

Latam Corporate Sector

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Corporate Ratings Latam



Overview Of Credit Trends As Of August 4, 2021

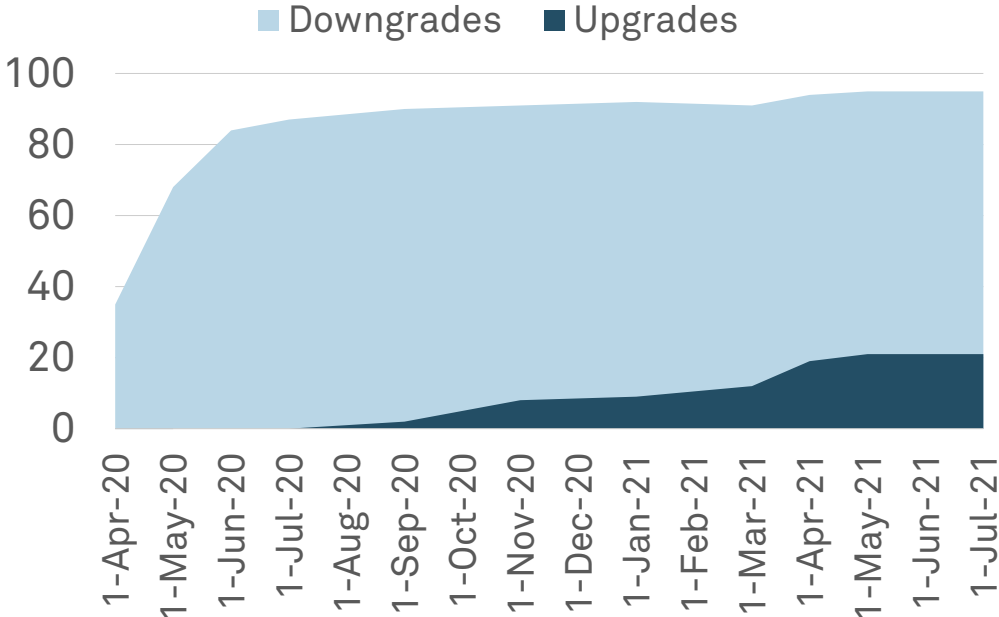


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Credit Risk Stabilizing Since 4Q 2020

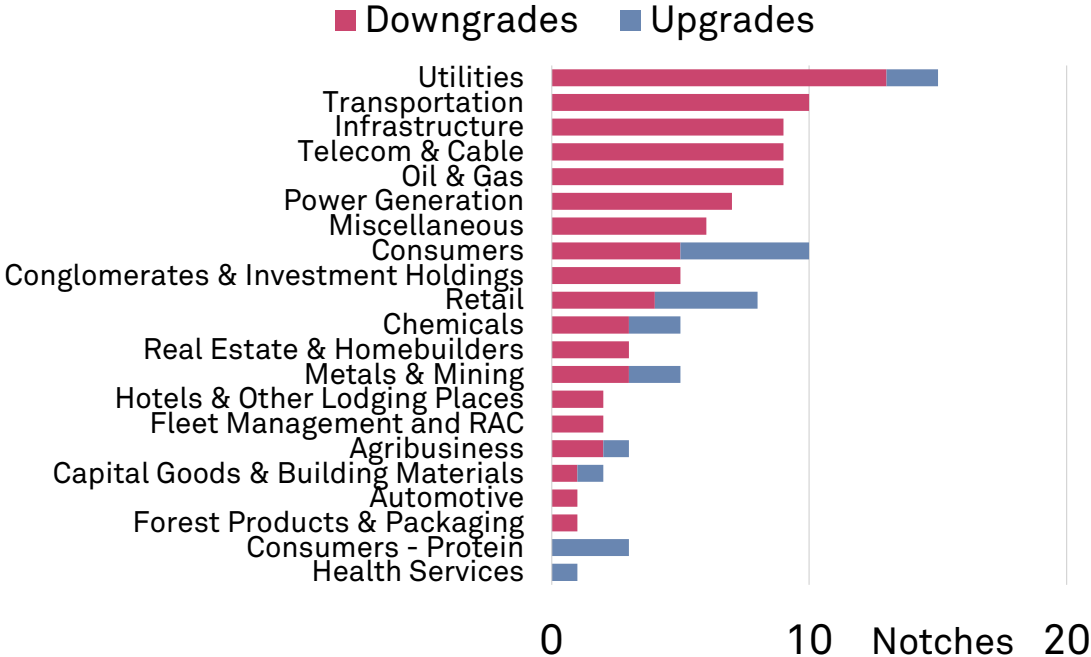
- Downgrades plateaued since Sep-20, and ratings have midly improved since then (notably in Brazil M&M; protein; sugar;)
- Virtually all sectors were affected but some have recovered more rapidly

