

## CAP S.A.

CAP  
Full Rating Report

## Ratings

## Foreign Currency

Long-Term IDR	BBB-
Senior Unsecured	BBB-

## Local Currency

Long-Term IDR	BBB-
Senior Unsecured	BBB-

IDR – Issuer Default Rating.

## National

Long-Term Rating	A+(cl)
Senior Unsecured	A+(cl)
Equity	Level 2 (cl)

## Rating Outlooks

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

## Financial Data

## CAP S.A.

(USD Mil.)	12/31/15	12/31/14
Revenue	1,475	1,790
EBITDA	287	381
EBITDA Margin (%)	19.4	21.3
Funds from Operations	276	134
FCF	101	(313)
Cash and Mkt. Securities	618	302
Total Adj. Debt	1,479	1,270
Total Adj. Debt/EBITDA (x)	5.2	3.3
FFO-Adjusted Leverage (x)	4.5	6.4
EBITDA/Gross Interest Expense (x)	4.7	5.5

## Related Research

2016 Outlook: Chilean Corporates  
(The Challenge Continues)  
(December 2015)

2016 Outlook: Global Mining  
(December 2015)

Fitch: Outlook for Latin American  
Metals and Mining is Negative  
(December 2015)

## Analysts

Jay Djemal  
+1 312 368-3134  
jay.djemal@fitchratings.com

Alejandra Fernández  
+56 22 499-3323  
alejandra.fernandez@fitchratings.com

Phillip Wrenn  
+1 312 368-2075  
phillip.wrenn@fitchratings.com

## Key Rating Drivers

**Resilience to Adverse Conditions:** CAP S.A's (CAP) ratings reflect the company's resilience within its niche of high quality iron ore pellet amidst the global downturn of market conditions during a period of slowing demand and increased supply. Iron ore prices decreased to USD55 per tonne (t) in 2015 (China import iron ore fines 62% CFR) from USD97/t in 2014. The company has reduced strongly its cash costs, improved its product mix and faces this period with strong liquidity and robust FCF generation.

**Credit Metrics Under Pressure:** CAP's net debt/EBITDA ratio was 3.0x at the end of 2015, compared with a five-year average ratio at around 1.0x. CAP's capital structure has weakened through-the-cycle following the completion of its large investment program coinciding with a period of a freefall in iron ore prices, as reflected in the downgrade of the company's ratings in September 2015.

**Deleveraging Expected in 2018:** Fitch revised its iron ore price assumptions to USD45/t in 2016 and 2017, and USD50/t in the long term. Fitch expects a net debt/EBITDA ratio of around 2.8x in 2016 and 2.5x in 2017 for CAP, improving to around 1.5x in 2018 as a result of maintained robust FCF generation after the finalization of a high investment period and strong liquidity.

**Robust Liquidity:** CAP's credit profile is further supported by its robust liquidity position. As of December 2015 the company held cash and marketable securities of USD618 million compared with total debt of USD1.5 billion. Total debt has increased from USD1.3 billion in 2014 due to a drop in EBITDA. Cash/short-term debt coverage is comfortable at 1.6x compared with 0.8x in 2014. The company's debt amortization schedule is comfortable.

**FCF Generation:** CAP's FCF is able to cover debt interest service, dividends and capex, which are expected to remain low. The latter would result in positive FCF and cash to be maintained above USD600 million. If the iron ore price deteriorates to an extremely low level for a prolonged period, Fitch expects CAP would significantly reduce net debt through asset sales.

## Rating Sensitivities

**Negative Rating Drivers:** Factors that could contribute to a negative rating action include deterioration in the company's capital structure that is not addressed in the short term; a sustained period of depressed iron ore prices and/or a significant loss of sales volumes due to a more accelerated slowdown in Chinese iron ore consumption that prevents the company's net debt/EBITDA ratio from declining to 2.5x and below on a sustained basis; or a significant and prolonged deterioration in CAP's liquidity position and persistent negative FCF.

