telecomunicaciones de Bogotá S.A., E.S.P.(ETB) — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	707.481	642.264	618.791	598.062	664.716
Operating EBITDAR	707.481	642.264	618.791	598.062	664.716
Operating EBITDA Margin (%)	49,2%	43,8%	43,0%	40,3%	44,2%
Operating EBITDAR Margin (%)	49,2%	43,8%	43,0%	40,3%	44,2%
FFO Return on Adjusted Capital	27,7%	20,6%	15,0%	21,7%	27,1%
Free Cash Flow Margin (%)	39,3%	19,8%	13,5%	(4,7)%	13,1%
Return on Average Equity (%)	8,3%	4,7%	8,0%	8,4%	10,7%
Coverage					
FFO Interest Coverage	29,05	21,68	10,70	15,90	19,64
Operating EBITDA/Gross Interest Expense	25,91	23,03	15,62	14,77	18,96
Operating EBITDAR/ Interest Expense + Rents	25,91	23,03	15,62	14,77	18,96
Operating EBITDA/ Debt-Service Coverage	13,90	12,53	12,35	3,89	9,66
Operating EBITDAR/ Debt-Service Coverage	13,90	12,53	12,35	3,89	9,66
FFO Fixed Charge Coverage	29,05	21,68	10,70	15,90	19,64
FCF Debt Service Coverage	11,62	6,21	4,66	(0,19)	3,38
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	20,58	9,90	9,02	1,32	6,34
Cash Flow from Operations/Capital Expenditures	4,57	3,55	1,77	1,15	1,83
Leverage					
FFO Adjusted Leverage	0,38	0,50	0,74	0,62	0,35
Total Debt with Equity Credit/Operating EBITDA	0,42	0,47	0,51	0,67	0,36
Total Net Debt with Equity Credit/Operating EBITDA	(0,22)	0,18	0,15	0,28	0,05
Total Adjusted Debt/Operating EBITDAR	0,42	0,47	0,51	0,67	0,36
Total Adjusted Net Debt/Operating EBITDAR	(0,22)	0,18	0,15	0,28	0,05
Implied Cost of Funds (%)	9,1%	9,1%	11,1%	12,6%	13,6%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	7,9%	7,7%	3,4%	28,2%	14,0%
Balance Sheet					
Total Assets	4.957.881	4.873.166	4.841.626	5.049.429	4.675.346
Cash and Marketable Securities	456.428	189.267	218.475	231.680	204.026
Short-Term Debt	23.604	23.368	10.483	113.168	33.750
Long-term Debt	275.909	279.399	302.035	287.606	206.607
Total Debt	299.514	302.767	312.519	400.774	240.357
Equity Credit					
Total Debt with Equity Credit	299.514	302.767	312.519	400.774	240.357
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	299.514	302.767	312.519	400.774	240.357
Total Equity	2.567.241	2.626.818	2.520.998	2.571.687	2.303.709
Total Adjusted Capital	2.866.755	2.929.585	2.833.517	2.972.460	2.544.066
Cash Flow					
Funds from Operations	765.890	576.829	384.363	603.075	653.542
Change in Working Capital	45.779	5.280	102.277	(128.363)	30.855
Cash Flow from Operations	811.668	582.109	486.640	474.712	684.397
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(177.607)	(163.902)	(274.789)	(413.266)	(374.527)
Common Dividends	(69.881)	(127.976)	(17.810)	(130.887)	(112.574)
Free Cash Flow	564.181	290.232	194.041	(69.441)	197.295
Net Acq. and Divest.	-	-	-	1.018	(22.341)
Other Investments, Net	(265.577)	(286.709)	(96.424)	(66.479)	(25.668)
Net Debt Proceeds	(3.253)	(9.751)	(88.255)	160.417	(34.894)
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	(28.189)	(22.979)	(22.568)	(21.706)	(48.334)
Total Change in Cash	267.161	(29.208)	(13.206)	3.810	66.059
Income Statement					
Revenue	1.436.664	1.467.027	1.437.700	1.483.542	1.502.299
Revenue Growth (%)	(0,0)%	0,0%	(0,0)%	(0,0)%	(0,0)%
Operating EBIT	269.412	242.964	252.356	216.172	360.796
Gross Interest Expense	27.305	27.890	39.626	40.482	35.062
Rental Expense	-	-	-	-	-
Net Income	215.172	121.718	202.957	204.137	240.789

Empresas Públicas de Medellín E.S.P. (EPM)

Ratings

Foreign Currency

Long-Term IDR	BBB

Local Currency

Long-Term IDR	BBB

National

Long-Term Rating	AAA(col)

Outlooks

Long-Term Foreign-Currency IDR	Stable
National Long-Term Rating	Stable

Financial Data

Empresas Públicas de Medellín E.S.P. (EPM)

COP Million	31 Dec 11	31 Dec 10
Revenue	11,595,433	8,426,165
Operating EBITDAR	3,572,463	2,894,234
Op. EBITDAR/ revenues (%)	30.8	34.3
Funds from Operations	3,139,637	2,830,072
Cash flow from operations	3,460,436	2,201,432
Free cash flow	867,685	-443,504
FFO/Interest Expense Net of Interest Income (x)	7.3	14.9
Total debt	7,158,591	6,225,323
Total Adjusted Debt With Equity Credit	7,158,591	6,225,323
Total Adjusted Debt/Op. EBITDAR (x)	2.0	2.1
Adjusted Leverage/FFO (x)	1.97	2.05
Operating EBITDAR/Debt-Service Coverage (x)	3.55	2.88

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Key Rating Drivers

Low Business Risk: EPM's low business risk profile stems from its natural monopoly position as the main supplier of power, water and natural gas services to the Medellín metropolitan area. EPM is one of the largest generators of electricity in Colombia, with nearly 24% of the country's installed capacity, and its third-largest telecommunications operator. This diversification provides EPM with a stable and predictable cash flow stream, primarily derived from regulated utilities, offsetting some of the risk posed by generating hydroelectricity during the dry season.

Strong Credit Metrics: EPM's financial profile is strong, characterized by healthy cash flow generation, low leverage, and healthy interest coverage and liquidity. At year-end 2011, EPM reported a leverage ratio of 2.0x, which is considered solid for the rating category. The company's adequate liquidity position is characterized by a manageable maturity schedule and satisfactory cash on hand of approximately COP3.2 billion as of year-end 2011. EPM's dividend policy has been moderate and is not considered a credit constraint.

Aggressive Growth Strategy: EPM's growth strategy is considered aggressive, although the company is reviewing its goals after achieving its previously set target of USD5.0 billion in revenues. EPM's growth strategy is aimed at increasing consolidated revenues by investing in related business both within Colombia and abroad. Fitch expects EPM's debt to increase moderately as the company finances a portion of its investments with debt while maintaining leverage ratios between 2.0x and 2.5x.

Regulatory Risk: EPM is exposed to some regulatory risk, but it is considered low. The bulk of EPM's consolidated revenues are generated either by regulated tariffs or by medium-term contracts, which exposes the company to unfavorable tariff regimes. Historically, all regulatory entities in Colombia have been independent from central government, and this has provided a fair and balanced framework for both companies and consumers. Recent regulatory changes have had a neutral-to-marginally-positive impact on the company's financial profile.

What Could Trigger a Rating Action

Negative Triggers: Negative rating action could result from any combination of: a steep decline in electricity prices, coupled with low generation and poor electricity demand; increasing leverage as a result of an overly aggressive investment and/or acquisition strategy; and increasing intervention from the municipality of Medellín, EPM's owner.

Positive Triggers: Positive rating action in the international scale could be considered if the sovereign rating is upgraded and the company succeeds in maintaining strong credit metrics despite its aggressive growth strategy.

Liquidity and Debt Structure

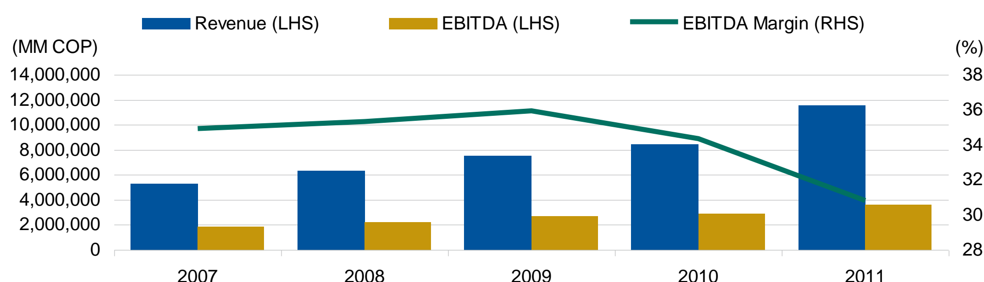
Strong Position: EPM's liquidity position is considered very strong, supported by healthy cash flow generation and cash and marketable securities. The company's amortization schedule is manageable, with less than 10% of total debt coming due over the next 12 months.

Cash Flow and Credit Metrics

EPM's financial profile is considered strong for the rating category. The company's credit metrics are characterized by low financial leverage and strong interest coverage. EPM's leverage, as measured by total debt (including off-balance-sheet obligations) to EBITDA, at year-end 2011, was 2.0x, and its interest coverage, as measured by EBITDA to interest expenses, was 7.2x.

Over the past four years, EPM has increased its debt levels and leverage in order to finance its growth strategy. Going forward, the company's leverage is expected to remain in line with today's levels and to range between 2.0x and 2.5x. Total consolidated debt has increased to approximately USD4.0 billion from USD910 million at year-end 2007. EPM's financial profile is supported by the business and geographical diversification of its revenues and cash flow generation. The bulk of EPM's revenues are generated by its energy and telecommunications businesses, which contribute on average 75% and 19% of the company's revenues, respectively. Although water and sewage water revenues represent a smaller portion, this business's healthy EBITDA margins led to it contributing approximately 8% of EPM's consolidated EBITDA.

Empresas Públicas de Medellín: Revenue, EBITDA and Margin



Source: Empresas Públicas de Medellín

Empresas Públicas de Medellín E.S.P. (EPM) — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	3.572.463	2.894.234	2.702.788	2.230.244	1.851.047
Operating EBITDAR	3.572.463	2.894.234	2.702.788	2.230.244	1.851.047
Operating EBITDA Margin (%)	30,8%	34,3%	35,9%	35,3%	34,9%
Operating EBITDAR Margin (%)	30,8%	34,3%	35,9%	35,3%	34,9%
FFO Return on Adjusted Capital	12,9%	11,9%	13,4%	12,0%	14,5%
Free Cash Flow Margin (%)	7,5%	(5,3)%	(0,3)%	1,0%	25,2%
Return on Average Equity (%)	7,5%	7,5%	9,3%	9,2%	8,5%
Coverage					
FFO Interest Coverage	7,34	14,89	13,72	11,84	9,17
Operating EBITDA/Gross Interest Expense	7,22	14,20	12,30	12,46	7,86
Operating EBITDAR/ Interest Expense + Rents	7,22	14,20	12,30	12,46	7,86
Operating EBITDA/ Debt-Service Coverage	3,55	2,88	4,47	4,62	3,17
Operating EBITDAR/ Debt-Service Coverage	3,55	2,88	4,47	4,62	3,17
FFO Fixed Charge Coverage	7,34	14,89	13,72	11,84	9,17
FCF Debt Service Coverage	1,35	(0,24)	0,33	0,50	2,69
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	4,51	2,35	4,39	3,69	5,00
Cash Flow from Operations/Capital Expenditures	1,93	1,22	1,31	1,46	9,29
Leverage					
FFO Adjusted Leverage	1,97	2,05	1,36	1,10	0,85
Total Debt with Equity Credit/Operating EBITDA	2,00	2,15	1,52	1,04	0,99
Total Net Debt with Equity Credit/Operating EBITDA	1,11	1,25	0,61	0,35	0,26
Total Adjusted Debt/Operating EBITDAR	2,00	2,15	1,52	1,04	0,99
Total Adjusted Net Debt/Operating EBITDAR	1,11	1,25	0,61	0,35	0,26
Implied Cost of Funds (%)	7,4%	3,9%	6,8%	8,6%	12,4%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	7,1%	12,9%	9,4%	13,1%	19,0%
Balance Sheet					
Total Assets	34.035.893	30.409.820	26.343.172	20.574.318	17.739.232
Cash and Marketable Securities	3.180.003	2.609.435	2.456.787	1.538.459	1.349.354
Short-Term Debt	511.438	802.875	384.376	303.234	348.875
Long-term Debt	6.647.153	5.422.448	3.723.907	2.019.937	1.487.640
Total Debt	7.158.591	6.225.323	4.108.283	2.323.171	1.836.515
Equity Credit					
Total Debt with Equity Credit	7.158.591	6.225.323	4.108.283	2.323.171	1.836.515
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	7.158.591	6.225.323	4.108.283	2.323.171	1.836.515
Total Equity	21.001.036	19.264.221	18.402.368	15.354.294	13.027.769
Total Adjusted Capital	28.159.627	25.489.544	22.510.651	17.677.465	14.864.284
Cash Flow					
Funds from Operations	3.139.637	2.830.072	2.795.326	1.940.461	1.924.106
Change in Working Capital	320.799	(628.640)	(385.244)	(82.227)	179.188
Cash Flow from Operations	3.460.436	2.201.432	2.410.082	1.858.234	2.103.294
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(1.795.251)	(1.798.093)	(1.844.420)	(1.276.514)	(226.350)
Common Dividends	(797.500)	(846.843)	(587.019)	(520.827)	(539.313)
Free Cash Flow	867.685	(443.504)	(21.357)	60.893	1.337.631
Net Acq. and Divest.	(342.694)	(349.584)	(264.856)	(255.229)	-
Other Investments, Net	(681.093)	(989.673)	(477.137)	(103.215)	(1.150.984)
Net Debt Proceeds	726.670	1.935.410	1.681.678	486.656	(132.089)
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	-	-	-	-	-
Total Change in Cash	570.568	152.649	918.328	189.105	54.558
Income Statement					
Revenue	11.595.433	8.426.165	7.520.354	6.311.104	5.298.228
Revenue Growth (%)	37,6%	12,0%	19,2%	19,1%	8,2%
Operating EBIT	2.411.965	1.738.158	1.784.719	1.521.922	1.356.119
Gross Interest Expense	495.030	203.755	219.790	178.991	235.387
Rental Expense	-	-	-	-	-
Net Income	1.518.679	1.416.605	1.575.476	1.299.216	1.078.646

Codensa S.A. E.S.P.

