

## Alicorp S.A.A.

Rating Type	Rating	Outlook	Last Rating Action
Long-Term Local Currency IDR	BBB	Stable	Affirmed March 15, 2019
Long-Term IDR	BBB	Stable	Affirmed March 15, 2019

[Click here for full list of ratings](#)

## Financial Summary

(PEN 000)	Dec 2016	Dec 2017	Dec 2018	Dec 2019F
Gross Revenue	6,628,789	7,101,425	8,288,702	10,096,931
Operating EBITDA (Before Income from Associates)	802,316	900,543	975,040	1,298,036
Operating EBITDA Margin (%)	12.1	12.7	11.8	12.9
Operating EBITDAR/Net Interest Paid + Rents (x)	5.9	11.2	6.8	5.0
Total Net Debt with Equity Credit/Operating EBITDA (x)	1.6	0.8	2.0	2.4

F – Forecast.  
Source: Fitch Ratings, Fitch Solutions.

Fitch Ratings affirmed the 'BBB' Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) of Alicorp S.A.A. Fitch also affirmed Alicorp's senior unsecured notes at 'BBB'. The Outlook on the corporate ratings is Stable. The rating affirmation reflects Alicorp's solid business profile and adequate credit metrics.

## Key Rating Drivers

**Good Business Profile:** Alicorp's 'BBB' 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. The company's Peruvian operations accounted for about 74% of EBITDA in 2018. Profitability in its consumer goods International division remains weak due to its lackluster performance in Argentina. Alicorp is restructuring its operations in Argentina, which had losses in 2018, to reflect persistent competition and consumer challenges. Profitability in Brazil remains weak, but EBITDA was positive in 2018 due to a better consumer environment. The aquaculture business, which is exposed to Ecuador and Chile, is performing well.

**Higher Leverage Due to Acquisition:** Fitch expects Alicorp's financial profile to remain in line with its 'BBB' rating. Fitch expects net debt/EBITDA to trend toward 2.5x in 2019, an increase from about 2.0x in 2018. The expected growth in net leverage is due to the group's debt-financed acquisition of Intradevco Industrial S.A. for an enterprise value (EV) of USD515 million in February 2019, or 12.5x EV/EBITDA.

Intradevco is a leading home and personal care company in the Andean region. The acquisition is consistent with Alicorp's strategy of pursuing inorganic growth in the Andean region, as Intradevco operates in Peru and exports to several countries in Latin America, including Ecuador and Bolivia. This acquisition reinforces Alicorp's presence in the home and personal care segments and broadens its products mix.

**Diversified Product Mix:** The company has a broad product portfolio, which provides resilience and growth prospects. The company focuses on consumer goods — namely food and personal and home care products — in Peru (55% EBITDA); consumer goods in Bolivia, Argentina, Brazil and Ecuador (-1% of EBITDA); industrial products (B2B) (17% of EBITDA); aquaculture feed (31% of EBITDA) in Ecuador and Chile; and crushing (-1% in EBITDA) as of YE 2018. This product and geographic diversification helps smooth cash flow volatility.

**Steady Margin:** Fitch expects EBITDA margins to remain in the 13%–14% range over the next two years due to the company’s revenue mix; cost efficiency measures in procurement, manufacturing and distribution; and the integration of recent acquisitions. Improved demand in Peru, better performance of the crushing business, recovery of consumer demand in Brazil and the continuing good performance of the aquaculture business will also be part of this equation. Fitch expects the company to generate low positive FCF because of higher expansion capex and interest expense, along with higher EBITDA from the full consolidation of the Intradevco acquisition.