**Positive Rating Drivers:** A positive rating action on CAP is not anticipated in the medium term in light of current iron ore price volatility.

## Financial Overview

### Liquidity and Debt Structure

CAP's robust liquidity will partly offset the risk of further price deterioration during the year. As of December 2015 the company held cash and marketable securities of USD618 million that did not include restricted cash of USD49 million held in its subsidiary Cleanairtech Sudamerica S.A. (Cleanairtech) as part of its project finance structure. High cash holdings compare with total debt of USD1.5 billion, an increase from USD1.3 billion in 2014, while net debt decreased from USD969 million to USD861 million. The company decided to raise all the funds available from its committed line facilities to help achieve this aim. Part of the company's financial strategy is to maintain a significant cash balance during this period of instability for commodity prices. The high cash balance allows CAP to better negotiate terms from a position of financial strength for its various agreements.

The company's debt amortization schedule is comfortable. CAP has bank debt principal payments due of around USD120 million in 2016, USD71million in 2017, USD270 million in 2018 and USD400 million in 2019 compared with cash of USD617 million and FFO of USD285 million. Cash/short-term debt coverage is at 1.6x.

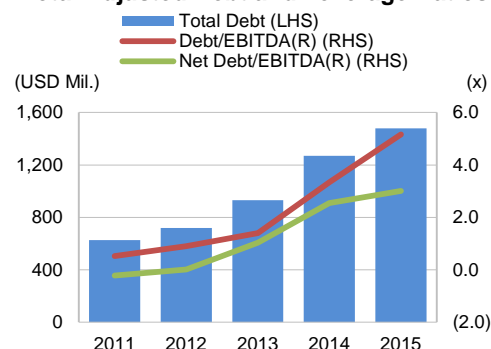
### Debt Maturities and Liquidity

(USD 000, As of Dec. 31, 2015)

Current Maturity	377,285
Two Year	237,662
Three Year	102,679
Four Year	151,998
Five Year	394,015
Beyond Five Years	215,147
Cash Flow from Operations	207,819
Cash	617,998
Undrawn Committed Facilities	—

Source: Company reports.

### Total Adjusted Debt and Leverage Ratios



Source: CAP.

### Cash Flow Analysis

At the end of 2015, CAP's net debt/EBITDA ratio was 3.0x compared to a five-year average ratio at around 1.0x due to drastic fall in iron ore prices. CAP's FFO interest coverage ratio reached 5.5x in 2015 compared with 2.9x in 2014 and EBITDA/gross interest expense ratio dropped to 4.7x compared with 5.5x in 2014.

CAP's EBITDA per tonne for its combined iron ore products in 2015 was USD16/t compared with Companhia Siderurgica Nacional at USD10/t and Vale S.A. (Vale) at USD21/t. CAP's overall profitability is diluted due to its product mix, which includes relatively lower margin products, such as sinter feed and lumps. CAP is increasing its shipments of high margin pellets to account for around 25% of the sales mix in 2016 from 14% in 2014. CAP's EBITDA per tonne for pellets on a stand-alone basis was around USD34/t in 2015, higher than Vale's pellets at USD31/t during the same period. CAP plans to increase sinter feed sales to around 21% in 2015, despite the fact it is a low margin product, as it is able to produce it at a very low cash cost, thus improving the company's overall profitability.

### Related Criteria

[Evaluating Corporate Governance \(December 2015\)](#)

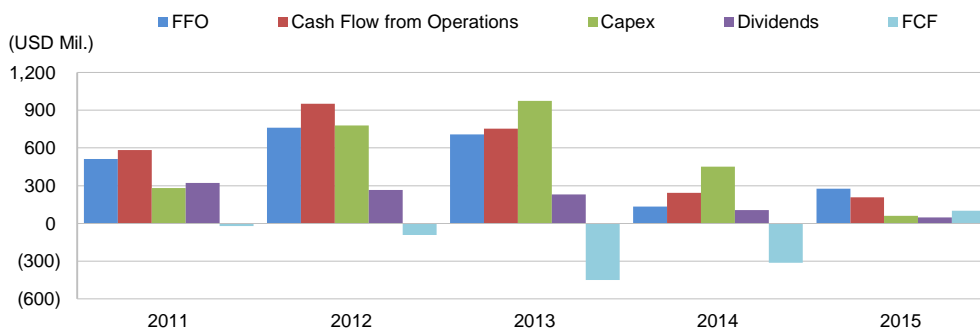
[Corporate Rating Methodology — Including Short-Term Ratings and Parent and Subsidiary Linkage \(August 2015\)](#)