Rating changes since COVID-19 outbreak, Latam corporations



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Rating changes by sector, since COVID-19 outbreak

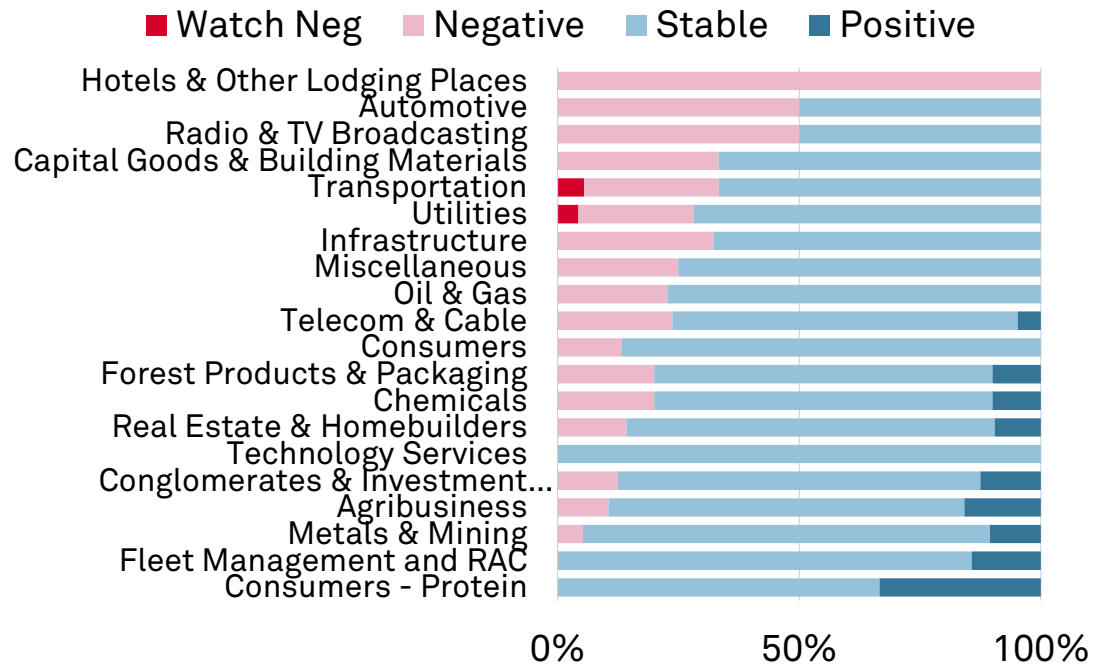


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Net Bias At -18.7% Down From -41% As Of Sep-2020