## Rating Derivation Relative to Peers

Rating Derivation Versus Peers	
Peer Comparison	<p>Alicorp’s ‘BBB’ ratings reflect the company’s strong market position in the Peruvian consumer products industry due to its leading brands, broad product portfolio and extensive distribution network. Alicorp has grown organically and by acquisitions to increase its geographic diversification in South America. Peru remains the company’s core market and represents about 74% of EBITDA as of YE 2018.</p> <p>Constraining factors for the ratings are Alicorp’s moderate size and a less diversified portfolio of products and brands when compared with other large consumer and packaged goods companies such as Unilever PLC (A+/Stable), Nestle SA (AA-/Stable) and Grupo Bimbo, S.A.B. De C.V. (BBB/Stable), which all have a global presence in developed and developing markets.</p> <p>Alicorp credit metrics are in line for the rating and higher than its peers. The company has been acquisitive, with the recent transaction for Intradevco for a total equity value of USD490 million in February 2019, and Industrias de Aceite S.A. (Fino) and ADM-SAO S.A. in Bolivia for about USD408 million for both transactions in 2018. Fitch expects Alicorp’s net leverage to trend toward 2.5x in 2019. The company has some exposure to higher-risk countries such as Argentina and Ecuador, which have a sovereign risk rating of ‘b’ and ‘b–’, respectively.</p>
Parent/Subsidiary Linkage	No parent/subsidiary linkage is applicable.
Country Ceiling	No Country Ceiling constraint was in effect for these ratings.
Operating Environment	No operating environment influence was in effect for these ratings.
Other Factors	Not applicable
Source: Fitch Ratings.	

## Navigator Peer Comparison

Issuer		Business profile							Financial profile		
Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Operational Scale	Growth Potential	Business Profile	Diversification	Profitability	Financial Structure	Financial Flexibility	
Alicorp S.A.A.	BBB/Sta	bbb-	bbb	bbb-	bbb+	bbb+	bbb	bbb	a	bbb+	
Arcor S.A.I.C.	B+/Neg	b+	bbb-	bb	bbb	bbb	bbb-	bb	bbb	bb-	
Nestle SA	AA-/Neg	aa	aa-	aaa+	a+	aa	aa	a+	aa-	a+	
BRF S.A.	BBB-/Neg	bbb-	bbb-	bbb+	bbb	bbb	bbb+	bbb	bb+	bb+	
Grupo Bimbo, S.A.B. De C.V.	BBB/Sta	bbb	a-	bbb+	bbb-	bbb	a-	bb+	bbb	bbb-	
Source: Fitch Ratings.		Importance			Higher	Moderate	Lower				

## Rating Sensitivities

### Developments That May, Individually or Collectively, Lead to Positive Rating Action

- Net debt/EBITDA below 1.5x on a sustained basis;
- Increased geographic diversification in investment-grade countries;
- Improved profitability, particularly in Argentina and Brazil.

### Developments That May, Individually or Collectively, Lead to Negative Rating Action

- Net debt/EBITDA above 3.0x as a result of a decline in operating performance or cash flow generation associated with adverse market conditions or acquisitions.

## Liquidity and Debt Structure

**Adequate Liquidity:** Liquidity is adequate, based on the company's cash balance, FCF and use of a revolving credit facility for working capital. As of YE 2018, Alicorp had PEN1,037 million of cash and cash equivalents and current debt of about PEN920 million. Alicorp's exposure to U.S. dollar-denominated debt is limited. About 12.9% of its debt had FX exposure to U.S. dollars as of YE 2018. The company has a long-term investment in Credicorp Ltd. for PEN378 million. Fitch expects Alicorp to refinance its bridge loan and sell some of Creditcorp shares to reduce net leverage.

## Debt Maturities and Liquidity at YE 2018

<b>Liquidity Summary</b>		
(PEN 000)	12/31/17	12/31/18
Total Cash and Cash Equivalents	1,043,381	1,037,185
Short-Term Investments	182,630	7,816
Less: Not Readily Available Cash and Cash Equivalents	—	—
<b>Fitch-Defined Readily Available Cash and Cash Equivalents</b>	<b>1,226,011</b>	<b>1,045,001</b>
Availability Under Committed Lines of Credit	—	—
<b>Total Liquidity</b>	<b>1,226,011</b>	<b>1,045,001</b>
LTM EBITDA After Associates and Minorities	914,890	982,208
LTM FCF	611,909	240,064

Source: Fitch Ratings, Fitch Solutions, Alicorp S.A.A.