Ratings

National

Long-Term Rating	AAA(col)
Local Bonds	AAA(col)

Outlooks

Long-Term Rating	Stable
Local Bonds	Stable

Financial Data

Codensa S.A. E.S.P.

COP Million	31 Dec 11	31 Dec 10
Revenues	2,986,153	2,787,215
EBITDA	976,680	983,619
EBITDA Margin (%)	32.7	35.3
Total Debt	1,145,886	1,345,492
Debt/EBITDA (x)	1.2	1.4
Net Debt/EBITDA (x)	0.7	1.1
EBITDA/Interest Expenses (x)	11.4	9.6

Related Research

Latin American Power, May 11, 2012

Colombian Electricity Sector: Market Dynamics and Risks, February 10, 2012

2012 Outlook: Latin America Power Sector, January 6, 2012

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Key Rating Drivers

Strong Business Position: Codensa is the largest electricity distribution and commercialization company in Colombia. It has more than 2.5 million clients, representing almost 24% of national electricity demand. The regulated market accounts for most of Codensa's revenues and gives the company a natural monopoly position.

Solid Credit Metrics: Codensa's solid credit profile is supported by relatively stable EBITDA generation and a conservative leverage policy. Historically, the company has financed its capital expenditure through a combination of debt and internal cash flow generation. This strategy is expected to be maintained over the coming years. As of December 31, 2011, Codensa had strong credit metrics with EBITDA/interest expense of 11.4x and debt/EBITDA of 1.2x.

Robust Liquidity: Codensa's credit profile is supported by ample liquidity with COP490,870 million in cash and COP39,911 million in short-term debt as of December 31, 2011. The company's accumulated cash and cash generation has permitted it to have a payout ratio of 100% over the last five years.

Strategic Asset for Endesa: Codensa is indirectly controlled by Endesa, S.A. (IDR: 'BBB+') through its subsidiaries, Endesa Latinoamerica, Enersis S.A. (IDR: BBB+) and Chilectra, which together have a 48.5% economic interest and 57.1% of voting rights. Endesa's relationship with Codensa is positive due to the transfer of knowhow, technology integration, and business practices. Codensa is a sizable asset for the Endesa Group and represents 15% of Endesa's EBITDA in Latin America.

Regulatory Risk: Codensa's ratings incorporate the risk of regulatory framework changes. However, the company's solid financial profile and conservative debt levels give it some flexibility to face downturn scenarios.

What Could Trigger a Rating Action

Negative Triggers: A significant change in the company's capital structure reflected in a sustained debt/EBITDA ratio above 3.0x, deteriorating operating performance or regulatory changes affecting the company's cash generation could result in negative rating action.

Liquidity and Debt Structure

Robust Liquidity: Codensa's liquidity position is robust. During 2011, its strong operating cash generation of more than COP1.0 trillion positioned the company to more than adequately serve its COP291,993 million capex, COP199,968 million of debt amortization, and approximately USD313,492 million of dividends, and to make energy purchases in advance to related company Emgesa.

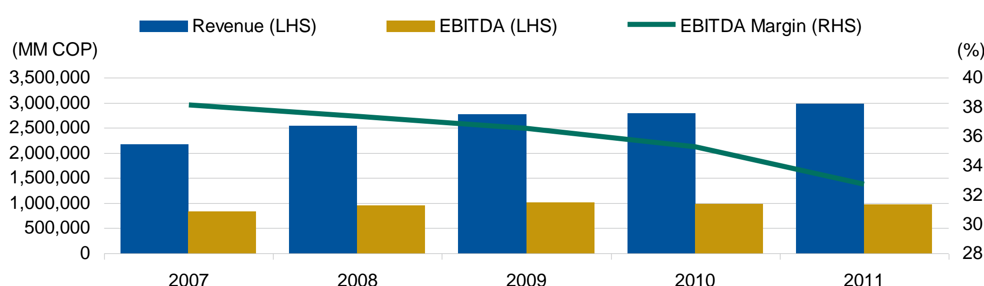
As of December 2011, Codensa had total financial debt of COP1.1 trillion, 100% composed of bonds issued in the local market with amortization schedules spread from 2013 to 2018.

Cash Flow and Coverage Ratios

Codensa has been reporting growing operating cash flows over recent years due to sustained growth in its customer base and a conservative financial profile. For 2011, Codensa reported EBITDA of COP976,680 million and an EBITDA margin of 32.7%, down from 35.3% in 2010 due to cost increases associated with the heavy rains caused by La Niña and tariff restrictions.

As of December 31, 2011, Codensa reported leverage of 1.2x, as measured by total debt to EBITDA. Interest coverage, as measured by EBITDA to interest expenses, was solid at 11.4x for the same period (9.6x at December 31, 2010). Fitch does not expect the company to increase leverage, so the debt/EBITDA ratio should remain at around 1.2x in the short term.

Codensa S.A.: Revenue, EBITDA and Margin



Source: Codensa S.A.

Codensa S.A. E.S.P. — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	976.680	983.619	1.012.158	947.682	828.962
Operating EBITDAR	976.680	983.619	1.012.158	947.682	828.962
Operating EBITDA Margin (%)	32,7%	35,3%	36,5%	37,3%	38,1%
Operating EBITDAR Margin (%)	32,7%	35,3%	36,5%	37,3%	38,1%
FFO Return on Adjusted Capital	22,5%	21,1%	19,3%	15,3%	13,2%
Free Cash Flow Margin (%)	14,5%	(16,7)%	10,9%	(4,5)%	(18,6)%
Return on Average Equity (%)	17,0%	16,3%	16,3%	14,2%	12,2%
Coverage					
FFO Interest Coverage	9,95	8,46	8,29	5,45	6,08
Operating EBITDA/Gross Interest Expense	11,39	9,63	9,45	7,16	8,52
Operating EBITDAR/ Interest Expense + Rents	11,39	9,63	9,45	7,16	8,52
Operating EBITDA/ Debt-Service Coverage	7,77	3,19	2,27	2,33	2,19
Operating EBITDAR/ Debt-Service Coverage	7,77	3,19	2,27	2,33	2,19
FFO Fixed Charge Coverage	9,95	8,46	8,29	5,45	6,08
FCF Debt Service Coverage	4,12	(1,18)	0,92	0,05	(0,81)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	8,03	(0,18)	2,97	0,93	(0,04)
Cash Flow from Operations/Capital Expenditures	3,55	2,43	3,79	2,05	0,85
Leverage					
FFO Adjusted Leverage	1,34	1,56	1,64	2,28	2,41
Total Debt with Equity Credit/Operating EBITDA	1,17	1,37	1,44	1,73	1,72
Total Net Debt with Equity Credit/Operating EBITDA	0,67	1,06	0,53	1,35	1,37
Total Adjusted Debt/Operating EBITDAR	1,17	1,37	1,44	1,73	1,72
Total Adjusted Net Debt/Operating EBITDAR	0,67	1,06	0,53	1,35	1,37
Implied Cost of Funds (%)	6,9%	7,3%	6,9%	8,6%	9,1%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	3,5%	15,3%	23,3%	16,8%	19,7%
Balance Sheet					
Total Assets	5.212.044	5.293.726	5.497.178	5.543.448	5.380.796
Cash and Marketable Securities	490.870	307.251	914.140	359.532	292.382
Short-Term Debt	39.911	206.160	339.240	275.278	281.666
Long-term Debt	1.105.975	1.139.332	1.113.969	1.367.376	1.146.962
Total Debt	1.145.886	1.345.492	1.453.209	1.642.654	1.428.628
Equity Credit					
Total Debt with Equity Credit	1.145.886	1.345.492	1.453.209	1.642.654	1.428.628
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	1.145.886	1.345.492	1.453.209	1.642.654	1.428.628
Total Equity	2.636.113	2.748.080	3.150.743	3.080.608	3.038.756
Total Adjusted Capital	3.781.999	4.093.572	4.603.952	4.723.262	4.467.384
Cash Flow					
Funds from Operations	766.885	761.936	780.793	588.950	494.470
Change in Working Capital	270.692	(101.455)	222.093	(72.968)	(331.121)
Cash Flow from Operations	1.037.577	660.481	1.002.886	515.982	163.349
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(291.993)	(272.336)	(264.674)	(251.221)	(191.719)
Common Dividends	(313.492)	(854.259)	(434.789)	(378.566)	(376.117)
Free Cash Flow	432.092	(466.114)	303.423	(113.805)	(404.487)
Net Acq. and Divest.	-	-	-	-	-
Other Investments, Net	(16.764)	-	(105.964)	-	-
Net Debt Proceeds	(199.968)	(107.717)	(189.446)	214.025	723.976
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	(31.741)	(33.055)	546.591	(33.055)	(112.519)
Total Change in Cash	183.619	(606.886)	554.604	67.165	206.970
Income Statement					
Revenue	2.986.153	2.787.215	2.771.875	2.537.338	2.173.028
Revenue Growth (%)	7,1%	0,6%	9,2%	16,8%	9,1%
Operating EBIT	723.445	742.417	768.783	724.238	607.672
Gross Interest Expense	85.715	102.100	107.052	132.320	97.243
Rental Expense	-	-	-	-	-
Net Income	457.664	480.354	507.406	434.790	378.565

Interconexión Electrica S.A. E.S.P. - ISA

Ratings

Foreign Currency	
Long-Term IDR	BBB–
Local Currency	
Long-Term IDR	BBB–
National	
Bond Program	AAA(col)

Outlooks

Long-Term Foreign-Currency IDR	Positive
Long-Term Local-Currency IDR	Positive

Financial Data

Interconexion Electrica S.A. E.S.P. - ISA (Consolidated Figures)

COP Million	31 Dec 11	31 Dec 10
Total Assets	26,659,165	25,819,800
Cash and Marketable Securities	1,412,951	1,211,091
Total Debt with Equity Credit	10,737,468	9,472,692
Revenues	4,368,600	3,513,617
EBITDA	2,936,594	2,490,075
EBITDA Margin (%)	68	71
Total Debt with Equity Credit/ EBITDA (x)	3.6	3.8
EBITDA/Gross Interest Expense (x)	3.1	7.5

Related Research

Latin American Power, May 11, 2012

Colombian Electricity Sector: Market Dynamics and Risks, February 10, 2012

2012 Outlook: Latin America Power Sector, January 6, 2012

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Key Rating Drivers

Stable, Predictable Cash Flow: ISA's ratings reflect its low level of business risk, supported by its regulated income and natural monopoly position in the countries in which it operates. A significant portion of the company's revenues and cash flow generation comes from regulated transmission businesses, which are extraordinarily stable and predictable. Electricity transmission accounted for 80.7% and 84.8% of ISA's consolidated revenues and EBITDA, respectively, in 2011.

Strong Balance Sheet: ISA has historically reported a strong financial profile, characterized by strong cash generation, low leverage, and solid interest coverage. ISA's consolidated credit metrics are somewhat affected by an increase in debt after the acquisition of Intervial Chile. In Fitch's opinion, the company's incursion into the toll roads infrastructure business does not materially alter ISA's business risk profile as electricity transmission is expected to continue generating the majority of its cash flow.

Aggressive Expansion Plan: Fitch considers ISA's expansion plan to be somewhat aggressive as the company expects to almost double its revenues over the next five years. This will be driven, for the most part, by investing in electricity transmission businesses within and outside of Colombia. ISA expects to generate approximately 20% of its revenue from businesses other than transmission. In line with its strategy, ISA acquired 100% of Intervial Chile, the major concession road operator in Chile. During 2011, Intervial accounted for 15.9% of ISA's consolidated revenues and 13.7% of the company's consolidated EBITDA.

Robust Liquidity: ISA's liquidity is characterized by healthy cash-on-hand levels, manageable debt amortization, and adequate access to local and international capital markets. As of December 31, 2011, ISA's consolidated cash on hand was approximately COP1.4 trillion, which together with available credit lines of more than COP2 trillion, allows the company to meet its COP1.5 trillion of current debt maturities.

ISA's maturity profile is manageable as its long-term debt amortization schedule is spread between 2012 and 2041. In the medium term, ISA's liquidity position is expected to remain healthy, supported by its stable cash flow generation.

What Could Trigger a Rating Action

Positive Rating Drivers: A combination of conservative credit metrics and sustained growth in cash flows could result in positive rating action.

Negative Rating Drivers: Negative rating action could result from a combination of: higher-than-expected debt levels; deteriorating cash generation; or regulatory changes that negatively affect the company's financial performance.

Liquidity and Debt Structure

ISA's liquidity is considered strong. Its short-term debt/total debt ratio has been approximately 15% over the past few years. ISA has a variety of liquidity instruments that provide it with strong financial flexibility. ISA has a good track record of accessing different capital markets, such as Colombia, Brazil, Peru, and Chile.

As of December 31, 2011, ISA's consolidated debt of COP9.5 trillion was composed of debt at its electricity transmission subsidiaries (43.8%), debt at its concession road subsidiaries (41.3%), and debt at the ISA standalone level (14.7%).

