

# Sigdo Koppers

## Model update; maintaining our BUY rating due to positive short-term momentum

## Industrials

**Rating: Buy**
**TP: CLP 1,373**
**CREDICORP CAPITAL RESEARCH**
**Felipe Navarro**

+(562) 2450 1688

fnavarro@credicorpcapital.com

**Tomas Sanhueza**

+(562) 2446 1751

tsanhueza@credicorpcapital.com

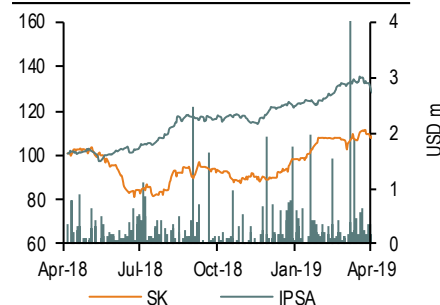
We are updating our figures for Sigdo Koppers, maintaining our BUY recommendation and introducing a new 2019YE TP of CLP 1,373 (+8.53% vs our previous TP from Sep-18). This new TP incorporates i) a stronger mid-term outlook for ICSK (engineering & construction), including an estimated backlog of ~USD 850mn at the end of 2019, mainly explained by the new project awarded at Quebrada Blanca II for USD 250mn, and ii) better prospects for Magotteaux (grinding balls production) due to the new guidance on margins on the back of measures such as changes in its sales mix, incorporating products with greater added value, synergies with its Chinese consortium, production reallocation and new technologies that will bring higher efficiencies (+USD 39.5mn to mid-term EBITDA). In addition, we expect strong growth for SKC (machinery), considering the positive impact of the restructuring process executed during 2015-2017. This, along with steady growth for Enaex (ammonium nitrate and mining explosives production) and Ventanas (port and railway cargo), should drive an estimated +7.8% consolidated EBITDA CAGR increase during the 2019-2023 period. Finally, we believe that, despite the positive YTD return on SK shares (+21.66% vs +1.26% for the SPCLXIPSA Index), the strong earnings momentum (EBITDA 2019E: +20.6% y/y; EPS 2019E: +39.2% y/y) and the announcement of new projects awarded will drive share price increases in the short term.

**New figures for 2019.** We are forecasting consolidated 2019E EPS growth of 39.7% y/y, reaching ~USD 120mn (vs USD 113mn in our previous estimates), mainly explained by i) the agreement between SKBergé Financiera S.A. (affiliate company of Sigdo Koppers) and Banco Santander Chile S.A. to sell its 49% stake in Santander Consumer, leading to an extraordinary net profit of USD 16mn, ii) a low comparative base for ICSK due to the completion of the overbudget Talara project in Peru and higher mining activity in Chile, iii) a recovery in margin for Magotteaux (EBITDA mg 2019E: 10%, vs 9% in our previous estimates) and iv) lower idle capacity for SKC. We expect this positive trend to continue in the mid term, driven by higher mining activity in both production and construction.

**Valuations seem attractive.** Compared to their three-year average, shares are trading at a discount of 19.7% and 12.1% in terms P/E and EV/EBITDA 2019E, respectively. We believe this discount is unjustified, considering the strong industry and company outlook. Therefore, we believe that there is room for further price reaction in the event of new project announcements or higher-than-expected results.

**Stock Data**

Ticker	sk ci
Price (CLP\$)	1,270
LTM Range	944 - 1,290
Target Price	1,373
Total Return	11.4%
Market Cap (USD mn)	2,010
Shares Outstanding (mn)	1,075
Free Float	26%
ADTV (USD mn)	0.3

**Price Chart (CLP) and Volume (USD mn)**


Sources: Bloomberg

**Valuation Summary Sigdo Koppers**

USD mn	2016	2017	2018	2019E	2020E
EV/EBITDA	9.0	13.0	10.5	8.7	7.5
P/E	15.8	26.7	23.3	16.8	13.6
P/CF	8.3	15.4	12.0	15.3	14.4
P/BV	1.1	1.7	1.5	1.5	1.4
Div. Yield	6.2%	3.0%	3.2%	3.4%	4.7%

IMPORTANT NOTICE (US FINRA RULE 2242) This document is intended for INSTITUTIONAL INVESTORS and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors. Credicorp Capital may do or seek to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 15 to 19. Analyst Certification on Page 15. Additional disclosures on page 19.