[Parent and Subsidiary Rating Linkage \(August 2015\)](#)

CAP reduced its cash cost to around USD33/t in 2015 from USD49/t in 2014 on a FOB basis, and is expected to remain at similar levels during 2016. The significant reduction has been achieved due to lower outsourcing expenses, decreasing prices of raw materials and services, and the depreciation of the Chilean peso compared to the dollar, with approximately 40% of CAP's operating costs being denominated in local currency, combined with more efficient product mix and management focus on cost-cutting measures. Compañía Siderurgica Huachipato S.A. (CSH) cost reduction followed a significant reduction in headcount mainly related to the exit from the flat steel business. CAP's steel processing subsidiary, Cintac S.A. (Cintac), has also been reorganized to exhibit a streamlined group structure with lower costs.

CAP's FCF was robust in 2015 at USD101 million following capex of USD60 million and dividends of USD47 million, compared with FCF of negative USD313 million in 2014 pressured by high capex of USD450 million and dividends of USD105 million. Fitch expects the company to continue exhibiting stable FCF generation notwithstanding any major new investments or aggressive dividends paid to shareholders. CAP generated cash flow from operations (CFFO) of USD208 million in 2015, following a working capital outflow of USD77 million from FFO of USD285 million, with the outflow mainly due to a decrease in clients' advances after the end of sales contracts. This compares with CFFO of USD242 million in 2014, a figure that benefited from a working capital inflow of USD86 million.

### Cash Flow Performance



Source: CAP.

## Peer Group

Issuer	Country
Gerdau S.A.	Brazil
Vale S.A.	Brazil

Source: Fitch.

## Issuer Rating History

Date	LT IDR (FC)	Outlook/Watch
April 1, 2016	BBB-	ROS
Sept. 22, 2015	BBB-	ROS
March 12, 2015	BBB	RON
March 14, 2014	BBB	ROS
March 14, 2013	BBB	ROS
March 16, 2012	BBB	ROS
March 28, 2011	BBB-	ROS
April 6, 2010	BBB-	ROS
Dec. 30, 2008	BBB-	ROS
Oct. 1, 2007	BBB-	ROS

LT IDR – Long-term Issuer Default Rating.

FC – Foreign currency. ROS – Rating

Watch Stable. RWN – Rating Watch

Negative.

Source: Fitch.

## Peer and Sector Analysis

## Peer Group Analysis

(USD Mil.)	CAP S.A.	Gerdau S.A.	Vale S.A.
LTM as of	12/31/15	9/30/15	12/31/15
Long-Term IDR	BBB-	B-	BBB
Outlook	Stable	Negative	Negative

## Financial Statistics

Revenue	1	11	26
YoY Revenue Growth (%)	(17.6)	—	(31.9)
EBITDA	287	1	7
EBITDA Margin (%)	19.0	11.0	26.6
FCF	101	980	(5,077)
Total Adjusted Debt	1	7	16
Cash and Cash Equivalents	618	2	4
Funds Flow from Operations	276	1	3
Capex	(60)	(619)	(8)

## Credit Metrics (x)

EBITDA/Gross Interest Coverage	4.7	2.9	7.7
Total Net Debt/EBITDA	3.0	4.4	1.8
Total Adjusted Debt/EBITDAR	5.2	5.8	2.3
FFO Interest Coverage	5.5	3.9	2.6

IDR – Issuer Default Rating. YoY – Year over year.

Source: Fitch.