Furthermore, 54% of consolidated debt corresponds to bond issuances in Colombia, Chile, Peru, Brazil, and the U.S.; 34.4% to multilateral and bank loans; and the remaining 11.6% to ISA Capital's preferred shares. ISA's consolidated debt is mainly denominated in Chilean UF (unidades de fomento), Brazilian reals, and Colombian pesos. Its long-term debt amortization schedule is evenly spread between 2012 and 2041.

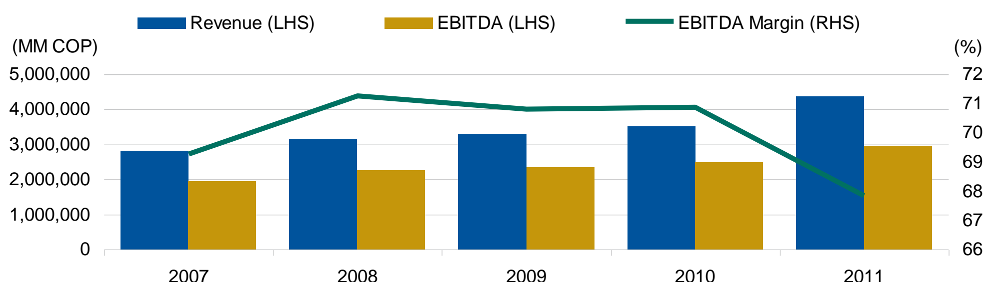
Cash Flow and Coverage Ratios

ISA plans to finance its subsidiaries independently, and, if necessary, restrict dividend flows to the parent company. During 2011, ISA's consolidated EBITDA totaled COP2.9 trillion and the consolidated EBITDA margin was 68% (COP2.5 trillion and 71%, respectively, in 2010). Despite the high-leverage nature of the concession roads business, profitability margins are similar to those in the electricity transmission business; therefore, the company's consolidated margins have not been affected by Intervial's incorporation.

ISA (the parent company) has a solid financial profile, characterized by stable EBITDA margins over the years (close to 65%), cash from operations of over COP280,000 million annually, adequate leverage levels, and a dividend policy, according to its investment plan.

As of December 31, 2011, ISA reported a consolidated leverage ratio, as measured by total debt to adjusted EBITDA, of 3.6x. Interest coverage, as measured by EBITDA to interest expense, was 3.1x and considered acceptable for ISA's rating category. On a standalone basis, ISA's debt-to-adjusted EBITDA ratio (including dividends received from subsidiaries) was 2.2x, and its EBITDA-to-interest expense ratio was 6.0x. These metrics are considered robust for the rating category.

Interconexión Electrica S.A.: Revenue, EBITDA and Margin



Source: ISA S.A.

Interconexión Eléctrica S.A. E.S.P. - ISA — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	2.963.594	2.490.075	2.341.481	2.255.449	1.954.514
Operating EBITDAR	2.963.594	2.490.075	2.352.025	2.255.449	1.954.514
Operating EBITDA Margin (%)	67,8%	70,9%	70,8%	71,3%	69,3%
Operating EBITDAR Margin (%)	67,8%	70,9%	71,1%	71,3%	69,3%
FFO Return on Adjusted Capital	2,7%	(13,3)%	9,2%	13,5%	4,2%
Free Cash Flow Margin (%)	(8,5)%	(87,2)%	25,6%	22,8%	(70,6)%
Return on Average Equity (%)	3,0%	3,2%	3,6%	3,3%	3,3%
Coverage					
FFO Interest Coverage	0,61	(8,50)	3,36	3,91	1,04
Operating EBITDA/Gross Interest Expense	3,10	7,54	6,01	5,30	4,12
Operating EBITDAR/ Interest Expense + Rents	3,10	7,54	5,88	5,30	4,12
Operating EBITDA/ Debt-Service Coverage	1,18	2,24	1,83	1,75	1,60
Operating EBITDAR/ Debt-Service Coverage	1,18	2,24	1,82	1,75	1,60
FFO Fixed Charge Coverage	0,61	(8,50)	3,30	3,91	1,04
FCF Debt Service Coverage	0,23	(2,46)	0,97	0,89	(1,24)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	0,80	(1,37)	1,76	1,39	(0,60)
Cash Flow from Operations/Capital Expenditures	(0,62)	(26,19)	6,80	4,32	(0,19)
Leverage					
FFO Adjusted Leverage	18,49	(3,37)	3,53	2,79	9,90
Total Debt with Equity Credit/Operating EBITDA	3,62	3,80	1,96	2,06	2,50
Total Net Debt with Equity Credit/Operating EBITDA	3,15	3,32	1,52	1,78	2,10
Total Adjusted Debt/Operating EBITDAR	3,62	3,80	1,98	2,06	2,50
Total Adjusted Net Debt/Operating EBITDAR	3,15	3,32	1,55	1,78	2,10
Implied Cost of Funds (%)	10,9%	5,2%	8,4%	8,9%	11,3%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	16,3%	9,7%	19,5%	18,6%	15,3%
Balance Sheet					
Total Assets	26.659.165	25.819.800	17.049.376	14.439.690	13.887.489
Cash and Marketable Securities	1.412.951	1.211.091	1.016.822	644.865	787.146
Short-Term Debt	1.548.377	781.705	891.497	864.817	746.479
Long-term Debt	7.946.933	7.312.535	3.688.609	3.789.509	4.135.723
Total Debt	9.495.310	8.094.240	4.580.106	4.654.326	4.882.202
Equity Credit	(1.242.176)	(1.378.452)			
Total Debt with Equity Credit	10.737.486	9.472.692	4.580.106	4.654.326	4.882.202
Off-Balance Sheet Debt	-	-	73.808	-	-
Total Adjusted Debt with Equity Credit	10.737.486	9.472.692	4.653.914	4.654.326	4.882.202
Total Equity	10.822.925	11.670.979	9.658.575	7.718.337	6.811.810
Total Adjusted Capital	21.560.411	21.143.671	14.312.489	12.372.663	11.694.012
Cash Flow					
Funds from Operations	(375.545)	(3.138.568)	918.769	1.240.244	18.427
Change in Working Capital	305.020	356.414	262.283	(110.309)	(316.657)
Cash Flow from Operations	(70.525)	(2.782.154)	1.181.052	1.129.935	(298.230)
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(114.548)	(106.235)	(173.559)	(261.631)	(1.568.078)
Common Dividends	(187.198)	(173.796)	(160.274)	(147.373)	(126.653)
Free Cash Flow	(372.271)	(3.062.185)	847.219	720.931	(1.992.961)
Net Acq. and Divest.	(105.463)	(238.325)	106.706	151.537	-
Other Investments, Net	-	-	-	-	246.940
Net Debt Proceeds	1.405.490	3.628.528	(478.707)	(595.169)	1.200.950
Net Equity Proceeds	-	-	384.198	-	399.047
Other (Inv. & Fin.)	(725.896)	(133.749)	(487.458)	(419.578)	43.955
Total Change in Cash	201.860	194.269	371.958	(142.279)	(102.069)
Income Statement					
Revenue	4.368.600	3.513.617	3.307.064	3.165.042	2.821.675
Revenue Growth (%)	24,3%	6,2%	4,5%	12,2%	39,9%
Operating EBIT	2.193.389	1.871.026	1.743.539	1.716.149	1.286.303
Gross Interest Expense	956.377	330.394	389.613	425.554	474.955
Rental Expense	-	-	10.544	-	-
Net Income	336.776	343.896	314.879	236.595	226.021

Empresa de Energía del Pacifico S.A. E.S.P. (EPSA)

Rating

National Long-Term Rating	AAA(col)
Outlook	
National Long-Term Rating	Stable

Financial Data

Empresa de Energía del Pacifico S.A. E.S.P. (EPSA)

COP Million	31 Dec 11	31 Dec 10
Revenue	1,159,200	1,136,488
Operating EBITDA	562,803	546,344
EBITDA/revenues (%)	49	48
Funds from Operations	327,845	430,328
Cash flow from operations	340,680	428,360
Free cash flow	-97,976	-13,964
Net Debt/ EBITDA(x)	0.8	0.7
Total Debt	766,055	715,863
Total Adjusted Debt with Equity Credit	766,055	715,863
Total Adjusted Debt/Op. EBITDAR (x)	1.4	1.3
EBITDA/Interest Expense (x)	12.7	27.2

Related Research

Latin American Power, May 11, 2012

Colombian Electricity Sector: Market Dynamics and Risks, Feb. 10, 2012

2012 Outlook: Latin America Power Sector, Jan. 6, 2012

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Key Rating Drivers

Strong Business Profile: EPSA's credit ratings are supported by vertically integrated operations, a strong business profile and the dominant position as the incumbent operator of energy commercialization and distribution in the regulated Valle del Cauca market. EPSA maintains a competitive position in the generation business, it is the fifth-largest energy generator in Colombia, and its generation plants are a strategic asset for national generation.

Moderate Growth Strategy: EPSA is focused on growing in the energy generation segment, incorporating new energy plants with 115MW of additional capacity (2010–2014), at a total estimated cost of around USD290 million. Fitch believes that EPSA's investment capital strategy is moderate relative to its credit profile. Incorporation of new plants will help expand the geographical diversification of its hydro generation plants and sustain a strong market position in the long term.

Robust Liquidity: EPSA has a solid liquidity position based on the strong short-term coverage ratio (cash and equivalents plus short-term debt), wide credit access and robust cash flow generation. Between 2010 and 2011, the company's average annual cash to short-term debt position was 13x. EPSA has uncommitted bank quotas of up to COP 1.3 trillion, and a quota of commercial paper bonds of up to COP 300,000 million, resources that provide financial flexibility to meet its financial obligations.

Strong Credit Metrics: EPSA has historically had strong credit metrics. Fitch expects metrics to remain stable over the medium term. In December 2011, leverage measured as debt to EBITDA was 1.36x and interest coverage was 12.7x, ratios in line with EPSA's historical record (1.36x and 13.4x, respectively, over the last five years) and with its peer group. EPSA's ratings incorporate a moderate increase in debt levels, not exceeding leverage of 2.0x and minimum interest coverage of about 7x, metrics commensurate with the company's current ratings.

Strategic Asset for Shareholder. EPSA is a sizable asset for the Celsia, representing 54% of its generation business (excluding Termovalle). EPSA contributes 77% of Celsia's total EBITDA and 91% of total group dividends (2011), affirming its strategy importance to the group. Ratings incorporate a demanding dividend policy, maintaining dividend distribution of approximately 80% of net profit, in line with the historical result. Drastic changes in capital investment strategy or in debt structure could affect the rating outlook.

What Could Trigger a Rating Action

Negative Triggers: Negative rating action could be considered if Fitch perceived that ESPA's investment strategy had become aggressive, generating the need for new debt, pushing financial metrics out of the ranges established in projection scenarios outlined by the agency.

Liquidity and Debt Structure

The company has strong liquidity, supported by high levels of cash and equivalents, stable operating cash flow, wide access to credit lines, and comfortable debt maturities with strong debt service coverage.

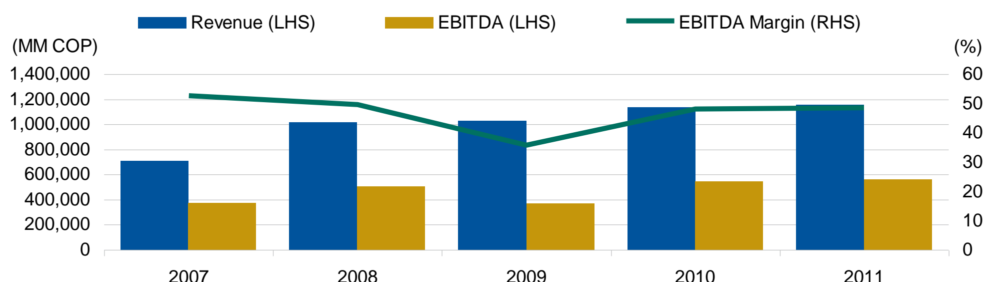
EPSA accesses the public securities market, which provides it with funding flexibility. The company has issued bonds and commercial paper in the capital market with a quota approved up to COP 900,000 million, of which it has already placed COP 600,000 million. It also has uncommitted credit facilities with banks for COP 1.3 billion, allowing it to mitigate liquidity risks. The company has comfortable debt maturities: 80% of its debt corresponds to bonds whose maturities are scheduled for 2017 (14%), 2020 (36%) and 2030 (50%), with a competitive financial cost ranging between Consumer Price Index (IPC) +4.6% and 6.08%. The service coverage ratio reached 12.2x in 2011. In the short term, Fitch's debt service coverage expectation is maintained at 3x, considered strong and in line with its rating range.

Cash Flow and Credit Metrics

EPSA has historically had strong cash generation, characterized by diversified sources of income, revenues and adequate receivables turnover. In the last five years, the company has generated cash from operations of COP 280,000 million, equivalent to a margin of over 30%, considered strong relative to its peer group. Collection and receivables turnover levels are a stable 99% and 60 days, respectively. EPSA is becoming a mature company, with predictable income and cash flow. These factors support its strong credit profile.

In the current scenario, whereby EPSA will not develop one of the planned projects called Miel II, the company reduces its capital investment expectations. Fitch does not rule out the incorporation of additional projects, as yet unknown to the agency, given the company's high cash generation and company's expansion strategy. Fitch will be attentive to changes in balance structure and EPSA updates on capital investment in the short term. Historically, the company has maintained a moderate debt profile. At December 31, 2011 and December 31, 2010, financial leverage as measured by total debt to EBITDA was adequate at approximately 1.36x and 1.31x, respectively. Interest coverage is considered strong, at 12.7x as of December 31, 2011.