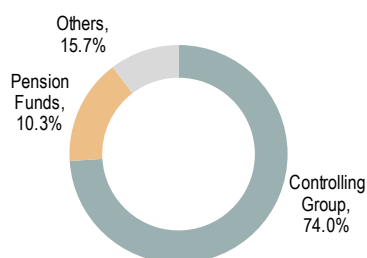
## SK - Company Summary

Sector: Industrials  
 Rating: BUY  
 Target Price: 1,373

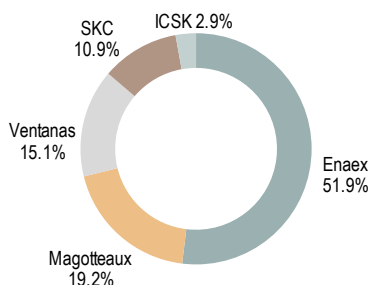
### Stock Data

Ticker	sk ci
Price (CLP)	1,270
LTM Range (CLP)	944 - 1,290
Market Cap (USD mn)	2,010
Shares Outstanding (mn)	1,075
Free Float	26%
ADTV (USD mn)	0.3

### Ownership Structure



### EBITDA Breakdown 2018



### Management

CEO: Juan Pablo Aboitiz  
 CFO: Gonzalo Cavada  
 HIR: Andrés Barriga  
[www.sigdokoppers.cl](http://www.sigdokoppers.cl)

### Company Description

Sigdo Koppers is a Chilean conglomerate, which provides services all along the mining value chain. Its main subsidiaries are Enaex (ammonium nitrate production and rock fragmentation services), Magotteaux (grinding balls production), ICSK (large-scale industrial construction), SKC (machinery rental & distribution), Puerto Ventanas (port transfer and storage of solid and liquid bulk), Fepasa (rail transport) and SKBerge (car dealership).

### Positives

- Positive mining outlook
- New construction projects awarded
- Positive management track record

### Concerns

- Overbudget projects
- Low liquidity of shares
- Lower-than-expected mining activity

### Valuation Summary

USD mn	2016	2017	2018	2019E	2020E
EV/EBITDA	9.0	13.0	10.5	8.7	7.5
P/E	15.8	26.7	23.3	16.8	13.6
P/CF	8.3	15.4	12.0	15.3	14.4
P/BV	1.1	1.7	1.5	1.5	1.4
Div. Yield	6.2%	3.0%	3.2%	3.4%	4.7%

### Income Statement

USD mn	2016	2017	2018	2019E	2020E
Revenues	2,191	2,205	2,330	2,481	2,793
Gross Profit	484	482	530	597	672
EBITDA	291	286	313	378	437
Net Income	85	83	86	120	147
EPS (CLP)	53.0	47.7	54.4	75.8	93.2
Gross Margin	22.1%	21.9%	22.7%	24.1%	24.1%
EBITDA Margin	13.3%	13.0%	13.4%	15.2%	15.6%
Net Margin	3.9%	3.8%	3.7%	4.8%	5.3%

### Balance Sheet

USD mn	2016	2017	2018	2019E	2020E
Cash and Equivalents	281	288	267	284	348
Total Current Assets	1,166	1,217	1,252	1,274	1,457
Total Assets	3,549	3,629	3,677	3,670	3,857
Current Liabilities	732	744	775	737	783
Financial Debt	1,110	1,061	1,114	1,065	1,136
Total Liabilities	1,869	1,862	1,957	1,871	1,987
Minority Interest	411	436	411	439	456
Shareholders Equity	1,269	1,331	1,308	1,361	1,414
Total Liabilities + Equity	3,549	3,629	3,677	3,670	3,857
EBITDA / Fin. Expenses	5.3	5.3	5.5	6.5	7.1
Net Debt / EBITDA	2.8	2.7	2.7	2.1	1.8
Financial Debt / Equity	0.9	0.8	0.9	0.8	0.8
ROAE	6.9%	6.4%	6.5%	9.0%	10.6%
ROAA	2.4%	2.3%	2.4%	3.3%	3.9%