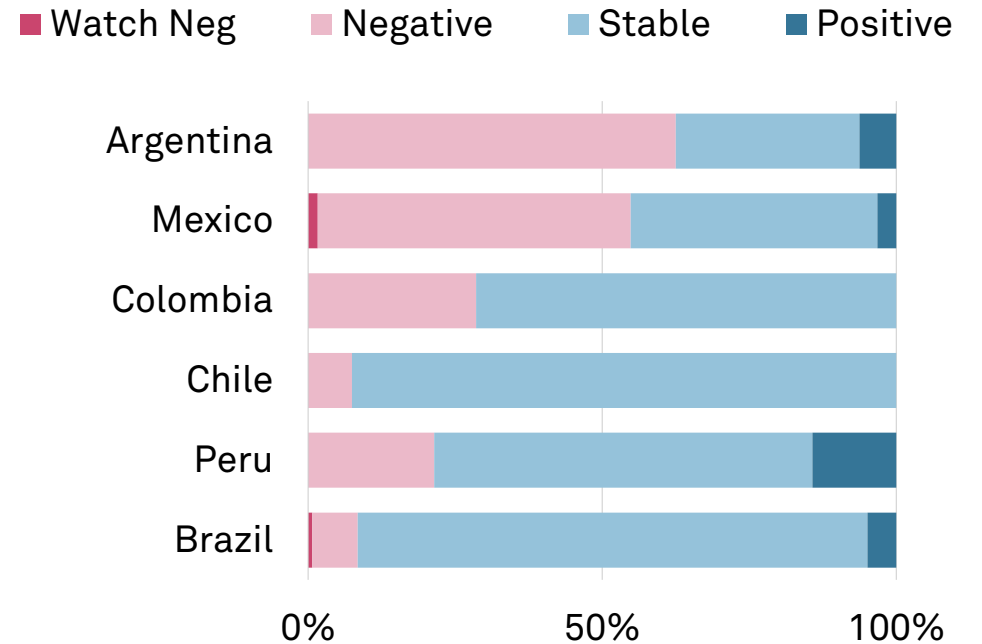
- Downside risk remains elevated for some sectors like hotels; retail; automotive; etc.
- Argentina and Mexico have the largest proportion of negative outlooks

Rating changes since COVID-19 outbreak, Latam corporations



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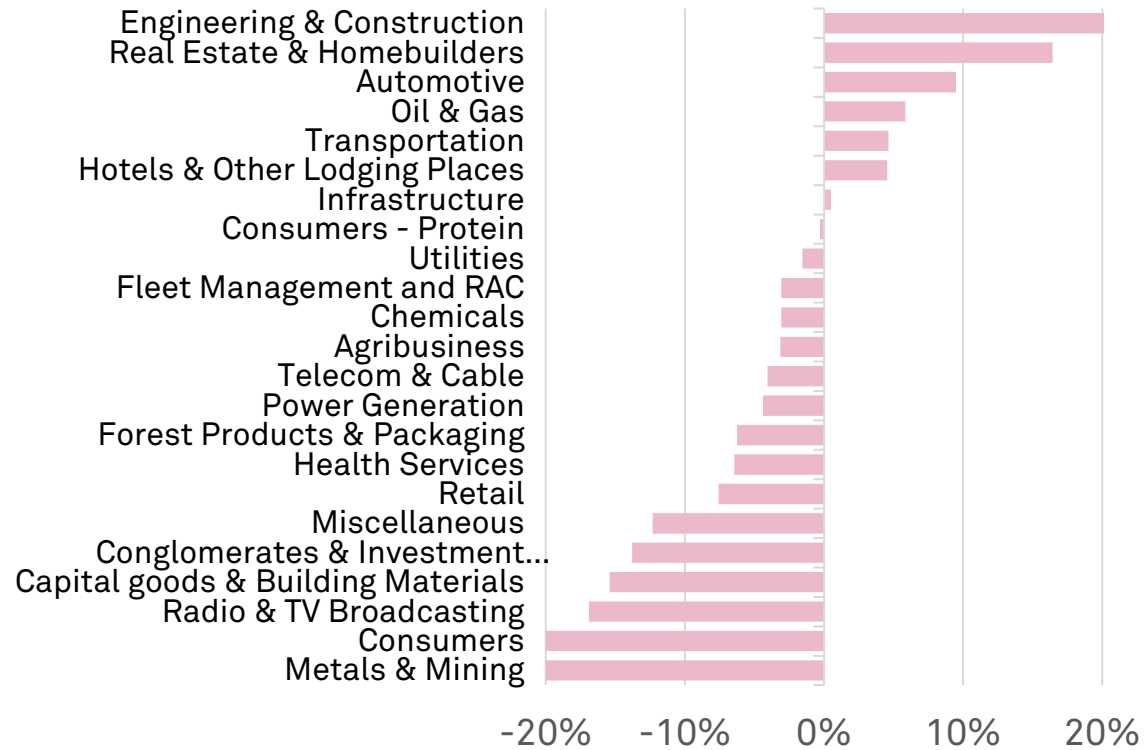
Rating changes by sector, since COVID-19 outbreak



