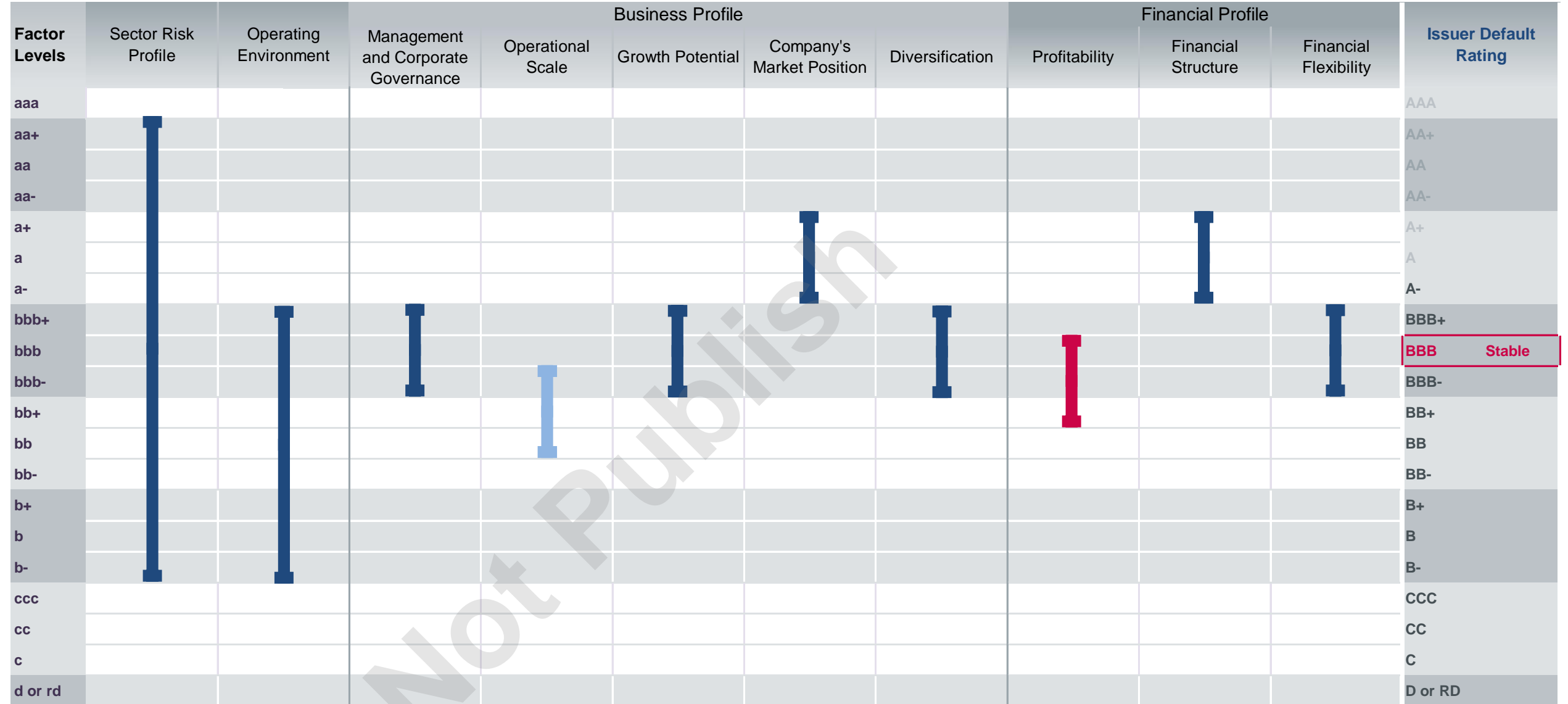


Corporates Ratings Navigator			
Publish Date:	DRAFT		
Sector Details:			
Sector:	Packaged Food		
Region:	Emerging Markets - Americas		
Country:	Peru		
Country IDR:	BBB+ Stable		
Country IDR Action:	Affirmed		
Country Action Date:	24-Mar-17		
Country Ceiling:	A-		
Ratings History			
Date	IDR	Action	
26-Apr-17	BBB Stable	Affirmed	
29-Apr-16	BBB Stable	Review - No Action	
22-Jan-16	BBB Stable	Affirmed	
1-Oct-15	BBB Negative	Review - No Action	
3-Mar-15	BBB Negative	Affirmed	
5-Mar-14	BBB Stable	Affirmed	
7-Mar-13	BBB Stable	New Rating	