<b>Scheduled Debt Maturities</b>	
(PEN 000)	12/31/18
2019	927,763
2020	428,248
2021	475,065
2022	120,033
2023	369,193
Thereafter	708,610
<b>Total Debt Including Derivatives</b>	<b>3,028,912</b>

Source: Fitch Ratings, Fitch Solutions, Alicorp S.A.A.

## Key Assumptions

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### Fitch's Key Assumptions Within Our Rating Case for the Issuer

- Double-digit revenue growth, driven by acquisitions;
- EBITDA margin at around 13%–14% over the next two years;
- Acquisition of Intradevco is completed;
- Net debt/EBITDA moves toward 2.5x by 2019.

## Financial Data

(PEN 000)	Historical			Forecast
	Dec 2016	Dec 2017	Dec 2018	Dec 2019
<b>Summary Income Statement</b>				
Gross Revenue	6,628,789	7,101,425	8,288,702	10,096,931
Revenue Growth (%)	0.7	7.1	16.7	21.8
Operating EBITDA (Before Income from Associates)	802,316	900,543	975,040	1,298,036
Operating EBITDA Margin (%)	12.1	12.7	11.8	12.9
Operating EBITDAR	815,351	914,243	1,015,040	1,346,762
Operating EBITDAR Margin (%)	12.3	12.9	12.2	13.3
Operating EBIT	632,276	740,343	786,274	1,038,281
Operating EBIT Margin (%)	9.5	10.4	9.5	10.3
Gross Interest Expense	-163,842	-101,218	-211,686	-242,288
Pretax Income (Including Associate Income/Loss)	463,001	640,547	678,729	816,942
<b>Summary Balance Sheet</b>				
Readily Available Cash and Equivalents	273,483	1,226,011	1,045,001	1,049,924
Total Debt with Equity Credit	1,598,844	1,939,919	3,028,912	4,234,519
Total Adjusted Debt with Equity Credit	1,690,089	2,035,822	3,308,912	4,575,603
Net Debt	1,325,361	713,908	1,983,911	3,184,596
<b>Summary Cash Flow Statement</b>				
Operating EBITDA	802,316	900,543	975,040	1,298,036
Cash Interest Paid	-134,727	-101,696	-156,455	-242,288
Cash Tax	-77,139	-164,793	-306,024	-302,269
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	4,307	14,347	7,168	7,168
Other Items Before FFO	23,811	17,787	555,444	0
Funds Flow from Operations	628,116	698,480	1,120,282	781,596
FFO Margin (%)	9.5	9.8	13.5	7.7
Change in Working Capital	180,421	128,763	-350,695	-56,488
Cash Flow from Operations (Fitch Defined)	808,537	827,243	769,587	725,108
Total Non-Operating/Nonrecurring Cash Flow	0	0	0	
Capex	-123,965	-88,472	-324,573	
Capital Intensity (Capex/Revenue) (%)	1.9	1.2	3.9	
Common Dividends	-46,206	-126,862	-204,950	
FCF	638,366	611,909	240,064	
Net Acquisitions and Divestitures	6,705	3,185	-1,108,041	
Other Investing and Financing Cash Flow Items	-34,906	-189,295	174,025	399,925
Net Debt Proceeds	-449,211	344,099	687,756	1,205,607
Net Equity Proceeds	0	0	0	0
Total Change in Cash	160,954	769,898	-6,196	4,923
<b>Calculations for Forecast Publication</b>				
Capex, Dividends, Acquisitions and Other Items Before FCF	-163,466	-212,149	-1,637,564	-2,325,717
FCF After Acquisitions and Divestitures	645,071	615,094	-867,977	-1,600,610
FCF Margin (After Net Acquisitions) (%)	9.7	8.7	-10.5	-15.9
<b>Coverage Ratios</b>				
FFO Interest Coverage (x)	5.6	7.6	7.9	4.1
FFO Fixed Charge Coverage (x)	5.2	6.8	6.5	3.6
Operating EBITDAR/Interest Paid + Rents (x)	5.5	8.0	5.2	4.7
Operating EBITDA/Interest Paid (x)	6.0	9.0	6.3	5.4
<b>Leverage Ratios</b>				
Total Adjusted Debt/Operating EBITDAR (x)	2.1	2.2	3.2	3.4
Total Adjusted Net Debt/Operating EBITDAR (x)	1.7	0.9	2.2	2.6
Total Debt with Equity Credit/Operating EBITDA (x)	2.0	2.1	3.1	3.2
FFO Adjusted Leverage (x)	2.2	2.6	2.6	4.4
FFO Adjusted Net Leverage (x)	1.8	1.0	1.8	3.4

Source: Fitch Ratings, Fitch Solutions.