Empresa de Energía del Pacifico: Revenue, EBITDA and Margin



Source: EPSA

Empresa de Energía del Pacifico S.A. E.S.P. (EPSA) — Financial Summary

Figures in million COP	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	562.803	546.344	367.528	504.979	373.523
Operating EBITDAR	562.803	546.344	367.528	504.979	373.523
Operating EBITDA Margin (%)	48,6%	48,1%	35,8%	49,7%	52,7%
Operating EBITDAR Margin (%)	48,6%	48,1%	35,8%	49,7%	52,7%
FFO Return on Adjusted Capital	10,2%	12,4%	14,2%	14,2%	9,9%
Free Cash Flow Margin (%)	(8,5)%	(1,2)%	(9,0)%	5,8%	(12,9)%
Return on Average Equity (%)	6,6%	11,3%	15,8%	11,8%	9,5%
Coverage					
FFO Interest Coverage	8,43	22,45	12,37	6,52	4,95
Operating EBITDA/Gross Interest Expense	12,75	27,23	12,36	8,06	6,45
Operating EBITDAR/ Interest Expense + Rents	12,75	27,23	12,36	8,06	6,45
Operating EBITDA/ Debt-Service Coverage	8,07	12,44	1,18	1,35	1,28
Operating EBITDAR/ Debt-Service Coverage	8,07	12,44	1,18	1,35	1,28
FFO Fixed Charge Coverage	8,43	22,45	12,37	6,52	4,95
FCF Debt Service Coverage	(0,77)	0,14	(0,20)	0,33	(0,12)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	3,72	8,11	(0,15)	0,40	(0,10)
Cash Flow from Operations/Capital Expenditures	1,74	2,00	1,86	3,61	1,06
Leverage					
FFO Adjusted Leverage	2,06	1,59	1,07	1,52	2,38
Total Debt with Equity Credit/Operating EBITDA	1,36	1,31	1,07	1,23	1,82
Total Net Debt with Equity Credit/Operating EBITDA	0,81	0,67	1,02	1,17	1,81
Total Adjusted Debt/Operating EBITDAR	1,36	1,31	1,07	1,23	1,82
Total Adjusted Net Debt/Operating EBITDAR	0,81	0,67	1,02	1,17	1,81
Implied Cost of Funds (%)	6,0%	3,6%	5,9%	9,6%	8,8%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	3,3%	3,3%	71,5%	50,2%	34,3%
Balance Sheet					
Total Assets	4.153.408	4.114.603	3.042.761	3.165.770	3.133.101
Cash and Marketable Securities	312.933	349.755	17.068	29.023	5.776
Short-Term Debt	25.569	23.836	280.516	311.468	233.585
Long-term Debt	740.486	692.027	111.608	309.577	447.614
Total Debt	766.055	715.863	392.124	621.045	681.199
Equity Credit					
Total Debt with Equity Credit	766.055	715.863	392.124	621.045	681.199
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	766.055	715.863	392.124	621.045	681.199
Total Equity	2.873.509	2.929.018	2.189.165	2.248.625	2.207.787
Total Adjusted Capital	3.639.564	3.644.881	2.581.289	2.869.670	2.888.986
Cash Flow					
Funds from Operations	327.845	430.328	337.933	345.637	228.513
Change in Working Capital	12.835	(1.968)	(26.918)	(42.236)	(66.164)
Cash Flow from Operations	340.680	428.360	311.015	303.401	162.349
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(195.965)	(214.365)	(167.251)	(84.052)	(153.115)
Common Dividends	(242.691)	(227.959)	(236.692)	(160.001)	(100.940)
Free Cash Flow	(97.976)	(13.964)	(92.928)	59.348	(91.706)
Net Acq. and Divest.	-	-	-	-	-
Other Investments, Net	12.465	16.095	296.708	43.642	(150)
Net Debt Proceeds	48.689	330.556	(215.737)	(79.742)	69.065
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	-	-	-	-	15.951
Total Change in Cash	(36.822)	332.687	(11.957)	23.248	(6.840)
Income Statement					
Revenue	1.159.200	1.136.488	1.027.549	1.016.150	708.700
Revenue Growth (%)	2,0%	10,6%	1,1%	43,4%	6,8%
Operating EBIT	441.633	435.213	269.479	423.229	292.183
Gross Interest Expense	44.144	20.065	29.729	62.639	57.918
Rental Expense	-	-	-	-	-
Net Income	192.207	289.003	350.819	263.008	196.825

Surtidora de Gas del Caribe S.A. E.S.P. - Surtigas S.A. ESP

Rating

Local Bonds	AAA(col)

Outlook

Local Bonds	Stable

Financial Data

Surtidora de Gas del Caribe S.A. E.S.P. - Surtigas S.A. ESP

COP Million	31 Dec 11	31 Dec 10
Revenue	350,016	350,786
Operating EBITDAR	82,695	72,396
Op. EBITDAR/ Revenues (%)	23.6	20.6
Funds From Operations	45,412	56,566
Cash Flow From Operations	42,918	-25,827
Free Cash Flow	-54,436	-88,248
FFO/Interest Expense Net of Interest Income (x)	4.8	5.5
Total debt	221,568	207,838
Total Adjusted Debt With Equity Credit	242,328	231,204
Total Adjusted Debt/Op. EBITDAR (x)	2.9	3.2
Adjusted Leverage/FFO (x)	4.0	3.2
Operating EBITDAR/Debt-Service Coverage (x)	1.3	1.6

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Key Rating Drivers

Prospective Strengthening of Position: Surtigas has a strong competitive position in its area of influence. In 2011, the company connected up 32,816 users, and according to its expansion plans, the incorporation of new users should remain a positive dynamic for the next three years.

Robust, Diversified Income: Surtigas operates in a regulated business, which provides stability and a high degree of predictability to its revenues. Furthermore, the strategy of income diversification through the non-banking finance business has been growing steadily over recent years, with high receivables collection indicators. While the non-banking finance program still represents a low proportion of income, it has grown significantly.

Stable Long-Term Credit Metrics: Surtigas's leverage is moderate and stable. Fitch expects that with the addition of new regulated users, its operating cash flow generation may get stronger, so that it will be able to absorb a greater amount of debt without a deterioration in credit metrics. Thus, the company's leverage (debt to EBITDAR) will be around 2.5x for the coming years.

Liquidity Pressured by Investment: The significant pace of investment, coupled with a demanding dividend policy, represents a considerable liquidity challenge for the company. Over the next two years, Surtigas should produce negative free cash flows, consistent with its growth strategy, without compromising its credit rating. Fitch expects financial obligations to be restructured through bond issuance, reducing pressure on the company's cash flow.

Moderate Supply/Regulatory Risks: Surtigas's exposure to regulatory risk is moderate. While the new tariff methodology for the calculation of the distribution charge has not yet been issued, the estimated impact would not compromise the company's credit profile. The regulator has embarked on initiatives to ensure the supply of fuel and is currently preparing a policy framework that is expected to incorporate aspects associated with unconventional gas exploration.

What Could Trigger a Rating Action

Negative Triggers: Surtigas's rating could be negatively affected by a significant increase in debt levels without commensurate growth in its operating cash flow generation in a way that affects its debt protection measures. The rating could also be negatively affected by a deterioration of the non-banking finance business or material changes in the company's business profile.

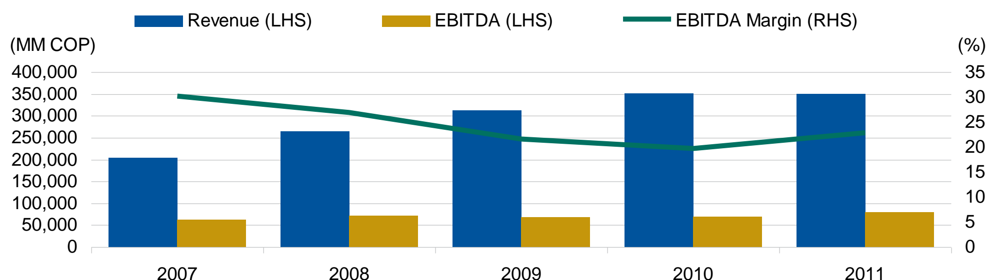
Liquidity and Debt Structure

Despite robust operating cash flow generation capacity, free cash flow generation is expected to be negative over the next two years, given the magnitude of investments raised by Surtigas to carry out its expansion plan. However, Fitch believes the company will be able to maintain an adequate liquidity position commensurate with its rating range due to its strong cash generation.

As of December 31, 2011, the cash flow from operations of COP54.0 billion generated by Surtigas was sufficient to cover its short-term debt by 1.1x. The incorporation of new users during 2011 allowed the company to maintain high revenues, initially expected to decrease after 2010, when exceptionally high demand from thermal generators resulted in a 15.6% increase in revenues.

Investments planned by the company will demand significant cash resources over the next two years. In order to reduce pressure on its cash flow, Surtigas is currently in process of subscribing an ordinary bond issuance of up to COP200.0 billion with maturities between 2 and 20 years. The issue is intended to replace current debt and extend the maturity profile, allowing the company to meet the investment needed for business expansion.

Surtigas S.A. E.S.P.: Revenue, EBITDA and Margin



Source: Surtigas S.A. E.S.P.

Surtidora de Gas del Caribe S.A. E.S.P. - Surtigas S.A. ESP - Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	80.100	69.058	67.261	71.144	61.474
Operating EBITDAR	82.695	72.396	71.771	74.266	64.831
Operating EBITDA Margin (%)	22,9%	19,7%	21,6%	26,9%	30,2%
Operating EBITDAR Margin (%)	23,6%	20,6%	23,0%	28,1%	31,9%
FFO Return on Adjusted Capital	14,4%	15,6%	17,1%	18,5%	17,5%
Free Cash Flow Margin (%)	(15,6)%	(25,2)%	(3,7)%	(17,1)%	(21,4)%
Return on Average Equity (%)	16,1%	41,6%	26,6%	31,6%	34,7%
Coverage					
FFO Interest Coverage	4,82	5,51	4,08	3,62	3,82
Operating EBITDA/Gross Interest Expense	6,73	5,51	4,24	4,11	4,79
Operating EBITDAR/ Interest Expense + Rents	5,71	4,56	3,52	3,64	4,01
Operating EBITDA/ Debt-Service Coverage	1,35	1,62	2,96	1,91	1,33
Operating EBITDAR/ Debt-Service Coverage	1,34	1,57	2,64	1,84	1,30
FFO Fixed Charge Coverage	4,13	4,56	3,40	3,22	3,24
FCF Debt Service Coverage	(0,72)	(1,77)	0,19	(0,75)	(0,66)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	(0,63)	(1,59)	1,33	(0,54)	(0,48)
Cash Flow from Operations/Capital Expenditures	1,48	(1,15)	2,72	0,74	1,93
Leverage					
FFO Adjusted Leverage	4,05	3,19	3,14	2,81	3,08
Total Debt with Equity Credit/Operating EBITDA	2,77	3,01	2,76	2,29	2,24
Total Net Debt with Equity Credit/Operating EBITDA	2,70	2,90	2,38	2,17	2,10
Total Adjusted Debt/Operating EBITDAR	2,93	3,19	3,03	2,48	2,49
Total Adjusted Net Debt/Operating EBITDAR	2,87	3,08	2,67	2,38	2,36
Implied Cost of Funds (%)	5,5%	6,4%	9,1%	11,5%	10,8%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	21,3%	14,5%	3,7%	12,3%	24,3%
Balance Sheet					
Total Assets	464.062	478.125	431.212	378.217	313.817
Cash and Marketable Securities	5.314	7.865	25.981	7.933	8.602
Short-Term Debt	47.289	30.189	6.836	19.939	33.539
Long-term Debt	174.279	177.649	178.908	142.702	104.261
Total Debt	221.568	207.838	185.744	162.641	137.800
Equity Credit					
Total Debt with Equity Credit	221.568	207.838	185.744	162.641	137.800
Off-Balance Sheet Debt	20.760	23.366	31.570	21.854	23.499
Total Adjusted Debt with Equity Credit	242.328	231.204	217.314	184.495	161.299
Total Equity	174.221	232.465	187.628	169.530	138.997
Total Adjusted Capital	416.549	463.669	404.942	354.025	300.296
Cash Flow					
Funds from Operations	45.412	56.566	48.812	45.255	36.231
Change in Working Capital	(2.494)	(82.393)	(4.984)	(38.502)	(18.716)
Cash Flow from Operations	42.918	(25.827)	43.828	6.753	17.515
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(29.063)	(22.463)	(16.120)	(9.066)	(9.062)
Common Dividends	(68.291)	(39.958)	(39.302)	(43.000)	(52.009)
Free Cash Flow	(54.436)	(88.248)	(11.594)	(45.313)	(43.556)
Net Acq. and Divest.	-	-	1.300	8.200	-
Other Investments, Net	27.064	48.038	5.243	11.603	10.166
Net Debt Proceeds	13.730	22.094	23.101	24.840	37.346
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	-	-	-	-	-
Total Change in Cash	(13.642)	(18.116)	18.050	(670)	3.956
Income Statement					
Revenue	350.016	350.786	311.649	264.380	203.517
Revenue Growth (%)	(0,2)%	12,6%	17,9%	29,9%	(3,3)%
Operating EBIT	72.058	61.143	59.425	62.915	52.007
Gross Interest Expense	11.895	12.531	15.867	17.289	12.830
Rental Expense	2.595	3.338	4.510	3.122	3.357
Net Income	32.697	87.307	47.427	48.820	44.689

Gases de Occidente S.A. E.S.P.

Ratings

National Long-Term Rating	AAA(col)
National Short-Term Rating	F1+
Local Bonds 2009	AAA(col)
Local Bonds 2012	AAA(col)

Outlooks

Long-Term Rating	Stable
Local Bonds 2009	Stable
Local Bonds 2012	Stable

Financial Data

Gases de Occidente S.A. E.S.P.