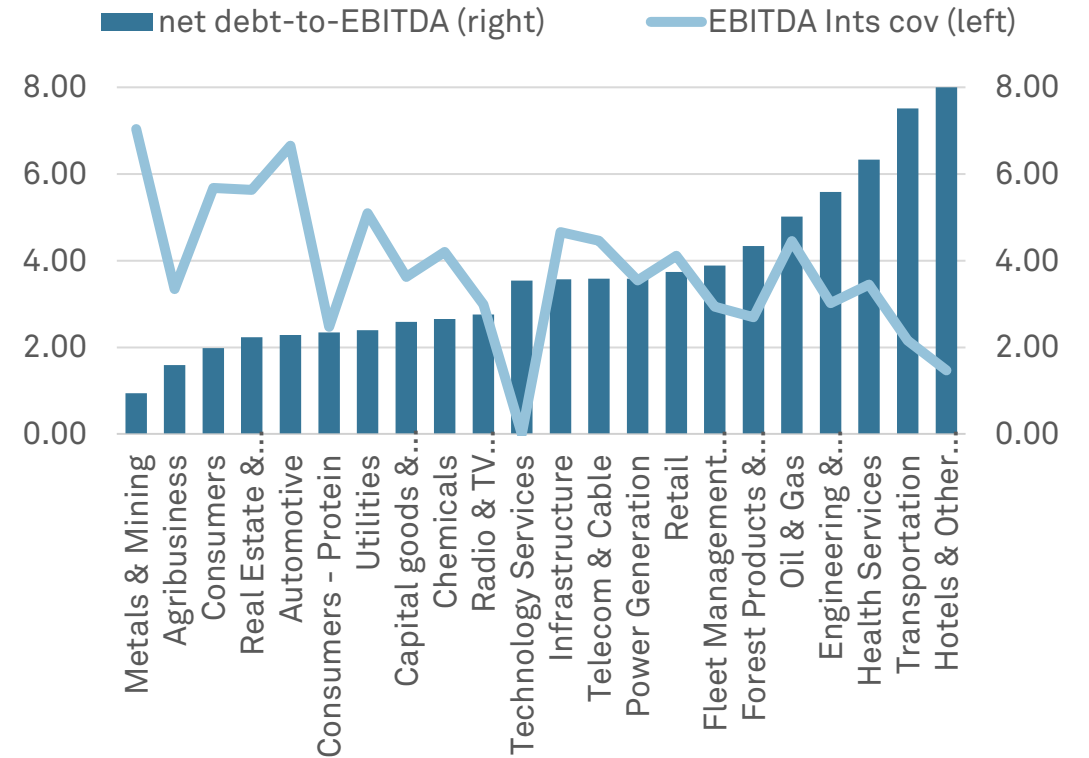
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Resilience: Leverage Under Control