**How to Interpret the Forecast Presented**

The forecast presented is based on Fitch Ratings' 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 Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' 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 Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings 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 Ratings' own internal deliberations, where Fitch Ratings, 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 Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Alicorp S.A.A.

ESG Relevance:



Corporates Ratings Navigator  
Packaged Food

Factor Levels	Sector Risk Profile	Operating Environment	Business Profile					Financial Profile			Issuer Default Rating
			Management and Corporate Governance	Operational Scale	Growth Potential	Business Profile	Diversification	Profitability	Financial Structure	Financial Flexibility	
aaa											AAA
aa+											AA+
aa										AA	
aa-										AA-	
a+										A+	
a										A	
a-										A-	
bbb+											BBB+
bbb											BBB
bbb-											BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD

Operating Environment

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

Operational Scale

bbb+	Size	b	EBITDAR <\$500 million
bbb	Market Share	bbb	Number one or number two market share in some categories, with overall brand portfolio maintaining market share
bbb-	Distribution Channel	bbb	Good presence and positioning across relevant distribution channels, including physical retail and online formats
bb+			
bb			

Business Profile

a-	Brand Strength	bbb	Strong brand portfolio with good awareness.
bbb+	Price Leadership	bbb	Lead pricing in a few categories, follow pricing actions in others.
bbb			
bbb-			
bb+			

Profitability

bbb+	FFO Margin	bbb	9%
bbb	EBITDA Margin	bb	12%
bbb-	FCF Margin	bb	0.02
bb+	Volatility of Profitability	bbb	Volatility of profit in line with industry average.
bb			

Financial Flexibility

a-	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
bbb+	Liquidity	bb	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
bbb	EBITDAR/(Gross Interest Expense + Rent)	bbb	6.0x
bbb-	FFO Fixed Charge Cover	bbb	5x
bb+	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging in place.

**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.

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	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
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	Innovation pipeline of new products allows stable market share and offsets declines in other parts of the portfolio.
bbb			
bbb-			
bb+			

Diversification

a-	Geographic	bbb	Moderate geographical diversification.
bbb+	Products	bbb	Moderate portfolio diversity.
bbb	Price Points	a	Portfolio exposure to a variety of price points.
bbb-			
bb+			

Financial Structure

a-	Lease Adjusted FFO Gross Leverage	bbb	4.0x
bbb+	Lease Adjusted FFO Net Leverage	bbb	3.5x
bbb	Lease Adjusted Gross Debt/EBITDAR	bbb	3.5x
bbb-	Lease Adjusted Net Debt/EBITDAR	bbb	3.0x
bb+			

Credit-Relevant ESG Derivation

				Overall ESG	
Key driver	0 issues	1 issues	2 issues	3 issues	4 issues
Alicorp S.A.A. has 10 ESG potential rating drivers				5	
Water used in manufacturing process	0	issues			
Impact of product waste and packaging; supply chain management - agricultural materials	0	issues		4	
Effect of climate change and extreme weather on crop availability and pricing	10	issues		3	
Safe, healthy and nutritious products; product labeling and marketing					
Impact of labor negotiations and employee (dis)satisfaction	2	issues		2	
Shift in consumer preferences					
Showing top 6 issues				1	

For further details on Credit-Relevant ESG scoring, see page 3.