COP Million	31 Dec 11	31 Dec 10
Revenue	510,587	481,982
Operating EBITDAR	134,504	130,252
Op. EBITDAR/ revenues (%)	26.3	27.0
Funds from Operations	56,610	-12,987
Cash flow from operations	93,910	-61,013
Free cash flow	26,869	-136,742
FFO/interest expense net of interest income (x)	2.87	0.41
Total debt	343,931	294,730
Total Adjusted Debt with Equity Credit	372,904	325,075
Total adjusted debt/op. EBITDAR (x)	2.77	2.50
Adjusted leverage/FFO (x)	4.10	24.45
Operating EBITDAR/ Debt-Service Coverage (x)	3.91	2.14

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Key Rating Drivers

Strengthening Regional Presence: The company distributes natural gas to 71 towns in the Valle del Cauca department and three in the Cauca department. During 2011, it added 58,714 users for a total of 796,955. Fitch expects this trend to continue with the company's expansion to 16 new municipalities in 2012, for which it has submitted the respective tariffs for approval. Gases de Occidente is also preparing tariff structures for 11 municipalities to be incorporated by 2013.

Stable Revenues, Declining Margins: The company's strategy is aimed at increasing regulated market users' share of income generation, and thereby providing stability and a higher degree of predictability to its revenues. In 2011, the company's operating income reached COP510.5 billion, up 5.9% on 2010. Revenues related to the connection of new users, characterized by high margins, are expected to decrease in the medium term, so the EBITDAR margin should stabilize at about 18% (2011: 26.3%).

Expansion Plan Increases Leverage: The investment planned for 2012 of COP62.0 billion should be implemented entirely through debt. At year-end 2011, lease-adjusted debt stood at COP372.9 billion for EBITDAR leverage of 2.8x. Bond issuance of COP200.0 billion will allow the company to replace nearly COP134.6 billion of liabilities as well as cover its investment needs.

According to debt and operating cash generation projections, EBITDAR leverage could be around 3.4x over the next five years, which, though acceptable for the rating range, is high relative to the company's peer group. Fitch will closely follow the impact on Gases de Occidente's credit profile of the execution of its expansion plan, according to the funding mechanism adopted by the company, as changes in expected leverage could result in a change in ratings.

Adequate Liquidity Position: Gases de Occidente's financial strategy is oriented to adjust the amortization of its debt to the return on its investment. The company has no debt maturities in 2012, which allows it to fully meet its operational requirements, with minimal investment needs, and pay dividends to its shareholders. At year-end 2011, the company's funds from operations reached COP56.6 billion, sufficient to cover interest payments by 3.9x.

Moderate Supply, Regulatory Risks: Gases de Occidente's exposure to regulatory risk is moderate. While new methodology for calculating the distribution charge has not yet been issued, the estimated impact would not compromise the company's credit profile. The regulator has embarked on initiatives to ensure the supply of fuel and is preparing a policy framework expected to incorporate aspects associated with unconventional gas exploration.

What Could Trigger a Rating Action

Downgrade Triggers: Gases de Occidente's rating could be negatively affected if EBITDAR leverage approached 3.5x, which would be high compared with its peer group and would weaken its credit profile. Similarly, the ratings could be affected by a deterioration of the non-banking finance business or material changes in the company's business profile.

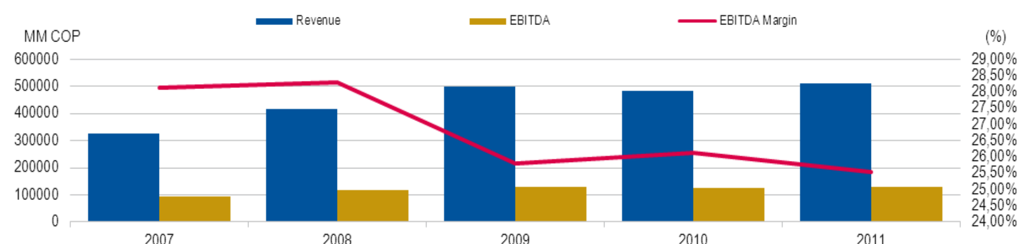
Liquidity and Debt Structure

The adequate liquidity position of Gases de Occidente is supported by the profile of debt maturities extended in the long term, by its robust cash generation and by its broad access to capital markets.

The company has no debt payments due in the short term, which allows it to fully meet the high level of proposed investment and pay dividends to its shareholders. Moreover, its access to capital markets – in which the company participates through a bond issuance in 2009 for COP150.0 billion and high levels of cash and marketable securities (December 2011: COP21.4 billion) – supports its adequate liquidity position.

The investments planned by the company will demand significant cash resources over the next two years. In order to reduce pressure on its cash flow, Gases de Occidente is preparing a bond issuance for up to COP200.0 billion, a bullet with a maturity of between 10 and 15 years, for the substitution of liabilities and to provide the necessary resources to execute the investment plan for 2012.

Gases de Occidente S.A. E.S.P.: Revenue, EBITDA and Margin



Source: Gases de Occidente S.A. E.S.P.

Gases de Occidente S.A. E.S.P. — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	130.365	125.917	128.575	117.644	91.998
Operating EBITDAR	134.504	130.252	132.620	121.654	97.477
Operating EBITDA Margin (%)	25,5%	26,1%	25,8%	28,3%	28,1%
Operating EBITDAR Margin (%)	26,3%	27,0%	26,6%	29,3%	29,8%
FFO Return on Adjusted Capital	14,8%	2,3%	22,5%	23,9%	20,9%
Free Cash Flow Margin (%)	5,3%	(28,4)%	3,3%	(6,9)%	(11,8)%
Return on Average Equity (%)	28,4%	26,6%	31,6%	33,4%	30,4%
Coverage					
FFO Interest Coverage	2,87	0,41	4,67	4,95	9,16
Operating EBITDA/Gross Interest Expense	4,30	5,74	6,15	6,78	12,62
Operating EBITDAR/ Interest Expense + Rents	3,91	4,96	5,32	5,70	7,64
Operating EBITDA/ Debt-Service Coverage	4,30	2,22	6,14	2,62	1,90
Operating EBITDAR/ Debt-Service Coverage	3,91	2,14	5,31	2,49	1,81
FFO Fixed Charge Coverage	2,64	0,51	4,08	4,21	5,66
FCF Debt Service Coverage	1,89	(2,03)	1,79	(0,25)	(0,65)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	2,60	(1,97)	4,03	(0,10)	(0,45)
Cash Flow from Operations/Capital Expenditures	32,92	(12,27)	5,10	2,57	2,40
Leverage					
FFO Adjusted Leverage	4,10	24,45	1,96	1,94	2,21
Total Debt with Equity Credit/Operating EBITDA	2,64	2,34	1,33	1,24	1,32
Total Net Debt with Equity Credit/Operating EBITDA	2,47	2,31	0,96	1,19	1,21
Total Adjusted Debt/Operating EBITDAR	2,77	2,50	1,50	1,43	1,64
Total Adjusted Net Debt/Operating EBITDAR	2,61	2,47	1,15	1,38	1,54
Implied Cost of Funds (%)	9,5%	9,4%	13,2%	13,0%	7,4%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	0,0%	11,8%	0,0%	18,8%	34,0%
Balance Sheet					
Total Assets	664.648	598.245	490.283	443.652	391.689
Cash and Marketable Securities	21.495	3.358	46.832	6.683	9.733
Short-Term Debt	13	34.696	53	27.500	41.200
Long-term Debt	343.918	260.034	170.494	118.700	80.000
Total Debt	343.931	294.730	170.547	146.200	121.200
Equity Credit					
Total Debt with Equity Credit	343.931	294.730	170.547	146.200	121.200
Off-Balance Sheet Debt	28.973	30.345	28.315	28.070	38.353
Total Adjusted Debt with Equity Credit	372.904	325.075	198.862	174.270	159.553
Total Equity	242.878	244.413	252.213	202.040	186.119
Total Adjusted Capital	615.782	569.488	451.075	376.310	345.672
Cash Flow					
Funds from Operations	56.610	(12.987)	76.710	68.532	59.441
Change in Working Capital	37.300	(48.026)	(20.845)	(23.786)	(43.393)
Cash Flow from Operations	93.910	(61.013)	55.865	44.746	16.048
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(2.853)	(4.971)	(10.959)	(17.407)	(6.696)
Common Dividends	(64.188)	(70.758)	(28.209)	(55.981)	(47.957)
Free Cash Flow	26.869	(136.742)	16.697	(28.642)	(38.605)
Net Acq. and Divest.	1	8	4	4	37
Other Investments, Net	(58.765)	(30.686)	(27)	(13)	27
Net Debt Proceeds	50.033	123.948	23.472	25.602	45.316
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	-	-	-	-	-
Total Change in Cash	18.138	(43.472)	40.146	(3.049)	6.775
Income Statement					
Revenue	510.587	481.982	498.674	415.746	327.266
Revenue Growth (%)	5,9%	(3,3)%	19,9%	27,0%	18,9%
Operating EBIT	118.535	115.042	120.147	110.823	85.793
Gross Interest Expense	30.292	21.947	20.894	17.340	7.288
Rental Expense	4.139	4.335	4.045	4.010	5.479
Net Income	69.166	65.941	71.850	64.829	54.595

Promigas S.A. E.S.P.

Ratings

Foreign Currency

Long-Term IDR	BBB–

Local Currency

Long-Term IDR	BBB–

National

Bonos Promigas 2009	AAA(col)

Outlooks

Long-Term Foreign Currency IDR	Stable
Long-Term Local Currency IDR	Stable

Financial Data

Promigas S.A. E.S.P.

COP Million	31 Dec 11	31 Dec 10
Total Assets	2,383,224	2,204,454
Total Debt	928,517	863,547
Net Income	186,506	265,485
EBITDAR + Dividends	287,765	302,614
Total Debt/ EBITDAR + Dividends (x)	3.23	2.85
EBITDAR + Dividends/ Interest (x)	4.45	5.57

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Key Rating Drivers

Leverage High for Rating: Fitch considers Promigas's current leverage high for the rating category. The agency expects Promigas to reduce its leverage ratio to a level consistent with the rating category, at 3.0x–3.5x. Promigas is poised to benefit from any positive outcome from the current tariff appeal process. Fitch expects an outcome before the year-end.

Strong Competitive Position: Promigas operates in a regulated business and (given its contracting structure) is characterized by stable and predictable cash flow generation. Most of its income (76% at December 2011) is derived from regulated gas transportation contracts, with maturities ranging between one and five years, as well as a fixed/variable rate split of around 80%/20%, which limits volume risk.

Moderate Regulatory/Market Exposure: The regulatory framework in Colombia is balanced and provides support to participants. Promigas and its subsidiaries are exposed to regulatory and gas supply risks to the extent that most of its revenues come from regulated contracts. Fitch believes these risks are moderate given the independence and balance of the regulatory framework and the adequacy of natural gas reserves. Current natural gas reserves are sufficient to meet demand for the next eight years (assuming normal power plant demand).

Increased Financial Leverage: Over the last few years, Promigas has increased its debt to finance its investments, which should become a source of income generation for the company in the future. At year-end 2011, consolidated debt to EBITDA was 4.4x versus 3.5x at end-December 2010. Around half of Promigas's consolidated debt is at the parent level. Given the importance of the flow of dividends from its subsidiaries, Promigas's ability to honor its debt is partially dependent upon the debt service of its subsidiaries.

Weakened Liquidity Position: At end-March 2012, Promigas had COP14.6 billion in cash for maturities of short-term debt of COP305 billion. In the medium term, Fitch expects Promigas's liquidity position to recover due to rising cash flow generation expectations given more moderate debt maturities. Fitch believes Promigas's refinancing risk is low. This is because both Promigas and its subsidiaries are active issuers in the capital market and have uncommitted credit lines with local banks.

What Could Trigger a Rating Action

Downgrade Triggers: Fitch could revise Promigas's Outlook to Negative or downgrade the ratings should: cash flow generation remain under pressure beyond 2013; new investments not result in increased operational generation so that the debt-to-EBITDA ratio remains higher than 4.0x beyond 2013; or the company make an additional investment that does not involve an equity financing component, coupled with lower-than-expected returns on its investments.

Liquidity and Debt Structure

Weakened Liquidity Position

Promigas is conducting the minimum investments required for the continuity and reliability of the transportation system. Investments for increasing capacity and redundancy will be made

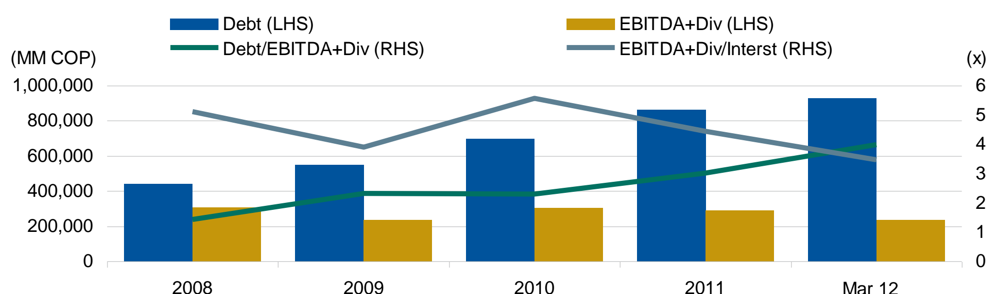
once the regulator resolves the transportation charges currently in administrative appeal. The company's cash flow has been affected by a reduction in revenue caused by lower transported gas and a delay in the application of new gas transportation tariffs due to a restriction of transport capacity during the first half of 2012. As of March 31, 2012, cash and marketable securities were COP14.6 billion, which compares unfavorably with the company's short-term maturities of COP305.6 billion.

Fitch believes that Promigas's refinancing risk is low given its access to credit facilities and capital markets. As of March 31, 2012, the company had uncommitted credit lines with local banks of COP578.0 billion. Moreover, Promigas successfully placed two bond issuances in the market in 2009 and 2001 for COP400.0 billion and COP200.0 billion, respectively. The first bond issue was paid in full in May 2012. Both Surtigas and Gases de Occidente, two major Promigas subsidiaries, have placed bond issues in the local capital market.