Median changes in debt March-21 vs March-20, Latam corps



Median of main credit ratios, LTM March-21, Latam corps



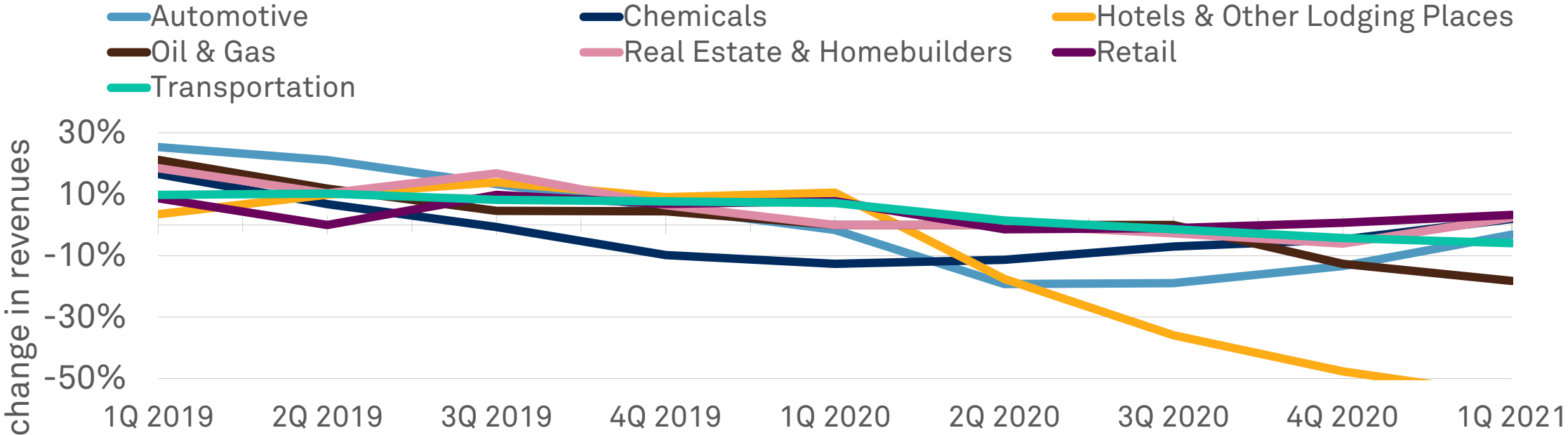
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7 Sectors Struggling To Comeback To Pre-Pandemic Levels

- The hotels and other lodging segment is still contracting, while the retail and chemicals sectors began to recover at a faster pace than the rest of this group. The other four sectors show mixed profiles with diverging trends among sub-sectors and geographies
- Brazilian retailers, oil and gas producers, and homebuilders are outshining their regional peers and driving growth more rapidly in their sectors

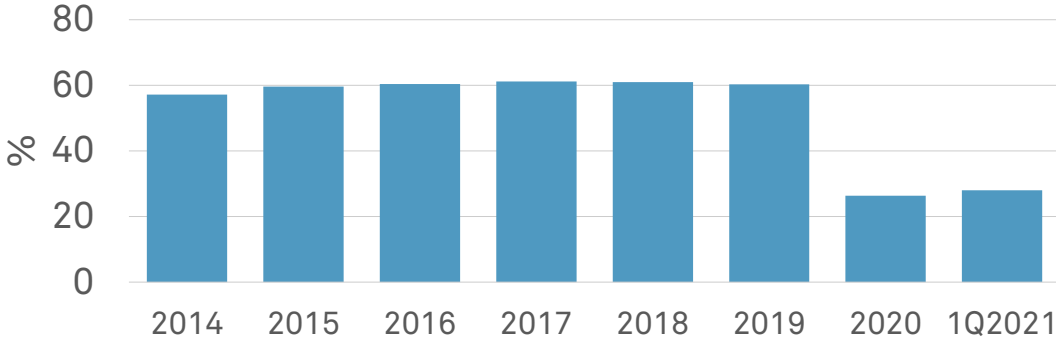
Year-Over-Year quarterly revenues, selected sectors Latin American corporations