Credit-Relevant ESG Derivation

Alicorp S.A.A. has 10 ESG potential rating drivers

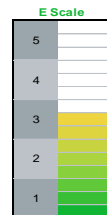
- Alicorp S.A.A. has exposure to water management risk but this has very low impact on the rating.
- Alicorp S.A.A. has exposure to waste & impact management risk and supply chain management risk but this has very low impact on the rating.
- Alicorp S.A.A. has exposure to extreme weather events but this has very low impact on the rating.
- Alicorp S.A.A. has exposure to customer accountability risk but this has very low impact on the rating.
- Alicorp S.A.A. has exposure to labor relations & practices risk but this has very low impact on the rating.
- Alicorp S.A.A. has exposure to shifting consumer preferences but this has very low impact on the rating.

Showing top 6 issues

				Overall ESG Scale
key driver	0	issues	5	
driver	0	issues	4	
potential driver	10	issues	3	
not a rating driver	2	issues	2	
	2	issues	1	

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	2	Emissions from operations and distribution	Profitability
Energy Management	2	Energy and fuel use in manufacturing and distribution	Profitability; Financial Structure; Financial Flexibility
Water & Wastewater Management	3	Water used in manufacturing process	Diversification; Business Profile; Profitability; Financial Structure; Financial Flexibility
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of product waste and packaging; supply chain management agricultural materials	Business Profile; Growth Potential; Operational Scale
Exposure to Environmental Impacts	3	Effect of climate change and extreme weather on crop availability and pricing	Diversification; Profitability; Financial Structure; Financial Flexibility



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

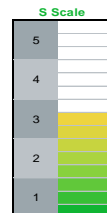
The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The left-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the [number of] general ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector and sub-sector ratings criteria and the General Issues and the Sector-Specific Issues have been informed with SASB's Materiality Map.

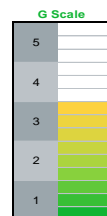
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Safe, healthy and nutritious products; product labeling and marketing	Diversification; Business Profile; Profitability; Financial Structure; Financial Flexibility
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Operational Scale; Business Profile; Profitability; Financial Structure; Financial Flexibility
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	3	Shift in consumer preferences	Operational Scale; Business Profile; Profitability; Financial Structure; Financial Flexibility



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance



CREDIT-RELEVANT ESG SCALE

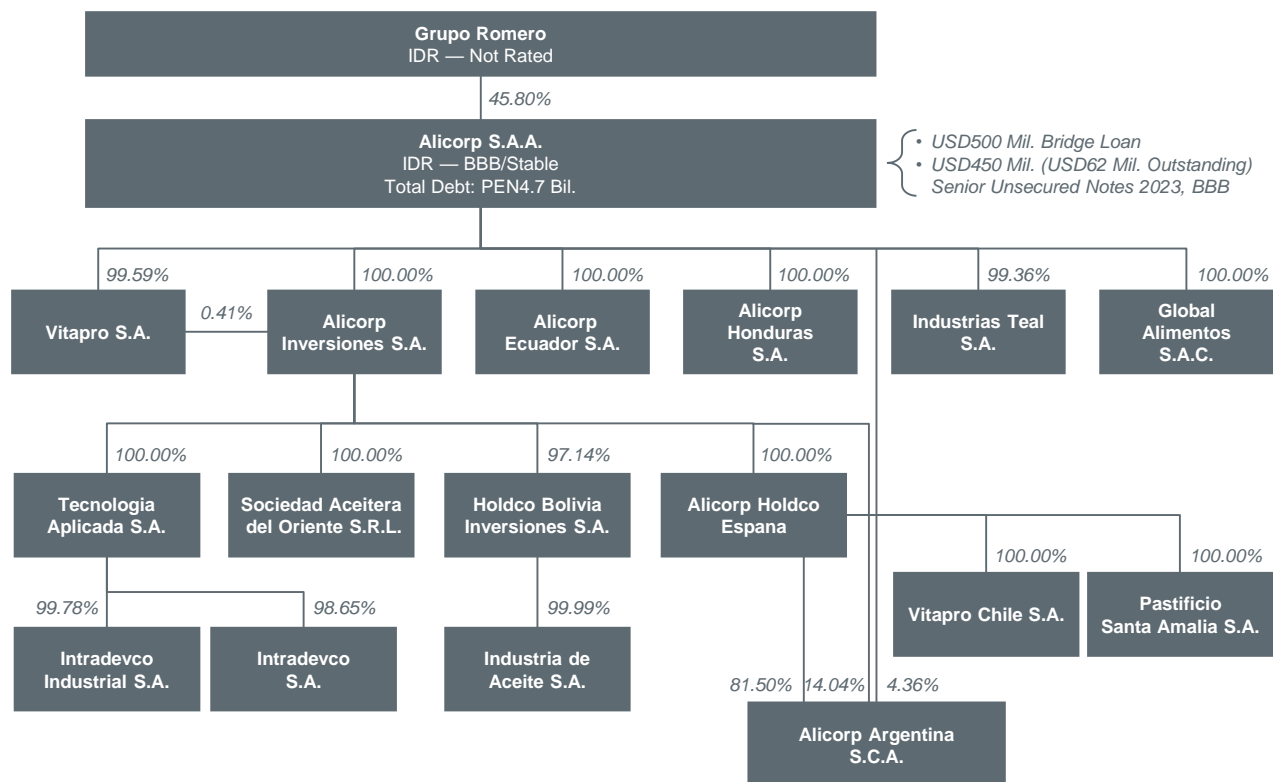
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.



