



Ação de classificação: Moody's rebaixa ratings da Hidrovias do Brasil para B1; perspectiva estável

29 de outubro de 2021

Nova York, 29 de outubro de 2021 -- A Moody's Investors Service ("Moody's") rebaixou hoje para B1 o rating corporativo Ba3 Hidrovias do Brasil SA (HBSA) e os ratings senior unsecured das notas emitidas pela Hidrovias International Finance Sarl com vencimento em 2025 e 2031 e garantido total e incondicionalmente pelo HBSA e suas subsidiárias integrais, exceto pelas subsidiárias de operações de bauxita (grupo garantidor). A perspectiva para os ratings é estável.

Classificações rebaixadas:

Hidrovias do Brasil SA

- Rating Corporativo: para B1 de Ba3

Hidrovias International Finance Sarl

- Notas seniores sem garantia de 5,9500% Gtd com vencimento em 2025: para B1 de Ba3

- Notas seniores sem garantia de 4,9500% Gtd com vencimento em 2031: para B1 de Ba3

A perspectiva para os ratings é estável.

FUNDAMENTOS DAS CLASSIFICAÇÕES

O rebaixamento dos ratings do HBSA para B1 segue o anúncio da empresa em 18 de outubro de que levantará R\$ 380 milhões em novas debêntures incentivadas de infraestrutura para financiar investimentos no terminal STS20 no porto de Santos, o que atrasará ainda mais os planos de desalavancagem do HBSA. A nova dívida se soma a vários contratempos enfrentados pelo HBSA nos últimos anos que resultaram em uma alavancagem abaixo das expectativas iniciais da Moody's, incluindo (i) a renegociação de volumes take-or-pay de curto prazo com a COFCO em 2019-20; (ii) cancelamento de contrato com a Mitsui em 2018; e (iii) uma seca severa em 2021 que está prejudicando a navegabilidade fluvial nas operações do sul da empresa e reduzindo os volumes spot devido à menor produção de safra nas operações do norte. Com a nova emissão de dívida, o HBSA' A alavancagem bruta ajustada da empresa ficará em torno de 4x-5x em 2022-24, em comparação com as expectativas anteriores de 3x-4x antes da emissão. Em 2021, a alavancagem bruta da empresa permanecerá atipicamente alta em 6x-6,5x, refletindo o menor EBITDA decorrente de problemas operacionais causados pela seca e o impacto da forte desvalorização do real brasileiro na dívida em moeda estrangeira sem hedge da empresa.

As métricas de crédito do HBSA melhorarão em relação ao mínimo de 2021 nos próximos anos, à medida que a empresa se beneficia dos novos contratos (nomeadamente os contratos do porto de Santos e do sal), o ramp-up dos contratos take-or-pay existentes, o EBITDA adicional do Aquisição Imperial e volumes spot adicionais das sólidas perspectivas de crescimento de médio prazo da operação norte, que mais do que compensarão o volume perdido com o cancelamento do contrato da Mitsui. No entanto, até que a empresa possa aumentar o EBITDA e gerar fluxo de caixa livre positivo de forma sustentável, a alavancagem permanecerá alta e os riscos de execução de seus investimentos de expansão aumentarão. Os planos de expansão da HBSA incluem BRL2,6-3 bilhões em investimentos totais até 2025, dos quais BRL900 milhões-BRL1 bilhão serão gastos em 2021. Com a revisão para baixo da empresa

O cancelamento do contrato com a Mitsui retardou o processo de desalavancagem do HBSA, mas também trouxe R\$ 388 milhões em proventos da compensação judicial pelo cancelamento que estavam na caixa do HBSA. Em abril de 2021, a HBSA anunciou a aquisição de US\$ 85 milhões (BRL484 milhões) de alguns ativos de navegação paraguaia da Imperial Logistics International BV & Co. KG ("Imperial"), que reduziu sua posição de caixa para R\$ 534 milhões no final do segundo trimestre de 2021 de R\$ 1,2 bilhão no final do primeiro trimestre. Assim, o colchão de liquidez do HBSA para cobrir o capex de expansão diminuiu e os índices de alavancagem líquida – que serviram como um atenuante para a alta alavancagem bruta da empresa – se deterioraram.