Sources: Company Reports, Bloomberg and Credicorp Capital Estimates

## Main Assumptions

**The Chilean and Peruvian mining pipeline should boost ICSK's backlog.**

**ICSK:** According to the Corporación de Bienes de Capital (CBC), an organization that surveys company investment plans, the Chilean and Peruvian mining sectors' project pipelines for 2018-2022 will reach USD 18,661mn and USD 21,108mn, respectively. These projects should lead to record-high backlogs for the company, reaching a maximum in 2023 (USD 1,123mn). However, considering the cyclic trends in this industry and taking into account the expected pick-up in copper production in 2025 (Cochilco), we forecast a backlog drop from 2023 through 2028 (USD 700mn). Considering this positive scenario in terms of projects, we forecast a 10.9% CAGR increase in revenues and a 10.6% CAGR increase in EBITDA for 2019-2023.

**We forecast a long-term drop in coal transferences due to changes in the energy matrix.**

**Ventanas:** We forecast steady growth in the mid term, with a 2.5% CAGR increase in revenues for 2019-2023, given that there are no major expansions expected at the company's main mining clients (El Teniente, Andina and Los Bronces). Also, we forecast significant decreases in coal transferences, disappearing entirely by 2028, due to changes in the energy matrix. This leads to an EBITDA margin contraction from ~33% in 2020E to ~24% in 2028E due to changes in the company's sales mix.

**We expect Enaex to remain steady without significant improvements.**

**Enaex:** We forecast a steady 2019-2020 due to the fact that that there will be no significant mine expansions starting operations. However, we believe stronger growth in 2021 is likely, on the back of the projects of Spence and Quebrada Blanca II. In terms of margins, we do not expect significant improvements, considering i) the current sales mix, ii) the company's strategy of strengthening the blasting services business (estimated EBITDA mg.: 12%-16%) instead of the chemical products business (estimated EBITDA mg.: 30%) and iii) the fact that the synergies from recent acquisitions (Brianite and Davey Bickford) have already been incorporated. Therefore, we expect EBITDA margin to remain steady between 21.5% and 22.5%. We highlight that the company is seeking to introduce new products with higher margins to its mining clients in the mid term, which poses an upside risk to our estimates. Also, another upside risk is potential inorganic growth opportunities, mainly in other mining countries, such as South Africa or Australia.

**We believe that the restructuring plan at Magotteaux will lead to an EBITDA margin expansion from 8.6% in 2018 to 14% in 2023.**

**Magotteaux:** We believe higher operating efficiencies, as opposed to higher physical sales, will drive growth. The company is executing a restructuring plan with measures such as changes in its sales mix, incorporating products with greater added value (+USD 7mn to mid-term EBITDA), capturing synergies with its Chinese consortium (+USD 3.5mn), factory reallocation and implementing new technologies that will bring higher efficiencies (+USD 29mn). This is expected to boost EBITDA margin from 8.6% in 2018 to roughly 14% in 2023E.

**Higher dynamics in the machinery industry due to new mining and industrial projects should boost SKC's results**

**SKC:** We expect the strong forecast for the machinery industry, driven by the new mining projects, and higher industrial activity to boost consolidated revenues and EBITDA in both the distribution and rental businesses, resulting in 10.4% and 13.7% CAGR increases, respectively, for 2019-2023. In addition, over the past three years, the company has executed a cost restructuring plan to deal with the low activity during 2015-2018; measures have included land sales and reorganizing the machinery garages. This, along with the aforementioned higher dynamics in the industry, should allow the company to reach an EBITDA margin of roughly 18% again.

## What has changed in our estimates?

**We are including a stronger mid-term prospects for ICSK and Magotteaux**

**The main changes with in our valuation of SK are:**

- Considering the Chilean and Peruvian mining project pipelines for 2018-2022 released by the Corporación de Bienes de Capital (CBC) and the recent projects awarded to ICSK, **we are increasing backlogs** for 2019-2023, with a maximum of USD 1,123mn.
- **We are including the guidance on margins for Magotteaux.** We are now expecting the company to reach an EBITDA margin of ~14% in 2023, as opposed to 2028, based on the details of the restructuring plan provided by the company.
- **We are decreasing our forecasts for Enaex in the short term** due to lower expectations due to the expected entrance of new copper production in 2019-2020. This should be partially offset by an increase in demand for Enaex's products in 2021 on the back of projects such as Spence and Quebrada Blanca II.
- **We are including the agreement between SKBergé Financiera S.A.** (affiliate company of Sigdo Koppers) and Banco Santander Chile S.A. to sell its 49% stake in Santander Consumer. This transaction will lead to an extraordinary net profit of USD 16mn, boosting consolidated net income for Sigdo Koppers up to USD 120mn.