## Simplified Group Structure Diagram

### Simplified Organizational Structure — Alicorp S.A.A.

(As of Dec. 31, 2018 — Post-Acquisition)



• USD500 Mil. Bridge Loan  
 • USD450 Mil. (USD62 Mil. Outstanding)  
 Senior Unsecured Notes 2023, BBB

IDR – Issuer Default Rating.  
 Source: Fitch Ratings, Fitch Solutions, Alicorp S.A.A.

## Peer Financial Summary

Company	IDR	Financial Statement Date	Gross Revenue (USD Mil.)	Operating EBITDAR (USD Mil.)	Operating EBITDAR Margin (%)	Operating EBITDAR/Interest Paid + Rents (x)	Total Adjusted Net Debt/Operating EBITDAR (x)
Alicorp S.A.A.	BBB						
	BBB	2018	2,520	309	12.2	5.2	2.2
	BBB	2017	2,180	281	12.9	8.0	0.9
	BBB	2016	1,967	242	12.3	5.5	1.7
Grupo Bimbo, S.A.B. De C.V.	BBB						
	BBB	2017	14,163	1,633	11.5	3.5	3.7
	BBB	2016	13,500	1,695	12.6	3.8	3.1
	BBB	2015	13,810	1,595	11.5	3.2	3.7
Gruma, S.A.B. de C.V.	BBB						
	BBB	2017	3,737	658	17.6	6.8	1.9
	BBB	2016	3,652	643	17.6	7.6	1.4
	BBB	2015	3,672	620	16.9	7.2	1.7
Nestle SA	AA-						
	AA	2016	91,104	17,865	19.6	15.9	1.1
	AA+	2015	92,510	17,939	19.4	17.3	1.1
Unilever PLC	A+						
	A+	2017	60,715	12,284	20.2	10.3	2.5
	A+	2016	58,297	10,987	18.8	10.9	1.7
	A+	2015	59,099	10,719	18.1	9.5	1.7
Sigma Alimentos, S.A. de C.V.	BBB						
	BBB	2017	6,047	691	11.4	3.8	3.1
	BBB	2016	5,694	697	12.2	4.5	3.0
	BBB	2015	5,895	896	15.2	6.5	2.5

Source: Fitch Ratings, Fitch Solutions.