## Company Profile

CAP has 2.3 billion tonnes (bt) of iron ore reserves and 7.5bt of resources, an improvement compared with 2.2bt and 7.2bt, respectively, reported in 2014. This equates to over 60 years of mine life at an expected production rate of 16 million tonnes (mt) per year. The company owns and operates four mines distributed across two regions in northern Chile. These operations are complemented by three ports at equal distances across the two regions, a pellet plant with current capacity of 5.2mt per year, a magnetite plant, a desalination plant, a power transmission line and an 80km iron ore slurry pipeline that results in low logistical costs for the company, comparable to the low costs exhibited by Samarco S.A. (foreign currency Issuer Default Rating BB-/Rating Watch Negative) prior to its production stoppage in November 2015. CAP's vertical integration is further complemented by a long steel mill with one operating blast furnace and a specialty steel company with operations in Chile, Peru and Argentina.

## Operations and Business Trends

As of Dec. 31, 2015 CAP's division of iron ore, Compañía Minera del Pacifico S.A. (CMP) represented 65% of consolidated EBITDA of the group, unlike the last two years, when the mining division represented more than 95% of company's generation. The EBITDA generated in 2015 was USD182 million compared with USD308 million in 2014, mainly due to the relevant drop in prices. In 2015 the average price of iron ore sold by CMP was USD49/t. Lower prices were partially offset by an 11% increase in sales volume to 14.3mt and the aforementioned reduction in cash costs at an average of USD33/t.

At the end of 2015 the EBITDA of the subsidiary CSH reached USD22 million (8% of consolidated EBITDA), an increase of 60% compared with USD14 million in 2014. Revenues in 2015 totaled USD443 million, reflecting a decrease of 19% over the previous period due to

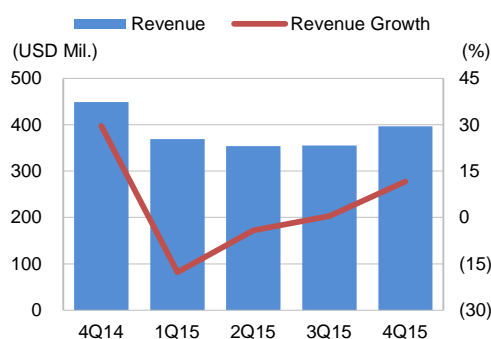
an 18% reduction in the average price of steel to USD569 per tonne. Sales volumes, in turn, increased by 2.5% to USD719,000 tonnes compared with 2014. The group has been able to generate a positive EBITDA in the steel production business, despite difficult steel market conditions after a significant restructuring of its operations and a strong cost-cutting program that resulted in the finalization of the flat steel business. The steel business has been affected not only by lower steel prices but also by the strong competition of Chinese imports. Chilean authorities imposed a provisional safeguard of 37.8% for 200 days starting in October 2015. CAP is requesting an increase in this safeguard to 70%, as steel prices have continued to decline.

In the steel processing segment, EBITDA generated at the end of 2015 was USD20 million (representing 7% of the consolidated EBITDA of the group) compared with USD24 million in 2014. This occurred mainly due to lower average prices that reached USD927/t in 2015, compared with USD1,015/t a year earlier. Volumes increased by 5.7%, reaching 403,000t. During 2015 Cintac faced a complex operating scenario due to drastic unfavorable conditions with low steel prices and relevant depreciation of the Chilean peso compared with USD. The company showed a resilient performance, despite the latter, with a relevant decrease on its indebtedness mainly explained by lower working capital requirements. The company reduced the supply of lower margin products and is fully engaged in a cost reduction program that is expected to continue reducing debt. CAP's debt/EBITDA ratio reached 2.5x in December 2015, compared with 5.0x in 2014.

CAP's infrastructure division that began in 2014 includes the subsidiary Cleanairtech (desalination plant), Tecnocap S.A. (electric transmission line) and Puerto Las Losas S.A. (port). Revenues reached USD82 million and EBITDA reached USD56 million in 2015, reflecting significant increases of 135% and 122%, respectively.