### Changes in Estimates (USD mn)

	2019E			2020E			2021E		
	New	Old (*)	Chg.	New	Old (*)	Chg.	New	Old (*)	Chg.
Revenues	2.481	2.690	-7,8%	2.793	2.859	-2,3%	2.949	3.001	-1,7%
EBITDA	378	384	-1,5%	437	448	-2,6%	468	472	-0,9%
Net Income	120	113	5,7%	147	134	9,7%	162	144	12,0%

(\*) Old estimates published in September 2018

Sources: Credicorp Capital Estimates

# Valuation

Our valuation of Sigdo Koppers is based on three valuation methods: i) a ten-year SOTP DCF valuation, ii) a sum-of-the parts multiple valuation and iii) a consolidated multiple valuation. Our new 2019YE is TP CLP 1,373.

Target Price Breakdown					
Valuation Method	Weight	2019 YE Target Price	Upside	Dividend Yield 2019E	Total Return
10-year SOTF DCF valuation	80%	1,330	4.7%		
SOTP multiple valuation	10%	1,610	26.8%		
Consolidated multiple valuation	10%	1,476	16.2%		
<b>2018 YE Target Price</b>		<b>1,373</b>	<b>8.1%</b>	<b>3.4%</b>	<b>11.4%</b>

Based on our ten-year SOTPCF model, we estimate an equity value of CLP 1,330 per share.

ICSK			
Risk Free Rate(USD T10)	2.92%	Perpetuity Growth	3.0%
Risk Premium	6.0%	Tax Rate	28.0%
Levered Beta	1.23	FV from DCF (USD mn)	112
Cost of Equity (USD)	12.6%	FV from Perpetuity (USD mn)	112
Cost of Debt (USD)	5.0%	<b>Total EV (USD mn)</b>	<b>224</b>
<b>WACC (USD)</b>	<b>9.9%</b>		

Puerto Ventanas			
Risk Free Rate(USD T10)	2.92%	Perpetuity Growth	3.0%
Risk Premium	6.0%	Tax Rate	28.0%
Levered Beta	0.69	FV from DCF (USD mn)	188
Cost of Equity (USD)	8.1%	FV from Perpetuity (USD mn)	214
Cost of Debt (USD)	5.0%	<b>Total EV (USD mn)</b>	<b>403</b>
<b>WACC (USD)</b>	<b>6.8%</b>		

Enaex			
Risk Free Rate(USD T10)	2.92%	Perpetuity Growth	3.0%
Risk Premium	6.0%	Tax Rate	28.0%
Levered Beta	1.03	FV from DCF (USD mn)	746
Cost of Equity (USD)	10.7%	FV from Perpetuity (USD mn)	1,149
Cost of Debt (USD)	5.0%	<b>Total EV (USD mn)</b>	<b>1,896</b>
<b>WACC (USD)</b>	<b>8.6%</b>		