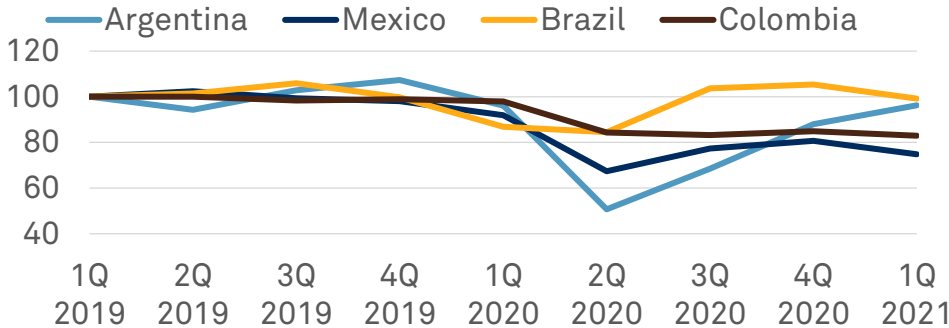
S&P Global Ratings based on CapitalIQ

Key Sectors Struggling To Recover

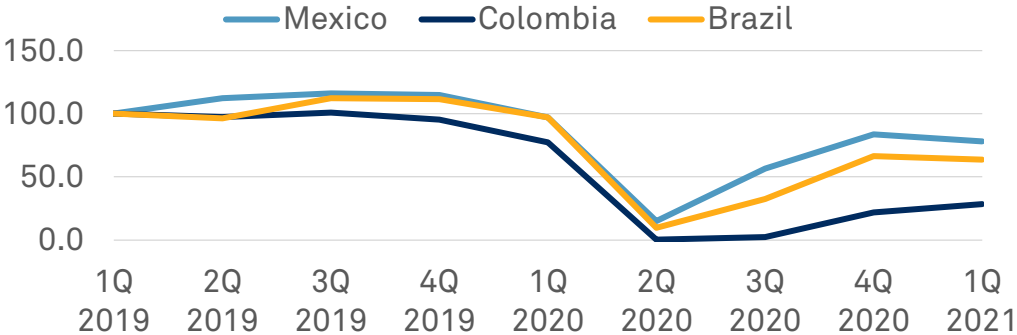
Occupancy rates selected Mexican hotels (urban + beach)



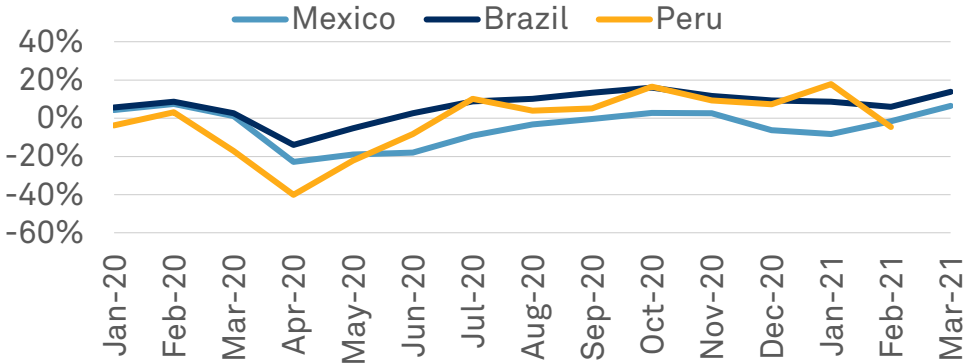
Gasoline and diesel consumption 1Q 2019:100