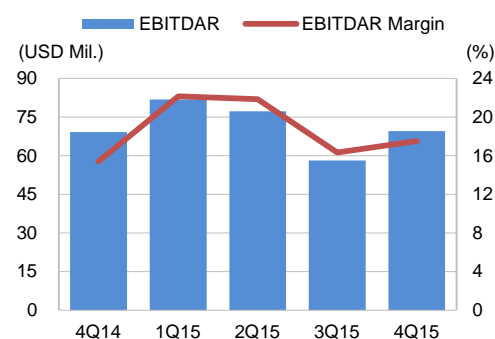
At a consolidated level, the company generated EBITDA of USD287 million in 2015, significantly less than the USD381 million in 2014 due to the depressed price scenario for iron ore. CAP's total revenues reached USD1.5 billion in 2015, of which USD662 million was generated by CMP. This compares with revenues of USD1.8 billion in 2014. Margin EBITDA fell to 19% in 2015 from 21% in 2014.

### Revenue Trends



Source: CAP.

### EBITDA Trends

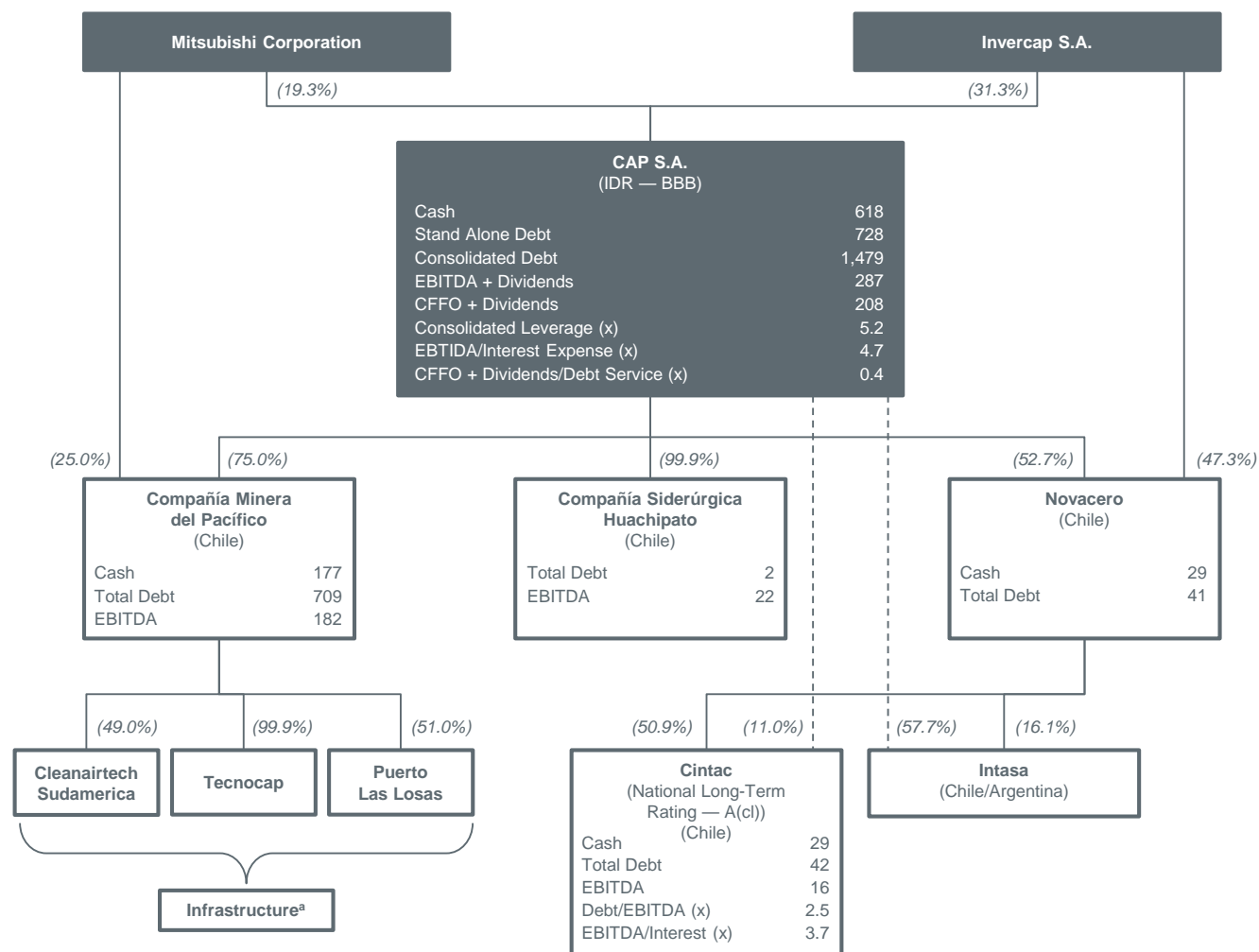


Source: CAP.

## Organizational Structure

### Organizational Structure — CAP S.A.

(USD Mil., As of Dec. 31, 2015)



Consolidated

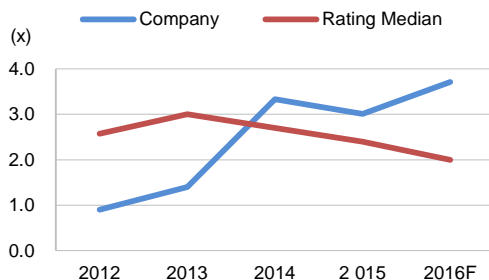
<sup>a</sup>CAP Infrastructure division includes Cleanairtech, Tecnocap and Puerto Las Losas. The division generated EBITDA = USD56 million, cash = USD56 million, and debt = USD278 million.  