Cash Flow and Credit Metrics

As expected, revenues were lower in 2011 than 2010 due to lower gas volumes transported to the power generation sector and a delay in the application of new gas transportation tariffs. In 2011, 345 million cubic feet of gas was transported per day, 11.5% less than the previous year but slightly higher than budgeted. This was due to the greater volume of gas demanded by thermal electricity generators because of electrical interconnection constraints in the center of the country. The greater demand allowed Promigas to sustain its results, which were slightly lower than budgeted. Thus, the company generated COP117.2 billion in EBITDA (for a 51.8% margin), which was 20.6% lower than 2010, but in line with Promigas's budget.

Debt to EBITDA with Dividens



Source: Promigas financial statements and Fitch Calculations

For 2012, Fitch expects cash flow generation to be pressured. Since a new tariff has not yet been applied, the company continues executing its capex plan, and Promigas's transport capacity was reduced due to an emergency caused by the rains during the first half of 2012. For 2012, EBITDA is expected to be 25% lower than in 2011.

At year-end 2012, the leverage ratio is expected to be higher than Fitch's initial estimations. In 2011, debt to EBITDA plus dividends was 3.23x, which is in line with Fitch's projections. However, for 2012 leverage will be close to 4.0x. Regarding the delay in a new tariff combined with capex pressures on cash flows, Fitch believes this is a temporary situation and expects Promigas to reduce its leverage ratio to a level consistent with the rating category, which ranges between 3.0x and 3.5x.

Promigas S.A. E.S.P. — Financial Summary

Figures in Million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	117.243	147.655	135.639	108.408	113.945
Operating EBITDAR	117.243	147.655	135.639	108.408	113.945
Operating EBITDA Margin (%)	51,8%	56,4%	55,1%	52,7%	58,5%
Operating EBITDAR Margin (%)	51,8%	56,4%	55,1%	52,7%	58,5%
FFO Return on Adjusted Capital	6,1%	6,2%	7,5%	5,0%	5,1%
Free Cash Flow Margin (%)	(94,4)%	(70,3)%	(81,5)%	(110,0)%	(66,1)%
Return on Average Equity (%)	15,0%	22,8%	14,1%	15,3%	14,5%
Coverage					
FFO Interest Coverage	2,12	2,35	2,26	1,92	1,95
Operating EBITDA/Gross Interest Expense	1,81	2,72	2,24	1,80	2,44
Operating EBITDAR/ Interest Expense + Rents	1,81	2,72	2,24	1,80	2,44
Operating EBITDA/ Debt-Service Coverage	0,52	0,58	1,58	1,30	0,84
Operating EBITDAR/ Debt-Service Coverage	0,52	0,58	1,58	1,30	0,84
FFO Fixed Charge Coverage	2,12	2,35	2,26	1,92	1,95
FCF Debt Service Coverage	(0,66)	(0,51)	(1,63)	(1,99)	(0,61)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	(0,53)	(0,39)	(1,04)	(1,37)	(0,22)
Cash Flow from Operations/Capital Expenditures	0,94	1,44	1,13	0,18	2,05
Leverage					
FFO Adjusted Leverage	6,76	6,78	5,07	4,76	4,85
Total Debt with Equity Credit/Operating EBITDA	7,92	5,85	5,13	5,06	3,88
Total Net Debt with Equity Credit/Operating EBITDA	7,68	5,64	4,76	4,59	3,42
Total Adjusted Debt/Operating EBITDAR	7,92	5,85	5,13	5,06	3,88
Total Adjusted Net Debt/Operating EBITDAR	7,68	5,64	4,76	4,59	3,42
Implied Cost of Funds (%)	7,2%	7,0%	9,7%	12,2%	11,4%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	17,5%	23,1%	3,6%	4,2%	20,0%
Balance Sheet					
Total Assets	2.383.224	2.204.454	2.009.732	2.440.882	1.917.417
Cash and Marketable Securities	28.310	31.152	50.434	51.675	52.373
Short-Term Debt	162.398	199.124	25.147	22.951	88.496
Long-term Debt	766.119	664.423	671.240	525.840	353.567
Total Debt	928.517	863.547	696.387	548.791	442.063
Equity Credit					
Total Debt with Equity Credit	928.517	863.547	696.387	548.791	442.063
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	928.517	863.547	696.387	548.791	442.063
Total Equity	1.304.383	1.186.534	1.145.573	1.752.190	1.337.601
Total Adjusted Capital	2.232.900	2.050.081	1.841.960	2.300.981	1.779.664
Cash Flow					
Funds from Operations	72.581	73.095	76.609	55.189	44.428
Change in Working Capital	(31.095)	(38.147)	(37.021)	(47.117)	(10.452)
Cash Flow from Operations	41.486	34.948	39.588	8.072	33.976
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(44.128)	(24.242)	(34.916)	(45.493)	(16.594)
Common Dividends	(210.803)	(194.853)	(205.220)	(188.606)	(146.073)
Free Cash Flow	(213.445)	(184.147)	(200.548)	(226.027)	(128.691)
Net Acq. and Divest.	(9.351)	(161.756)	(44.099)	(83.292)	(67.766)
Other Investments, Net	135.240	154.959	95.807	201.926	148.053
Net Debt Proceeds	86.507	171.662	147.597	106.696	64.138
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	(1.794)	-	-	-	-
Total Change in Cash	(2.843)	(19.282)	(1.243)	(697)	15.734
Income Statement					
Revenue	226.216	261.773	245.949	205.528	194.617
Revenue Growth (%)	(13,6)%	6,4%	19,7%	5,6%	15,5%
Operating EBIT	69.125	99.532	91.839	60.457	66.683
Gross Interest Expense	64.695	54.319	60.657	60.198	46.689
Rental Expense	-	-	-	-	-
Net Income	186.506	265.485	204.231	236.213	182.240
Additional Ratios					
EBITDA + Dividendos	287.765	302.614	236.350	307.540	
EBITDA LTM + Dividends LTM / Interests	4,45	5,57	3,90	5,11	
Total Debt / EBITDA LTM + Dividends LTM	3,23	2,85	2,95	1,78	
Total Net Debt / EBITDA LTM + Dividends LTM	3,13	2,75	2,73	1,62	

Empresa de Acueducto y Alcantarillado de Bogotá E.S.P. EAAB

Ratings

National

Long-Term Rating	AAA(col)
Bond Issuance	AAA(col)

Outlooks

National Long-Term Rating	Stable
Bond Issuance	Stable

Financial Data

Empresa de Acueducto y Alcantarillado de Bogota E.S.P. EAAB

COP Million	31 Dec 11	31 Dec 10
Revenue	1,323,769	1,238,719
Operating EBITDA	547,935	514,134
EBITDA/Revenues (%)	41.4	41.5
Funds From Operations	658,788	502,685
Cash Flow From Operations	675,110	505,381
Free Cash Flow	175,279	27,149
Net Debt/ EBITDA(x)	-2.0	-1.0
Total Debt	516,000	516,000
Total Adjusted Debt With Equity Credit	766,000	766,000
Total Adjusted Debt/Op. EBITDAR (x)	0.3	0.4
Adjusted Leverage (Pension) EBITDA+ Allowance (x)	3.7	3.45

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Key Rating Drivers

Strong Business Position: EAAB's ratings are supported by its strong business position. The company holds the leading position in Colombia's water and sewerage market, covering 1.8 million users, or 15% of the country's total. Fitch views EAAB's competitive advantages as sustainable in the medium term, as a result of its monopolistic operation in Bogota city and water distribution in nearby municipalities.

Robust Liquidity: The company's liquidity position is comfortable. EAAB had COP766 billion of total adjusted debt and COP619.6 billion of cash and marketable securities as of December 31, 2011 and faces debt amortizations of COP70.0 billion during 2012 and COP80.0 billion during 2013. For 2010–2011, the company's average annual cash to short-term debt position was 10x. Fitch expects coverage to remain above 5x in 2013 and 2014, maintaining EAAB's comfortable liquidity position.

Tolerance to Event Risk: EAAB's credit ratings reflect its strong balance sheet, conservative capital structure, and solid credit metrics. Discounting the impacts of financing additional subsidies on consumption, Fitch does not expect leverage to exceed 2x, or 4x including pension liabilities, levels still commensurate with the current rating.

Profit Reinvestment Strategy Key: As a result of the company's strong business position, healthy financial profile and profit reinvestment strategy, it has been able to implement an aggressive capital expenditure program, largely funded by cash flow from operations. The ratings incorporate the implementation of the investment plan of COP2.5 trillion projected in 2012–2016, with the purpose of conserving its water sources and expanding its pipe network, responding to rapid growth of users in its market.

Regulatory Risk: The ratings incorporate the company's exposure to potential regulatory changes. The Comision de Regulación de Agua (CRA), Colombia's water regulatory commission, issued draft Resolution 485 on December 22, 2009 to update tariff methodology with a special emphasis on water losses and investment control. The extent of regulatory changes and their impact on rates are as yet unknown, but Fitch believes they should not in principle lead to deterioration in the company's credit profile.

What Could Trigger a Rating Action

Downgrade Triggers: EAAB's ratings could be negatively affected by a significant reduction in its robust liquidity position or an increase in leverage beyond projected levels. If adjusted leverage (involving pension obligations) breaks the 4.8x–5x barrier, this would exceed the tolerance range of the current rating.

Liquidity and Debt Structure

The liquidity position is solid, EBITDA generation is stable, and current and prospective leverage is moderate. In December 2011, EAAB recorded cash and investments worth COP619.6 billion. The significant excess liquidity should enable the company to execute its capital investment, cover its short-term debt and fund future contingencies. EAAB reported an

adequate cash-to-short-term debt ratio of 8.8x as of December 31, 2011. Fitch expects the ratio to remain in a strong range of 6x–8x over the next few years. Bolstering liquidity, EAAB has high access to local credit lines and solid cash flow from operations, giving it significant flexibility in managing its debt profile.

The company had COP766.0 billion of total adjusted debt as of December 31, 2011, including COP250.0 billion related to securitization. Short-term debt was only COP70.0 billion. In 2009, EAAB replaced about COP236.8 billion in debt with two local banks. In late 2010, it performed three operations that reduced costs and left the balance of its debt 100% denominated in Colombian pesos. Currently, the company has a COP364.1 billion credit line, to be used to prepay debt and leverage the intensive capital investment strategy planned for the coming years.

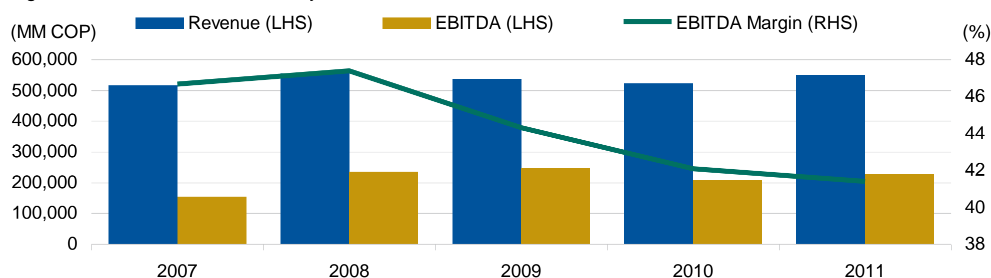
Cash Flow and Credit Metrics

The ratings were not affected by the incorporation of the additional subsidies on water consumption; the company has the capacity to fund additional subsidies with its own operational resources. The estimate cost of the minimum vital water subsidy is around COP 71.0billion. Fitch expects the EBITDA margin to fall from 48% to 40% in the short term, without implications for payment capacity and without danger the execution of investments planned.

Historically, the company has maintained a moderate debt profile. At December 31, 2011 and December 31, 2010, financial leverage as measured by total debt to EBITDA was adequate at 1.40x and 1.49x, respectively. EBITDA interest coverage is considered healthy, at 12.3x as of December 31, 2011.

Investment needs will remain high in the short term. Fitch expects an aggressive capital investment strategy, focused on developing the Bogotá River wastewater works. The analysis incorporates approximately COP 2.5 trillion in investment over the next five years. Historically, the company has funded its investment 70% with cash from operations and 30% with debt.