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor			
Bar Colors =Relative Importance			
■	Higher Importance		
■	Average Importance		
■	Lower Importance		
Bar Arrows = Rating Factor Outlook			
↑	Positive	↓	Negative
↕	Evolving	□	Stable
Analysts			
1st	Johnny DaSilva		
	+ 1 212 612 0367		
	johnny.dasilva@fitchratings.com		
2nd	Jose Vertiz		
	+1 212-908-0641		
	jose.vertiz@fitchratings.com		
Relevant Criteria & References			
Introducing Ratings Navigators for Corporates			
Criteria for Rating Non-Financial Corporates			
Packaged Food: Ratings Navigator Companion			

Direct Peer Group				
Company Name	IDR	Action	Action Date	
BRF S.A.	BBB Negative	Affirmed	05-Oct-2016	
Sigma Alimentos, S.A. de C.V.	BBB Stable	Affirmed	05-Apr-2017	
Grupo Bimbo, S.A.B. De C.V.	BBB Stable	Review - No Action	29-Sep-2016	
Gruma, S.A.B. de C.V.	BBB Stable	Affirmed	08-Nov-2016	

Drivers & Sensitivities	
Conservative Leverage	Fitch expects Alicorp's net leverage ratio to move towards 1x by FYE 2018 thanks to growing EBITDA. FCF was strong in 2016 due to low capex, dividends and better working capital management.
Steady Margin	Fitch expects EBITDA margins to remain in 12%-13% range in the next two years as a result of efficiencies in procurement, S&GA, and better performance of the Consumer Goods International division due to a gradual improvement of the consumer environment in Argentina and Brazil and lower cost inflation.
Diversified Product Mix	Consumer products accounted for 56% of consolidated revenues as of FYE16, while industrial flour, bulk oils and other industrial products (B2B) represented 23%, and aquaculture in Ecuador and Chile the remaining 22%
Solid Business Profile	Alicorp's ratings reflect the company's strong market position in the Peruvian consumer products industry as a result of its leading brands, broad product portfolio and extensive distribution network. Alicorp is well positioned to benefit from a growing middle class with increasing purchasing power.
Negative Rating Sensitivities	Fitch is likely to downgrade Alicorp's ratings if the company maintains on a sustained basis a total adjusted net debt/ EBITDAR above 3.5x as a result of a decline in its operating performance or cash flow generation associated to adverse market conditions or acquisitions.
Positive Ratings Sensitivities	Fitch could upgrade Alicorp's ratings if the company maintains on a sustained basis adjusted net/EBITDAR below 1.5x and increased geographic diversification in investment grade countries. Fitch would view improved profitability favorably, particularly in Argentina and Brazil.

Operating Environment

a-	Economic Environment	bbb	Average combination of countries where economic value is created and where assets are located.
bbb+	Financial Access	a	Strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	b	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'b'.
b-			
ccc			

Operational Scale

bbb	Size	b	EBITDAR <USD500 million
bbb-	Distribution	a	Efficient distribution systems in several regions give the company competitive advantage.
bb+			
bb			
bb-			

Company's Market Position

aa-	Market share	a	Market leader in many categories and ability to maintain or grow share.
a+	Brand strength	a	Mostly strong brands but more at risk from competitors.
a	Price Leadership	a	Good ability to lead pricing in some categories.
a-	Food Safety/Reputation	a	Food recalls are rare and not material.
bbb+			

Profitability

bbb+	FFO Margin	bbb	9%
bbb	EBIT Margin	bbb	12%
bbb-	FCF Margin	bb	2%
bb+	Volatility of Profitability	bbb	Volatility of profits in line with industry average.
bb			

Financial Flexibility

a-	Financial Discipline	bbb	Financial policies less conservative than peers but generally applied consistently.
bbb+	Liquidity	bbb	One year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb	FFO Fixed Charge Cover	bbb	5x
bbb-	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging in place.
bb+			

Management and Corporate Governance

a-	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb+	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb-	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb+			

Growth Potential

a-	Organic growth	bbb	Organic growth tends to be average.
bbb+	Innovation	bbb	Average innovation ability.
bbb	Threat of Substitutes	bbb	Facing substitutes of comparable quality in a few products.
bbb-			
bb+			

Diversification

a-	Geographic Diversification	bbb	Moderate diversification across regions.
bbb+	Products	bbb	Moderate portfolio diversity.
bbb	Price Points	bbb	Adequate breadth of pricing points.
bbb-	Seasonality	bbb	Average diversification, limited seasonality.
bb+			

Financial Structure

aa-	Lease Adjusted FFO Gross Leverage	aa	2.0x
a+	Lease Adjusted FFO Net Leverage	a	2.5x
a	Gross Debt/(CFO - Capex)	bbb	5.0x
a-	Lease Adjusted Net Debt/EBITDAR	a	2.0x
bbb+			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

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

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