Source: CAP, Fitch.

## Definitions

- **Leverage:** Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.
- **Interest Cover:** FFO plus gross interest paid plus preferred dividends divided by gross interest paid plus preferred dividends.
- **FCF/Revenue:** FCF after dividends divided by revenue.
- **FFO/Debt:** FFO divided by gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock.

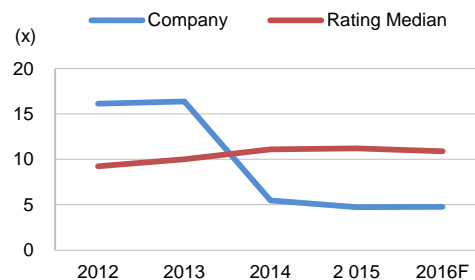
## Key Metrics

### Leverage: Total Adjusted Debt/ Operating EBITDAR



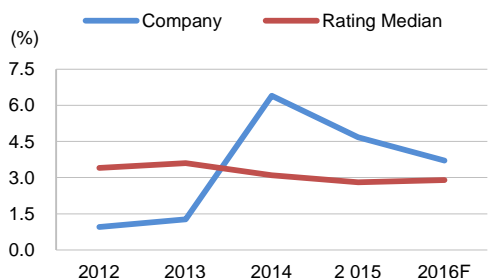
F – Forecast.  
Source: Company data, Fitch.

### Interest Coverage: Operating EBITDA/Gross Interest Expense



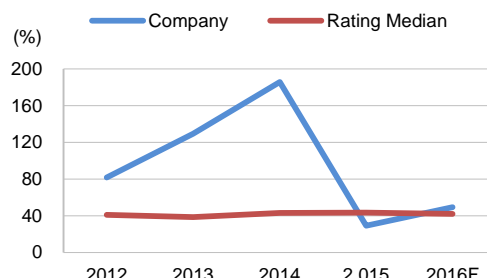
F – Forecast.  
Source: Company data, Fitch.

### FFO/Debt



F – Forecast.  
Source: Company data, Fitch.

### Capex/CFFO



F – Forecast.  
Source: Company data, Fitch.