Evolución Generación de Efectivo
Sgeneración de Efectivo Estable y Robusta



Fuente: EAAB

Empresa de Acueducto y Alcantarillado de Bogotá E.S.P. EAAB — Financial Summary

Figures in million COP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	547.935	514.134	537.224	554.849	514.890
Operating EBITDAR	547.935	514.134	537.224	554.849	514.890
Operating EBITDA Margin (%)	41,4%	41,5%	44,3%	47,4%	46,6%
Operating EBITDAR Margin (%)	41,4%	41,5%	44,3%	47,4%	46,6%
FFO Return on Adjusted Capital	10,6%	9,6%	12,8%	14,3%	8,0%
Free Cash Flow Margin (%)	13,2%	2,2%	0,5%	17,3%	(15,8)%
Return on Average Equity (%)	3,3%	4,3%	5,4%	5,5%	4,0%
Coverage					
FFO Interest Coverage	15,74	13,53	9,25	9,63	5,72
Operating EBITDA/Gross Interest Expense	12,26	12,82	7,04	6,99	7,62
Operating EBITDAR/ Interest Expense + Rents	12,26	12,82	7,04	6,99	7,62
Operating EBITDA/ Debt-Service Coverage	4,78	9,14	5,75	4,53	6,16
Operating EBITDAR/ Debt-Service Coverage	4,78	9,14	5,75	4,53	6,16
FFO Fixed Charge Coverage	15,74	13,53	9,25	9,63	5,72
FCF Debt Service Coverage	1,92	1,20	0,88	2,30	(1,28)
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	7,32	11,35	8,10	8,54	6,13
Cash Flow from Operations/Capital Expenditures	1,35	1,06	1,01	1,48	0,69
Leverage					
FFO Adjusted Leverage	1,09	1,41	1,11	1,12	2,12
Total Debt with Equity Credit/Operating EBITDA	0,94	1,00	1,00	1,10	1,11
Total Net Debt with Equity Credit/Operating EBITDA	(0,19)	(0,11)	(0,26)	(0,28)	(0,10)
Total Adjusted Debt/Operating EBITDAR	1,40	1,49	1,46	1,55	1,59
Total Adjusted Net Debt/Operating EBITDAR	0,27	0,38	0,20	0,17	0,39
Implied Cost of Funds (%)	8,7%	7,6%	13,3%	13,5%	12,7%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	13,6%	3,1%	3,2%	7,1%	2,8%
Balance Sheet					
Total Assets	9.501.118	8.323.888	8.016.302	7.643.888	6.937.404
Cash and Marketable Securities	619.698	571.209	675.323	763.995	619.376
Short-Term Debt	70.000	16.145	17.253	43.001	16.027
Long-term Debt	446.000	499.855	517.648	566.510	554.207
Total Debt	516.000	516.000	534.901	609.511	570.234
Equity Credit					
Total Debt with Equity Credit	516.000	516.000	534.901	609.511	570.234
Off-Balance Sheet Debt	250.000	250.000	250.000	250.000	250.000
Total Adjusted Debt with Equity Credit	766.000	766.000	784.901	859.511	820.234
Total Equity	5.896.389	4.884.348	4.712.889	4.495.932	3.986.253
Total Adjusted Capital	6.662.389	5.650.348	5.497.790	5.355.443	4.806.487
Cash Flow					
Funds from Operations	658.788	502.685	629.466	685.493	318.919
Change in Working Capital	16.322	2.696	(42.415)	(60.317)	73.004
Cash Flow from Operations	675.110	505.381	587.051	625.176	391.923
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(499.831)	(478.232)	(580.915)	(422.838)	(566.281)
Common Dividends	-	-	-	-	-
Free Cash Flow	175.279	27.149	6.136	202.338	(174.358)
Net Acq. and Divest.	(143.992)	(54.622)	(58.522)	(47.130)	(60.014)
Other Investments, Net	-	-	-	-	-
Net Debt Proceeds	-	(18.901)	(48.862)	11.971	74.812
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	17.199	(50.868)	12.576	(22.560)	36.232
Total Change in Cash	48.486	(97.242)	(88.672)	144.619	(123.328)
Income Statement					
Revenue	1.323.769	1.238.719	1.212.395	1.170.553	1.103.731
Revenue Growth (%)	6,9%	2,2%	3,6%	6,1%	11,8%
Operating EBIT	225.322	154.872	195.767	232.109	270.069
Gross Interest Expense	44.683	40.103	76.258	79.422	67.559
Rental Expense	-	-	-	-	-
Net Income	175.323	206.550	247.235	234.673	155.068

Empresa Generadora de Electricidad Haina, S.A.

Ratings

Foreign Currency

Long-Term IDR	B

Local Currency

Long-Term IDR	B
Senior Unsecured	B

National Rating

Long Term	A−(dom)
Senior Unsecured	A−(dom)

Outlook

Long-Term LC/FC IDR	Positive

Financial Data

Empresa Generadora de Electricidad Haina, S.A.

USD Million	31 Dec 2011	31 Dec 2010
Revenue	617	422
EBITDA	112	78
EBITDA Margin (%)	18.24	18.6
Funds From Operations	83	64
Cash Flow From Operations	41	99
Free Cash Flow	-10	-52
FFO Interest Coverage (x)	5.4	4.2
Total Debt	301	281
Total Debt/EBITDA (x)	2.5	2.65
EBITDA/Debt Service Coverage. (x)	1.7	2.0

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Key Rating Drivers

High-Risk Sector: The Dominican Republic's power sector is characterized by low collections from end-users and high electricity losses, undermining distribution companies' (DISCOs) cash flow generation and leaving them dependent on government subsidies to honor their accounts payable to generation companies. Despite improvements in the timeliness of government payments, operating electricity generation assets in the Dominican Republic remains risky, leading to high cash flow volatility for generation companies.

Transition Risk in 2012: The incumbent's victory in the May 2012 presidential elections reduces the political uncertainty that prevailed during the opening months of 2012 and lowers the risk of non-continuity of policy implementation aimed at strengthening the financial viability of the Dominican electricity sector, as agreed to under the last IMF Stand-By Arrangement, which expired in February 2012. The new administration took charge on August 16, 2012, and it remains to be seen if political continuity will prevail.

Key political measures needed to achieve a financially viable sector in the medium term include a gradual adjustment to the tariff charged to end-consumers to better reflect the cost of producing electricity. Fitch will closely monitor the aforementioned political transition to determine and inform the markets if new rating actions are warranted.

Competitive Generation Assets: Empresa Generadora de Electricidad Haina, S.A.'s (Haina) ratings are supported by its diversified portfolio of generation assets, the use of various fuel sources in its plants, its strong market position, and operational efficiency. Haina's generation assets comprise plants that use fuel oil, diesel and coal located throughout the country. This provides it with different positions on the dispatch merit list.

Haina's operational efficiency compares favorably with that of other generating companies in the country, registering an average heat rate of 9,526 British thermal units (Btu) per kilowatt-hour (kWh), while its most efficient unit registers a 7,800Btu/kWh heat rate, burning heavy fuel oil also known as fuel oil No. 6.

Strong Credit Metrics: Haina's credit metrics are adequate for its rating category, helped by the current trend in fuel prices and moderately higher electricity demand. For the LTM ended March 31, 2012, the company reported EBITDA of USD119 million (USD112 million in 2011) and an 18.4% EBITDA margin, supporting strong credit quality metrics. Leverage and debt service coverage were 2.5x and 1.7x EBITDA at end-March 2012. Net leverage was 1.3x.

Volatile Cash Flow Generation: Although annualized CFO was USD82 million at end-March 2012, deterioration in accounts receivable collections from DISCOs during the first quarter of 2012 drove Haina's days of sale to around 120 days, due to a low collection rate of 54% during this period. Still, the company shows strong liquidity with cash on hand of USD149 million as of March 31, 2012 equivalent to 3x its short-term financial obligations.

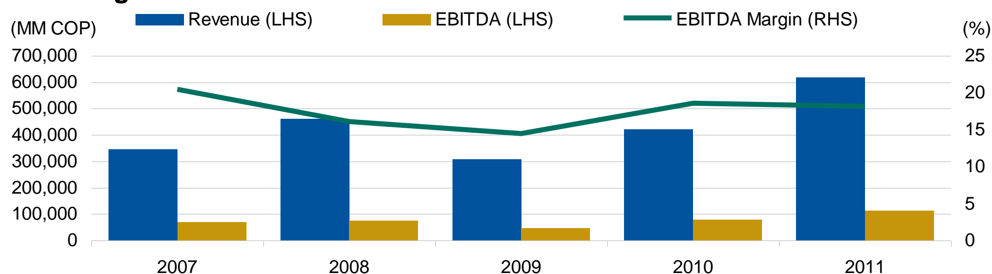
What Could Trigger a Rating Action

Upgrade Triggers: Lower sector dependence on government subsidies could lead to a rating upgrade. Ratings would also be positively affected by a positive rating action on the sovereign.

Liquidity and Debt Structure

The company's liquidity is supported by USD149 million of cash on hand and a staggered debt maturity profile. Total debt of USD301 million comprises USD165 million of senior unsecured notes due 2017, approximately USD62 million of local bonds due through June 2016, and approximately USD74 million of bank debt. Haina's leverage ratio and net leverage ratio, both with respect to EBITDA, stood at 2.5x and 1.3x, respectively, at end-March 2012 and were considered adequate for the rating category.

EMpresa Generadora de Electricidad Haina S.A: Revenue, EBITDA and Margin



Source: Haina S.A.

Empresa Generadora de Electricidad Haina, S.A. — Financial Summary

Figures in Thousand Dollar USD

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	112.243	78.649	44.555	74.174	70.535
Operating EBITDAR	112.243	78.649	44.555	74.174	70.535
Operating EBITDA Margin (%)	18,2%	18,6%	14,5%	16,1%	20,5%
Operating EBITDAR Margin (%)	18,2%	18,6%	14,5%	16,1%	20,5%
FFO Return on Adjusted Capital	15,6%	16,0%	9,1%	18,0%	13,2%
Free Cash Flow Margin (%)	(1,7)%	12,5%	(14,1)%	(6,7)%	(0,6)%
Return on Average Equity (%)	18,7%	13,6%	4,7%	12,6%	13,5%
Coverage					
FFO Interest Coverage	5,40	4,19	1,74	3,74	4,60
Operating EBITDA/Gross Interest Expense	5,93	3,87	1,72	3,12	5,04
Operating EBITDAR/ Interest Expense + Rents	5,93	3,87	1,72	3,12	5,04
Operating EBITDA/ Debt-Service Coverage	1,69	1,97	1,40	2,91	2,67
Operating EBITDAR/ Debt-Service Coverage	1,69	1,97	1,40	2,91	2,67
FFO Fixed Charge Coverage	5,40	4,19	1,74	3,74	4,60
FCF Debt Service Coverage	0,13	1,83	(0,54)	(0,28)	0,45
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	2,89	4,61	0,70	0,60	2,99
Cash Flow from Operations/Capital Expenditures	1,09	2,69	(2,94)	0,36	0,37
Leverage					
FFO Adjusted Leverage	2,75	2,43	4,51	1,99	2,92
Total Debt with Equity Credit/Operating EBITDA	2,51	2,63	4,54	2,38	2,66
Total Net Debt with Equity Credit/Operating EBITDA	0,87	1,22	3,65	2,08	1,71
Total Adjusted Debt/Operating EBITDAR	2,51	2,63	4,54	2,38	2,66
Total Adjusted Net Debt/Operating EBITDAR	0,87	1,22	3,65	2,08	1,71
Implied Cost of Funds (%)	7,8%	9,9%	13,6%	13,1%	9,5%
Secured Debt/Total Debt					
Short-term Debt/Total Debt	16,9%	9,5%	3,0%	1,0%	6,6%
Balance Sheet					
Total Assets	741.466	583.385	554.309	584.234	531.494
Cash and Marketable Securities	183.879	110.924	39.548	22.340	67.053
Short-Term Debt	47.656	19.600	6.000	1.703	12.442
Long-term Debt	233.750	186.967	196.367	175.000	175.000
Total Debt	281.406	206.567	202.367	176.703	187.442
Equity Credit					
Total Debt with Equity Credit	281.406	206.567	202.367	176.703	187.442
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	281.406	206.567	202.367	176.703	187.442
Total Equity	375.160	324.181	291.804	316.687	299.914
Total Adjusted Capital	656.566	530.748	494.171	493.390	487.356
Cash Flow					
Funds from Operations	83.227	64.707	19.021	65.116	50.282
Change in Working Capital	(42.154)	35.110	(36.323)	(58.979)	(49.058)
Cash Flow from Operations	41.073	99.817	(17.302)	6.137	1.224
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(37.539)	(37.099)	(5.881)	(17.098)	(3.329)
Common Dividends	(13.999)	(9.997)	(20.003)	(20.000)	-
Free Cash Flow	(10.465)	52.721	(43.186)	(30.961)	(2.105)
Net Acq. and Divest.	60	-	-	-	-
Other Investments, Net	9.035	14.488	32.978	16.986	(16.043)
Net Debt Proceeds	74.840	4.200	27.737	(10.738)	57.779
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	(514)	(30)	(322)	-	-
Total Change in Cash	72.956	71.379	17.207	(24.713)	39.631
Income Statement					
Revenue	617.540	422.509	307.198	460.567	344.519
Revenue Growth (%)	46,2%	37,5%	(33,3)%	33,7%	11,3%
Operating EBIT	95.895	62.567	29.015	58.870	55.211
Gross Interest Expense	18.922	20.304	25.837	23.792	13.985
Rental Expense	-	-	-	-	-
Net Income	65.470	41.975	14.403	38.934	37.973

Cervecería Nacional Dominicana, S.A.

Ratings

National Long-Term Rating	AAA(dom)
National Short-Term Rating	F1+(dom)
Local bonds	AAA(dom)

Outlook

National Long Term Rating	Stable

Financial Data

Cervecería Nacional Dominicana, S.A.

DOP Million	31 Dec 11	31 Dec 10
Revenue	17,602	17,857
Operating EBITDAR	4,891	4,716
Op. EBITDAR/ revenues (%)	27.8	26.4
Funds from Operations	2,465	2,738
Cash flow from operations	2,478	2,423
Free cash flow	1,401	1,525
FFO/interest expense net of interest income (x)	2.4	2.5
Total Debt	11,994	14,897
Total Adjusted Debt with Equity Credit	11,994	14,897
Total Adjusted Debt/Op. EBITDAR (x)	2.5	3.2
Adjusted Leverage/FFO (x)	2.9	3.3
Operating EBITDAR/ Gross Interest Expense (x)	2.8	2.6

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Key Rating Drivers

Upgrade to 'AAA(dom)': Fitch upgraded the National Long-Term Rating of Cervecería Nacional Dominicana, S.A. (CND) to 'AAA(dom)' from 'AA+(dom)' in April 2012 on expected synergies from the joint venture signed between E. Leon Jimenes (ELJ), CND's main shareholder, and Companhia de Bebidas das Americas (AmBev; 'A'), the largest brewer in South America. This joint venture aims to create the leading beverage company in the Caribbean through the combination of these two businesses in the region.

Strong Positioning: CND maintains strong positions in the Dominican beer and malt markets, with shares of 80% and 68%, respectively, according to information provided by the company. Such positioning is supported by its diverse product portfolio, wide distribution channels and a fragmented customer base.