Airlines demand patterns 1Q 2019: 100



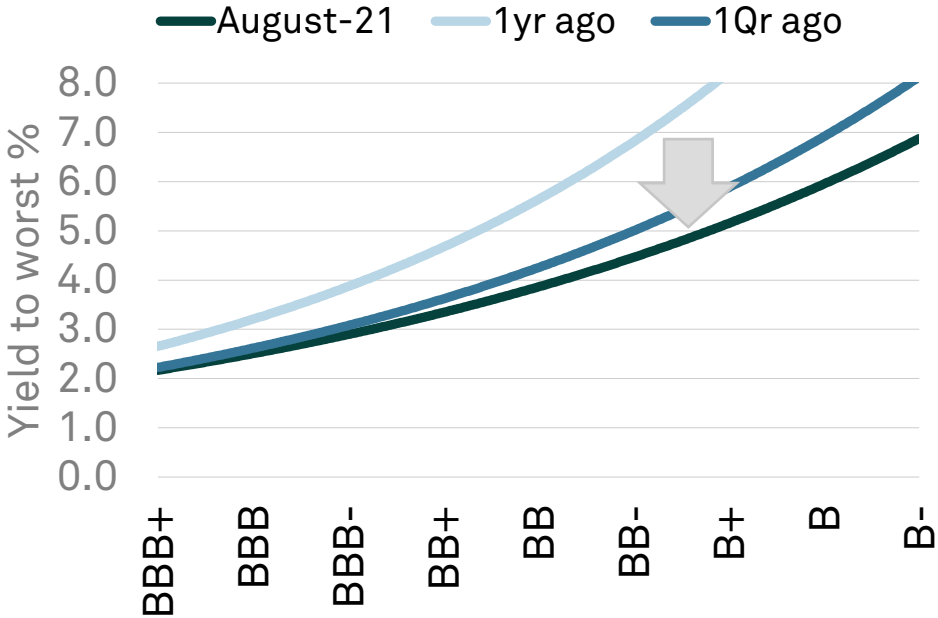
Retail sales quarterly evolution



Credit Remains Cheap But Selective

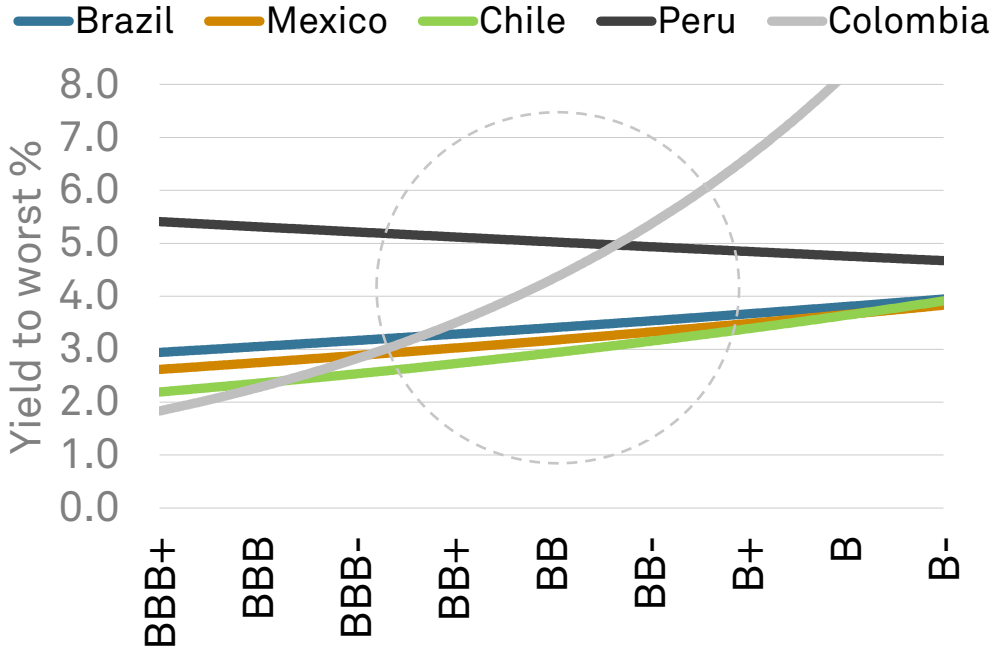
- Yields have gone south during the past year and remain very attractive
- But investors are clearly pricing political risks in Corporate bonds

Median yields corporate bonds of rated companies



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Median yields of corporate bonds as of August 2, 2021 –rated entities