## FX Screener

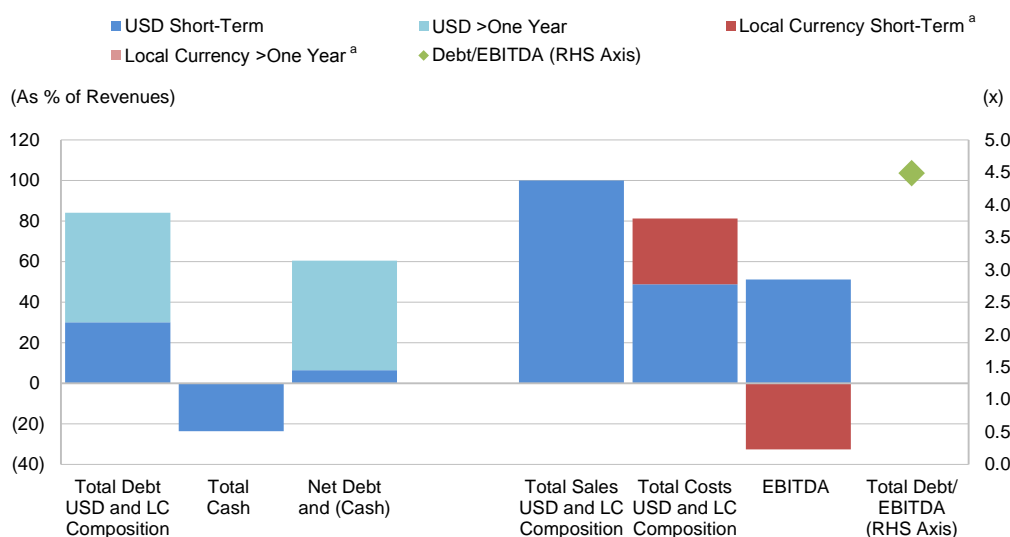
The *Fitch FX Screener* chart below shows Fitch's estimates of the foreign currency (FC) and local currency split between CAP's debt, sales and operating costs. This chart illustrates the relative proportions rather than specific figures, thereby acknowledging the limitations of calculating the currency splits for a given financial year.

Fitch analysts make estimates, sometimes with information from management, as to the actual FC receipts or FC-linked income relative to costs. Within the chart's debt columns, the short-term FC (usually USD) debt is highlighted because, in a volatile currency market, this debt has to be physically repaid with FC using cash or accommodative refinancing in the bond or bank market.

The impact of a depreciation of the peso compared with the dollar is relevant for CAP, as 10% depreciation would improve CAP's net leverage by around 0.6x. The company's revenue is 100% denominated in USD, while 40% of costs are in local currency, resulting in increased profitability with further devaluation of the Chilean peso in USD terms. The company's total debt is 100% linked to the dollar, fully matched with its sales.

### Fitch FX Screener

(CAP S.A. — BBB-/Stable, Sept. 30, 2015)





**Key Forecast Assumptions**

- Improved product mix with self-fluxing and direct reduction iron ore pellets comprising around 25% of sales in 2016 and beyond.
- Iron ore volumes increasing incrementally from around 14 million in 2015 to over 18 million by 2018.
- USD45/t iron ore in 2016 and 2017 with USD50/t being the long-term price.
- Iron ore cash cost of around USD35/t in 2016 increasing to USD37/t in 2017 and beyond.
- Positive EBITDA from steel and Cintac amounting to around USD50 million per year.
- Cleanairtech and Tecnopac EBITDA of around USD50 million per year, on average.
- Capex of around USD50 million for 2016 and 2017.