Increased CFO: The company has been able to sustain an increase in CFO, enabling it to support its capex, pay dividends and generate free cash flow. During the LTM ended March 31, 2012, CFO grew 6.2% compared with 2011, reaching DOP2,630 million. Free cash flow after DOP389 million of dividends and DOP755 million of capex stood at DOP1,487 million (DOP1,401 million in 2011).

Healthy Credit Profile: During the LTM ended March 31, 2012, the EBITDA margin remained stable compared with 2011 (27.8%). This, coupled with the reduction of debt levels, favored the reduction of leverage, which was 2.2x as of 31 March 2012 (2.5x at year-end 2011). Lower interest expenses encouraged the growth of gross interest coverage, which stood at 3.2x (2.8x at year-end 2011).

Sensitivity of Demand: The ratings incorporate the high correlation of beer consumption with variations in prices and people's income. In addition, beer demand is vulnerable to changes in the tax regime, as beer products are exposed to a higher tax charge per liter than other alcoholic beverages, which could affect consumption.

What Could Trigger a Rating Action

Contraction of Consumption: A sharp drop in economic activity in the Dominican Republic leading to a contraction in beer consumption could mean a weakening of the company's credit profile.

Liquidity and Debt Structure

Manageable Debt Maturity Profile: As of March 31, 2012, the company had DOP10,989 million of total debt with a manageable maturity profile. Liquidity has improved due to the amortization of short-term debt and the refinancing of corporate bonds maturing in March 2012. As of March 31, 2012, CND had cash and equivalents of DOP1,121 million and free cash flow of DOP1,487 million, which together covered its debt service by 1.25x (0.9x at end-December 2011). The company had available credit facilities of DOP3,211 million.

Cervecería Nacional Dominicana S.A. — Financial Summary

Figures in Million DOP

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	4.891	4.716	4.517	4.682	5.025
Operating EBITDAR	4.891	4.716	4.517	4.682	5.025
Operating EBITDA Margin (%)	27,8%	26,4%	27,5%	28,7%	32,2%
Operating EBITDAR Margin (%)	27,8%	26,4%	27,5%	28,7%	32,2%
FFO Return on Adjusted Capital	17,2%	16,9%	12,3%	20,2%	24,4%
Free Cash Flow Margin (%)	8,0%	8,5%	1,4%	2,1%	(9,6)%
Return on Average Equity (%)	15,8%	18,0%	16,9%	18,2%	37,7%
Coverage					
FFO Interest Coverage	2,42	2,53	1,55	2,29	2,86
Operating EBITDA/Gross Interest Expense	2,83	2,63	2,24	2,15	2,35
Operating EBITDAR/ Interest Expense + Rents	2,83	2,63	2,24	2,15	2,35
Operating EBITDA/ Debt-Service Coverage	0,85	1,95	1,36	1,91	2,09
Operating EBITDAR/ Debt-Service Coverage	0,85	1,95	1,36	1,91	2,09
FFO Fixed Charge Coverage	2,42	2,53	1,55	2,29	2,86
FCF Debt Service Coverage	0,55	1,37	0,68	1,03	0,26
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	0,83	2,51	1,31	1,44	0,70
Cash Flow from Operations/Capital Expenditures	3,60	3,95	1,98	1,93	1,06
Leverage					
FFO Adjusted Leverage	2,86	3,29	4,66	2,88	2,44
Total Debt with Equity Credit/Operating EBITDA	2,45	3,16	3,22	3,07	2,96
Total Net Debt with Equity Credit/Operating EBITDA	2,12	2,57	2,75	2,86	2,75
Total Adjusted Debt/Operating EBITDAR	2,45	3,16	3,22	3,07	2,96
Total Adjusted Net Debt/Operating EBITDAR	2,12	2,57	2,75	2,86	2,75
Implied Cost of Funds (%)	12,9%	12,2%	14,0%	14,9%	14,6%
Secured Debt/Total Debt	0,6%	2,3%	4,2%	6,1%	7,7%
Short-term Debt/Total Debt	33,3%	4,2%	8,9%	1,9%	1,8%
Balance Sheet					
Total Assets	27.793	30.436	28.844	29.290	29.307
Cash and Marketable Securities	1.611	2.756	2.104	992	1.061
Short-Term Debt	3.993	628	1.290	269	269
Long-term Debt	8.002	14.269	13.258	14.126	14.623
Total Debt	11.994	14.897	14.548	14.395	14.892
Equity Credit					
Total Debt with Equity Credit	11.994	14.897	14.548	14.395	14.892
Off-Balance Sheet Debt	-	-	-	-	-
Total Adjusted Debt with Equity Credit	11.994	14.897	14.548	14.395	14.892
Total Equity	12.441	11.954	10.946	10.361	10.135
Total Adjusted Capital	24.435	26.851	25.494	24.756	25.027
Cash Flow					
Funds from Operations	2.465	2.738	1.104	2.811	3.976
Change in Working Capital	13	(314)	(126)	(695)	(2.702)
Cash Flow from Operations	2.478	2.423	978	2.116	1.274
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(688)	(614)	(494)	(1.098)	(1.206)
Common Dividends	(389)	(284)	(261)	(669)	(1.570)
Free Cash Flow	1.401	1.525	223	349	(1.503)
Net Acq. and Divest.	246	(1.337)	7	45	6
Other Investments, Net	84	(91)	729	33	85
Net Debt Proceeds	(2.903)	350	153	(497)	467
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	28	204	-	(2)	3
Total Change in Cash	(1.145)	652	1.112	(72)	(942)
Income Statement					
Revenue	17.602	17.857	16.426	16.305	15.592
Revenue Growth (%)	(1,4)%	8,7%	0,7%	4,6%	(5,8)%
Operating EBIT	3.410	3.173	3.059	3.227	3.648
Gross Interest Expense	1.731	1.790	2.021	2.179	2.138
Rental Expense	-	-	-	-	-
Net Income	1.923	2.066	1.804	1.865	3.467

Corporación Telemic, C.A. (Inter)

Ratings

National Long-Term Rating	AA−(ven)
National Short-Term Rating	F1+(ven)

Financial Data

Corporación Telemic, C.A. (Inter)

VEF Million	31 Dec 2011	31 Dec 2010
Revenue	1,788	1,816
Operating EBITDAR	420	510
Op. EBITDAR/Revenues (%)	23.5	28.1
Funds From Operations	443	459
Cash Flow From Operations	419	504
Free cash flow	114	375
FFO/Interest Expense net of Interest Income (x)	17.7	8.9
Total Debt	90	264
Total Adjusted Debt with Equity Credit	501	546
Total Adjusted Debt/Op. EBITDAR (x)	1.2	1.1
Adjusted Leverage/FFO (x)	1.0	1.0
Operating EBITDAR/ Debt-Service Coverage (x)	2.5	1.4

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Key Rating Drivers

Adequate Positioning: Inter is a major cable television company in Venezuela. It has consolidated its operations in the country through an aggressive business plan that has kept its subscriber base on an upward trend. In the short to medium term, the company is expected to strengthen its subscriber base through the acquisition of satellite companies and the growth of satellite television and broadband internet.

Healthy Credit Profile: A sustained increase in both the number of subscribers and average revenue per customer has been reflected in a satisfactory EBITDA margin, which has improved the company's leverage and coverage indicators to levels consistent with the assigned ratings. As of December 31, 2011, leverage measured by total debt to EBITDA dropped to 0.2x (0.15x as of March 31, 2012) with interest coverage of 13.9x (13.3x as of March 31, 2012).

As of December 31, 2011, including the operating leases associated to duct and pole rental, leverage measured by total adjusted debt to EBITDAR was 1.2x and fixed charge coverage (EBITDA to interest plus rents) was 5.4x, levels that Fitch considers adequate.

Increased Regulatory Pressures: Increased regulatory pressures have restricted the timely acquisition of foreign exchange required by Inter and thus its capacity for growth, given the continuing capital investment required by the business, which has a high component of imported raw materials. To mitigate this risk, the company has developed strategic plans to reduce its dependence on these materials.

What Could Trigger a Rating Action

Growth With Profitability: The ratings could be increased if the company were able to keep expanding its operations while remaining profitable, without significantly affecting leverage and interest coverage ratios.

Increased Regulatory Pressures: The ratings could be reduced if higher regulatory pressure affected the company's ability to generate cash from operations.

Leveraged Growth: The ratings could also be affected if the company managed an aggressive growth plan that eroded profit margins and/or the leverage level ranged between 2.5x and 3.0x.

Liquidity and Debt Structure

Adequate Liquidity: The company has a comfortable level of liquidity, supported by adequate cash generation, a conservative capital investment policy and restrictions on the distribution of dividends. As of December 31, 2011, EBITDA covered its debt service by 3.2x and its interest expenses by 13.9x (1.5x and 8.1x, respectively, at year-end 2010). The company has available credit lines that, together with cash flow from operations, provide additional financial flexibility.

Corporación Telemic C.A. (Inter) — Financial Summary

Figures in thousand Bs

	31-Dec-2011	31-Dec-2010	31-Dec-2009	31-Dec-2008	31-Dec-2007
Profitability					
Operating EBITDA	368.662	469.816	529.742	473.432	427.052
Operating EBITDAR	420.088	510.092	581.096	524.787	460.423
Operating EBITDA Margin (%)	20,6%	25,9%	30,5%	29,0%	35,2%
Operating EBITDAR Margin (%)	23,5%	28,1%	33,4%	32,1%	37,9%
FFO Return on Adjusted Capital	24,7%	27,1%	30,1%	34,8%	25,2%
Free Cash Flow Margin (%)	6,4%	20,6%	(1,9)%	22,9%	6,9%
Return on Average Equity (%)	6,5%	12,0%	25,9%	25,8%	24,2%
Coverage					
FFO Interest Coverage	17,70	8,90	7,20	6,50	7,90
Operating EBITDA/Gross Interest Expense	13,90	8,10	6,00	5,40	10,00
Operating EBITDAR/ Interest Expense + Rents	5,40	5,20	4,20	3,80	6,10
Operating EBITDA/ Debt-Service Coverage	3,20	1,50	1,50	0,90	1,80
Operating EBITDAR/ Debt-Service Coverage	2,50	1,40	1,40	1,00	1,70
FFO Fixed Charge Coverage	6,70	5,70	4,90	4,50	4,90
FCF Debt Service Coverage	1,20	1,40	0,20	0,90	0,50
(FCF+Cash & Marketable Securities)/Debt-Service Coverage	5,20	3,20	2,10	1,10	0,70
Cash Flow from Operations/Capital Expenditures	1,40	3,90	0,90	5,30	1,40
Leverage					
FFO Adjusted Leverage	1,00	1,00	1,10	1,30	1,50
Total Debt with Equity Credit/Operating EBITDA	0,20	0,60	0,80	1,00	0,80
Total Net Debt with Equity Credit/Operating EBITDA	(1,00)	(0,70)	(0,50)	0,80	0,70
Total Adjusted Debt/Operating EBITDAR	1,20	1,10	1,30	1,60	1,20
Total Adjusted Net Debt/Operating EBITDAR	0,10	(0,10)	0,20	1,40	1,10
Implied Cost of Funds (%)	14,4%	13,3%	15,5%	13,6%	13,3%
Secured Debt/Total Debt	0,0%	0,0%	0,0%	0,0%	0,0%
Short-term Debt/Total Debt	1,0%	1,0%	0,6%	0,9%	0,6%
Balance Sheet					
Total Assets	2.287.521	2.425.955	2.642.751	2.193.486	1.508.027
Cash and Marketable Securities	446.235	589.208	679.009	80.544	43.365
Short-Term Debt	87.150	259.488	265.782	412.080	188.574
Long-term Debt	2.745	4.650	156.753	60.871	132.418
Total Debt	89.895	264.138	422.535	472.951	320.993
Equity Credit	-	-	-	-	-
Total Debt with Equity Credit	89.895	264.138	422.535	472.951	320.993
Off-Balance Sheet Debt	411.410	281.933	359.482	359.482	233.598
Total Adjusted Debt with Equity Credit	501.305	546.071	782.017	832.433	554.591
Total Equity	1.610.222	1.508.589	1.499.254	955.354	911.726
Total Adjusted Capital	2.111.527	2.054.660	2.281.271	1.787.787	1.466.317
Cash Flow					
Funds from Operations	442.654	458.922	546.277	483.859	292.977
Change in Working Capital	(23.865)	45.147	(207.798)	447.134	14.087
Cash Flow from Operations	418.789	504.069	338.479	930.993	307.063
Total Non-Operating/Non-Recurring Cash Flow	-	-	-	-	-
Capital Expenditures	(304.878)	(129.138)	(372.043)	(176.043)	(223.639)
Common Dividends	-	-	-	(381.208)	-
Free Cash Flow	113.911	374.931	(33.564)	373.743	83.424
Net Acq. and Divest.	-	-	-	-	-
Other Investments, Net	96.422	(319.936)	11.409	(525.297)	(33.953)
Net Debt Proceeds	(129.446)	(81.311)	49.190	200.452	(127.778)
Net Equity Proceeds	-	-	-	-	-
Other (Inv. & Fin.)	(29.120)	(24.543)	(17.062)	(20.542)	(39.222)
Total Change in Cash	51.767	(50.859)	9.973	28.356	(117.529)
Income Statement					
Revenue	1.788.218	1.815.871	1.737.961	1.632.810	1.213.751
Revenue Growth (%)	4,9%	4,5%	6,4%	34,5%	0,0%
Operating EBIT	140.765	237.093	291.717	256.000	261.459
Gross Interest Expense	26.482	58.137	88.631	87.639	42.615
Rental Expense	51.426	40.276	51.355	51.355	33.371
Net Income	100.768	180.931	317.784	240.905	196.528

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