HBSA's B1 ratings continue to be supported by the company's solid business model, with about 70% of its revenue and EBITDA ensured by long-term take-or-pay agreements with strong off-takers. The agreements contain minimum volume guarantees and cost pass-through clauses, which translate into predictable cash flow, high capacity utilization rates and high operating margins for the company. Moody's estimates that the existing agreements will bring around BRL6.5 billion in EBITDA from 2021 until 2030, sufficient to cover the company's total debt by 1.5x (pro forma for the new issuance), and five out of the seven existing contracts — all except HBSA's take-or-pay agreements with COFCO and Sodrugestvo in the south — will remain valid during most of the tenor of the notes, maturing after 2029.

The positive long-term outlook for agricultural production and waterborne transportation in Brazil and Paraguay, and the strategic location of HBSA's operations also support the ratings. The ratings also incorporate HBSA's good liquidity profile and Moody's expectation that HBSA's credit metrics will gradually improve from 2021's trough with the normalization of river navigability and ramp-up of northern operations and new contracts.

The ratings are constrained by the company's current high gross leverage and delays in deleverage over the past few years, short track record of operations and its small size relative to its rated peers. The high degree of product and geographic concentration also constrains the ratings because it exposes the company to adverse weather conditions that could limit agricultural production and river navigability. There is also a high degree of client concentration, although clients' good credit quality and history of contract

compliance mitigate any related risk. Finally, given that the totality of HBSA's debt is indexed to the US dollar, the company's gross leverage ratios are exposed to currency volatility risk.

LIQUIDITY

HBSA has a good liquidity profile, with BRL534 million in cash at the end of June 2021, well above its minimum requirements of around BRL300 million, and only around BRL50-60 million in principal debt maturities per year over the next four years. Pro forma to the new issuance, the existing cash will continue to cover debt maturities through 2025, as the new debentures will be amortized from 2028 onwards. In Moody's view, HBSA's cash position and comfortable debt amortization schedule are key to mitigate operational and execution risks on investments, and support the company's credit quality as long as HBSA maintains a certain degree of financial discipline.

RATING OUTLOOK

The stable outlook incorporates Moody's expectations that HBSA's credit metrics will gradually improve with operations performing in line with the terms and conditions established by the existing take-or-pay agreements, and that the company will prudently manage its dividend distribution and future investments to preserve its good liquidity profile.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An upgrade of HBSA's ratings could occur if the company is able to reduce leverage sustainably, while maintaining its current business model and profitability levels and generating stable cash flows on a sustained basis. Quantitatively, a rating upgrade would require the maintenance of adjusted leverage (measured as debt/EBITDA) sustainably below 4x and interest coverage (measured by adjusted FFO + interest/interest) above 3.5x. The maintenance of a strong liquidity profile would also be necessary for an upgrade.

The ratings could be downgraded if HBSA's operating performance remains weak, such that leverage remains high and liquidity deteriorates without prospects for improvement. A deterioration in the company's business profile because of the loss of any existing take-or-pay agreement without a financial compensation or further debt-financed expansions into the spot market would also put negative pressure on the ratings. Quantitatively, a downgrade could occur if leverage remains sustainably above 5x and interest coverage below 2x. A deterioration in the company's liquidity profile, stemming from large shareholder distribution or more aggressive financial policies, would also result in a downgrade of the ratings.

The principal methodology used in these ratings was Shipping published in June 2021 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1276306. Alternatively, please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

COMPANY PROFILE

Headquartered in Sao Paulo, Brazil, HBSA is South America's largest independent provider of integrated logistics focused on waterway transportation. The company's operations include shipping, transshipment, storage and port services for dry bulk cargo, including grains, iron ore, bauxite, fertilizers and pulp in the Paraná-Paraguay waterway and Amazon river systems. For the 12 months ended June 2021, the company generated BRL1.5 billion (\$282 million) in revenue with an adjusted EBITDA margin of 43.9%, coming mainly from shipping activities (80% of total) and other logistics services (20%). The company's Northern operations, which comprise mainly the transportation of grains represent around 56% of the company's total EBITDA, followed by the Southern operations (35%) and the Coastal Navigation operations (17%), which relate mainly to iron ore and bauxite transportation, respectively. Around 60% of the company's total revenue is generated in Brazil, with the remaining 40% generated through hard currency contracts in Paraguay and Uruguay.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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