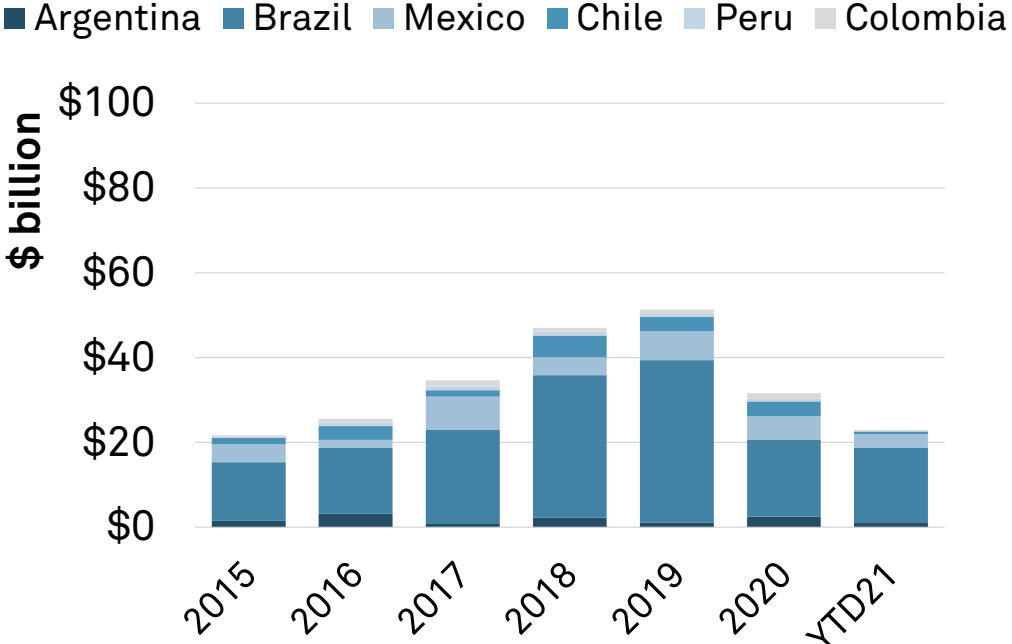
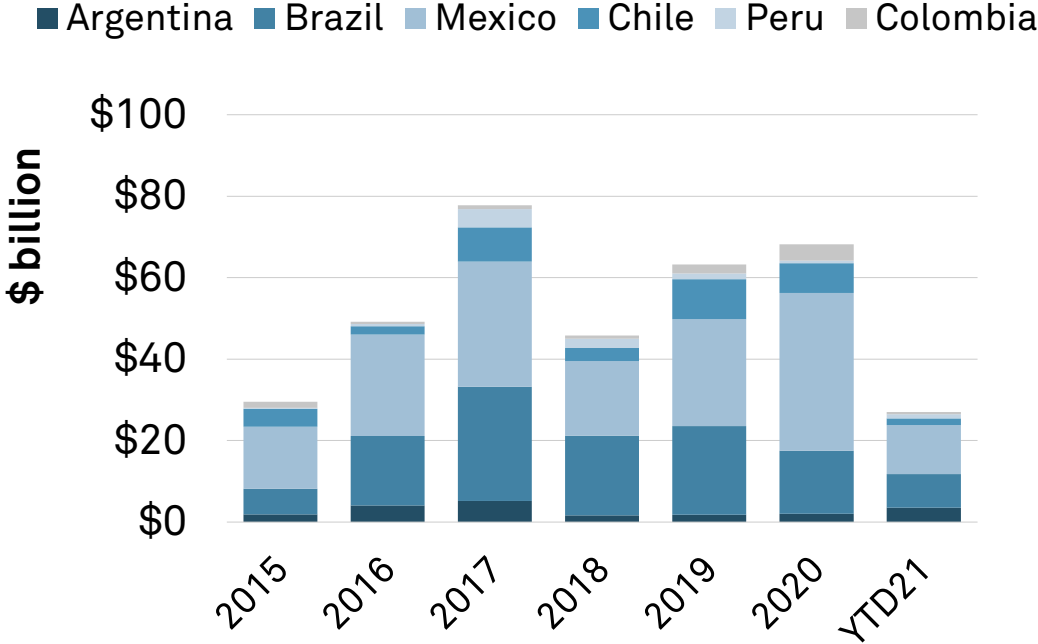
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International Bond Issuance Probably To End ~20% Below 2020

- International bond issuances of Latam corporations is roughly 20%-25% below 2020 record (high commodity prices; political risks; sluggish demand; more conservative financial policies; etc.)
- Small domestic markets remains a drag for growth

International bond issuances Latam corporations, US\$ equivalent

Domestic issuances Latam corporations, US\$ equivalent



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Q&A

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