## Reconciliation of Key Financial Metrics

(PEN Thousand, As reported)	31 Dec 2018
<b>Income Statement Summary</b>	
Operating EBITDA	975,040
+ Recurring Dividends Paid to Non-controlling Interest	0
+ Recurring Dividends Received from Associates	7,168
+ Additional Analyst Adjustment for Recurring VS Minorities and Associates	0
<b>= Operating EBITDA After Associates and Minorities (k)</b>	<b>982,208</b>
<b>+ Operating Lease Expense Treated as Capitalised (h)</b>	<b>40,000</b>
<b>= Operating EBITDAR after Associates and Minorities (j)</b>	<b>1,022,208</b>
<b>Debt &amp; Cash Summary</b>	
<b>Total Debt with Equity Credit (l)</b>	<b>3,028,912</b>
+ Lease-Equivalent Debt	280,000
+ Other Off-Balance-Sheet Debt	0
<b>= Total Adjusted Debt with Equity Credit (a)</b>	<b>3,308,912</b>
Readily Available Cash [Fitch-Defined]	1,037,185
+ Readily Available Marketable Securities [Fitch-Defined]	7,816
<b>= Readily Available Cash &amp; Equivalents (o)</b>	<b>1,045,001</b>
<b>Total Adjusted Net Debt (b)</b>	<b>2,263,911</b>
<b>Cash-Flow Summary</b>	
<b>Preferred Dividends (Paid) (f)</b>	<b>0</b>
Interest Received	45,109
<b>+ Interest (Paid) (d)</b>	<b>(156,455)</b>
<b>= Net Finance Charge (e)</b>	<b>(111,346)</b>
<b>Funds From Operations [FFO] (c)</b>	<b>1,120,282</b>
+ Change in Working Capital [Fitch-Defined]	(350,695)
<b>= Cash Flow from Operations [CFO] (n)</b>	<b>769,587</b>
<b>Capital Expenditures (m)</b>	<b>(324,573)</b>
<b>Multiple applied to Capitalised Leases</b>	<b>7.0</b>
<b>Gross Leverage</b>	
<b>Total Adjusted Debt / Op. EBITDAR* [x] (a/j)</b>	<b>3.2</b>
<b>FFO Adjusted Gross Leverage [x] (a/(c-e+h-f))</b>	<b>2.6</b>
<i>Total Adjusted Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
<b>Total Debt With Equity Credit / Op. EBITDA* [x] (l/k)</b>	<b>3.1</b>
<b>Net Leverage</b>	
<b>Total Adjusted Net Debt / Op. EBITDAR* [x] (b/j)</b>	<b>2.2</b>
<b>FFO Adjusted Net Leverage [x] (b/(c-e+h-f))</b>	<b>1.8</b>
<i>Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)</i>	
<b>Total Net Debt / (CFO - Capex) [x] ((l-o)/(n+m))</b>	<b>4.5</b>
<b>Coverage</b>	
<b>Op. EBITDAR / (Interest Paid + Lease Expense)* [x] (j/-d+h)</b>	<b>5.2</b>
<b>Op. EBITDA / Interest Paid* [x] (k/(-d))</b>	<b>6.3</b>
<b>FFO Fixed Charge Cover [x] ((c+e+h-f)/(-d+h-f))</b>	<b>6.5</b>
<i>(FFO + Net Finance Charge + Capit. Leases - Pref. Div Paid) / (Gross Int. Paid + Capit. Leases - Pref. Div. Paid)</i>	
<b>FFO Gross Interest Coverage [x] ((c+e-f)/(-d-f))</b>	<b>7.9</b>
<i>(FFO + Net Finance Charge - Pref. Div Paid) / (Gross Int. Paid - Pref. Div. Paid)</i>	
* EBITDA/R after Dividends to Associates and Minorities	
Source: Fitch Ratings, Fitch Solutions, Alicorp S.A.A.	