**CAP S.A.**

(USD 000)

	Historical		Fitch Forecast		
	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
<b>Summary Income Statement</b>					
Gross Revenue	1,789,755	1,475,260	1,442,725	1,521,268	1,722,281
Revenue Growth (%)	(22.1)	(17.6)	(2.2)	5.4	13.2
Operating EBITDA	381,033	286,546	254,023	240,903	319,166
Operating EBITDA Margin (%)	21.3	19.4	17.6	15.8	18.5
Operating EBITDAR	381,033	286,546	254,023	240,903	319,166
Operating EBITDAR Margin (%)	21.3	19.4	17.6	15.8	18.5
Operating EBIT	203,265	87,937	61,205	55,317	137,783
Operating EBIT Margin (%)	11.4	6.0	4.2	3.6	8.0
Gross Interest Expense	(69,615)	(60,513)	(76,279)	(71,415)	(67,090)
Pretax Income	106,023	26,856	(15,074)	(16,098)	70,693

**Summary Balance Sheet**

Readily Available Cash	302,055	617,998	634,345	671,843	679,020
Total Debt with Equity Credit	1,269,980	1,478,787	1,356,376	1,285,091	1,183,368
Total Adjusted Debt with Equity Credit	1,269,980	1,478,787	1,356,376	1,285,091	1,183,368
Net Debt	967,925	860,789	722,031	613,248	504,348

**Summary Cash Flow Statement**

Operating EBITDA	381,033	286,546	254,023	240,903	319,166
Cash Interest	(69,615)	(60,513)	(76,279)	(71,415)	(67,090)
Implied Interest Cost (%)	6.3	4.4	5.4	5.4	5.4
Cash Tax	36,635	—	0	0	0
Associate Dividends less Distributions to NCI	—	—	0	0	0
Other Items Before FFO	(213,712)	49,539	0	0	0
Funds Flow from Operations	134,341	275,572	177,744	169,488	252,076
FFO Margin (%)	7.5	18.7	12.3	11.1	14.6
Change in Working Capital	108,187	(67,753)	(34,688)	(4,505)	(36,976)
Cash Flow from Operations (Fitch Defined)	242,528	207,819	143,056	164,983	215,100
Total Non-Operating/Nonrecurring Cash Flow	—	—	—	—	—
Capex	(450,184)	(60,200)	—	—	—
Capital Intensity (Capex/Revenue) (%)	25.2	4.1	—	—	—
Common Dividends	(105,134)	(46,772)	—	—	—
Net Acquisitions and Divestitures	1,739	13,646	—	—	—
Capex, Dividends, Acquisitions and Other Items before FCF	(553,579)	(93,326)	(54,200)	(56,200)	(106,200)
FCF after Acquisitions and Divestitures	(311,051)	114,493	88,856	108,783	108,900
FCF Margin (After Net Acquisitions) Margin (%)	(17.4)	7.8	6.2	7.2	6.3
Other Investing and Financing Cash Flow Items	(25,888)	(238,084)	49,902	0	0
Net Debt Proceeds	346,860	220,169	(122,411)	(71,285)	(101,723)
Net Equity Proceeds	10,245	—	0	0	0
Total Change in Cash	20,166	96,578	16,347	37,498	7,177

**Coverage Ratios (x)**

FFO Interest Coverage	2.9	5.5	3.3	3.4	4.8
FFO Fixed Charge Coverage	2.9	5.5	3.3	3.4	4.8
Operating EBITDAR/Gross Interest Expense + Rents	5.5	4.7	3.3	3.4	4.8
Operating EBITDA/Gross Interest Expense	5.5	4.7	3.3	3.4	4.8

**Leverage Ratios (x)**

Total Adjusted Debt/Operating EBITDAR	3.3	5.2	5.3	5.3	3.7
Total Adjusted Net Debt/Operating EBITDAR	2.5	3.0	2.8	2.5	1.6
Total Debt with Equity Credit/Operating EBITDA	3.3	5.2	5.3	5.3	3.7
FFO-Adjusted Leverage	6.4	4.5	5.3	5.3	3.7
FFO-Adjusted Net Leverage	5.0	3.0	2.8	2.5	1.6

**HOW TO INTERPRET THE FORECAST PRESENTED:** The forecast presented is based on the agency's internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch's rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch's forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch's own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch's own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch's own internal deliberations, where Fitch, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch may update the forecast in future reports but assumes no responsibility to do so.

Source: Fitch.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT [WWW.FITCHRATINGS.COM](http://WWW.FITCHRATINGS.COM). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2016 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.