## Fitch Adjustment Reconciliation

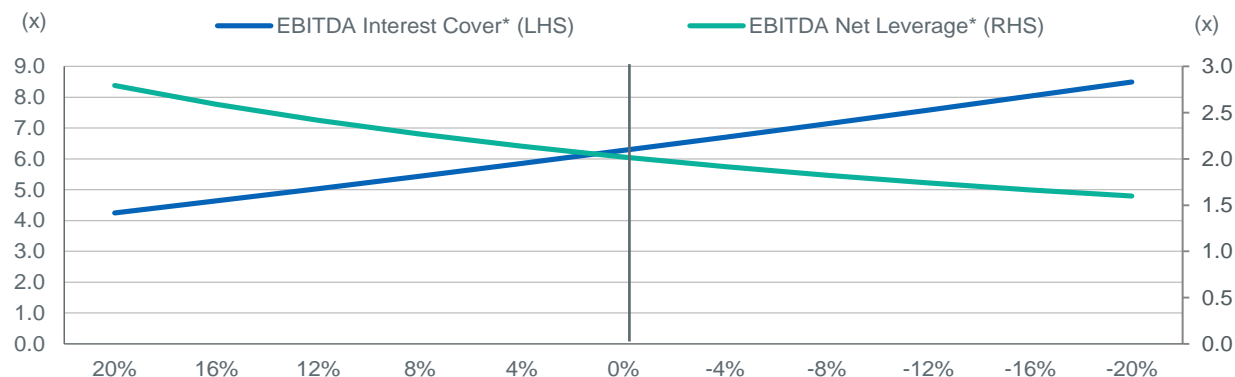
	Reported Values 31 Dec 18	Sum of Fitch Adjustments	Adjusted Values
<b>Income Statement Summary</b>			
Revenue	8,288,702	0	8,288,702
Operating EBITDAR	975,040	40,000	1,015,040
Operating EBITDAR after Associates and Minorities	975,040	47,168	1,022,208
Operating Lease Expense	0	40,000	40,000
Operating EBITDA	975,040	0	975,040
Operating EBITDA after Associates and Minorities	975,040	7,168	982,208
Operating EBIT	786,274	0	786,274
<b>Debt &amp; Cash Summary</b>			
Total Debt With Equity Credit	3,046,840	(17,928)	3,028,912
Total Adjusted Debt With Equity Credit	3,046,840	262,072	3,308,912
Lease-Equivalent Debt	0	280,000	280,000
Other Off-Balance Sheet Debt	0	0	0
Readily Available Cash & Equivalents	1,045,001	0	1,045,001
Not Readily Available Cash & Equivalents	0	0	0
<b>Cash-Flow Summary</b>			
Preferred Dividends (Paid)	0	0	0
Interest Received	114,168	(69,059)	45,109
Interest (Paid)	(211,686)	55,231	(156,455)
Funds From Operations [FFO]	1,224,460	(104,178)	1,120,282
Change in Working Capital [Fitch-Defined]	(350,695)	0	(350,695)
Cash Flow from Operations [CFO]	873,765	(104,178)	769,587
Non-Operating/Non-Recurring Cash Flow	0	0	0
Capital (Expenditures)	(324,573)	0	(324,573)
Common Dividends (Paid)	(204,950)	0	(204,950)
Free Cash Flow [FCF]	344,242	(104,178)	240,064
<b>Gross Leverage</b>			
Total Adjusted Debt / Op. EBITDAR* [x]	3.1		3.2
FFO Adjusted Leverage [x]	2.3		2.6
Total Debt With Equity Credit / Op. EBITDA* [x]	3.1		3.1
<b>Net Leverage</b>			
Total Adjusted Net Debt / Op. EBITDAR* [x]	2.1		2.2
FFO Adjusted Net Leverage [x]	1.5		1.8
Total Net Debt / (CFO - Capex) [x]	3.6		4.5
<b>Coverage</b>			
Op. EBITDAR / (Interest Paid + Lease Expense)* [x]	4.6		5.2
Op. EBITDA / Interest Paid* [x]	4.6		6.3
FFO Fixed Charge Coverage [x]	6.2		6.5
FFO Interest Coverage [x]	6.2		7.9
*EBITDA/R after Dividends to Associates and Minorities			
Source: Fitch Ratings, Fitch Solutions, Alicorp S.A.A.			

## FX Screener

Alicorp's exposure to U.S. dollar-denominated debt is limited. About 12.9% of its debt has FX exposure to U.S. dollars as of YE 2018. Fitch estimates about 32% of the group's sales and about 56% of its costs are denominated in U.S. dollars, respectively.

### Fitch FX Screener - Foreign to Reported Currency Stress Test - Absolute Variation

(Alicorp S.A.A. — BBB/Stable, Dec-18)



\*EBITDA after Dividends to Associates and Minorities

Source: Fitch

## Related Research and Criteria

[Corporate Rating Criteria \(February 2019\)](#)

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