<b>Magotteaux</b>			
Risk Free Rate(USD T10)	2.92%	Perpetuity Growth	3.0%
Risk Premium	6.0%	Tax Rate	28.0%
Levered Beta	1.31	FV from DCF (USD mn)	308
Cost of Equity (USD)	12.8%	FV from Perpetuity (USD mn)	483
Cost of Debt (USD)	5.0%	<b>Total EV (USD mn)</b>	<b>791</b>
<b>WACC (USD)</b>	<b>10.0%</b>		
<b>SKC</b>			
Risk Free Rate(USD T10)	2.92%	Perpetuity Growth	3.0%
Risk Premium	6.0%	Tax Rate	28.0%
Levered Beta	1.31	FV from DCF (USD mn)	80
Cost of Equity (USD)	12.4%	FV from Perpetuity (USD mn)	123
Cost of Debt (USD)	5.0%	<b>Total EV (USD mn)</b>	<b>203</b>
<b>WACC (USD)</b>	<b>9.8%</b>		
<b>Eliminations &amp; Adjustments</b>			
Risk Free Rate(USD T10)	2.92%	Perpetuity Growth	3.0%
Risk Premium	6.0%	Tax Rate	28.0%
Levered Beta	1.23	FV from DCF (USD mn)	-21
Cost of Equity (USD)	12.6%	FV from Perpetuity (USD mn)	-21
Cost of Debt (USD)	5.0%	<b>Total EV (USD mn)</b>	<b>-42</b>
<b>WACC (USD)</b>	<b>9.9%</b>		
<b>Consolidated</b>			
Consolidated EV (USD mn)	<b>3,475</b>	<b>Current Price</b>	1,270
2018 Debt	1,114	Upside	4.7%
2018 Cash & Equivalents	267	Div Yield	3.4%
2018 Minority Interest	-632	<b>Total Return</b>	<b>8.1%</b>
<b>Equity Value (USD th)</b>	<b>1,996</b>		
Other Assets	442		
<b>Consolidated Equity Value</b>	<b>2,437</b>		
Holdin Discount	-10%		
Outstanding Shares (bn)	1,075		
<b>Fundamental Value (CLP)</b>	<b>1,330</b>		

**Based on our SOTP multiple valuation, we estimate an equity value of CLP 1,610 per share.**

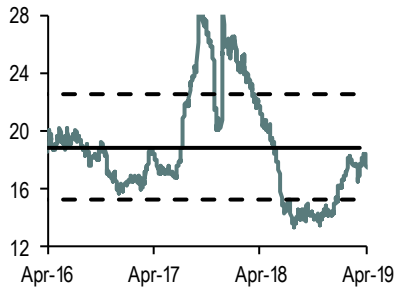
<b>SOTP multiple valuation (USD mn)</b>			
<b>FV</b>	<b>2020E EBITDA</b>	<b>Target FV/EBITDA</b>	<b>FV</b>
<b>Consolidated</b>			
ICSK	47	9.0	422
Ventanas	57	12.0	682
Enaex	185	9.0	1,663
Magotteaux	85	9.0	768
SKC	70	7.5	525
Eliminations & Others	-7	9.3	-68
<b>Total Consolidated</b>	<b>437</b>		<b>3,993</b>
<b>Target Price</b>			
Total EV Sigdo Koppers			-847
Net Debt			-632
Minority Interest			-632
Other Assets			441.6
<b>Consolidated Equity Value</b>			<b>2,956</b>
Shares Out			1,075
<b>TP 2019 (USD)</b>			<b>2.7</b>
CLP YE 2019			650
<b>TP 2019 (CLP)</b>			<b>1,790</b>
Holding Discount			10.0%
<b>TP 2018 (CLP)</b>			<b>1,610</b>

ICSK	10.6%
Ventanas	17.1%
Enaex	41.7%
Magotteaux	19.2%
SKC	13.2%
Eliminations & Others	-1.7%
<b>Total Consolidated</b>	<b>100.0%</b>

**Finally, based on our consolidated multiple valuation, we estimate an equity value of CLP 1,476 per share.**

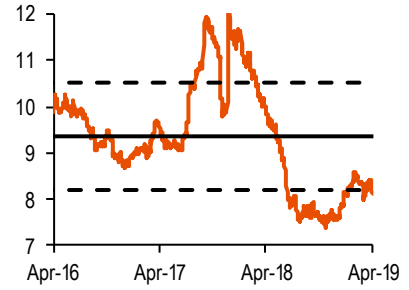
<b>Consolidated Multiple Valuation (USD mn)</b>	<b>EBITDA 2020E</b>	<b>Net Income 2020E</b>	<b>Target Multiple</b>	<b>Net Debt &amp; Others (*)</b>	<b>Discount</b>	<b>Equity Value</b>
FV/EBITDA	437		8.0	-823	95%	3,318
P/E		147	14.9		95%	2,092
<b>Consolidated Equity Value</b>						<b>2,705</b>
Shares						1,075
TP 2019 (USD)						2.5
CLP YE 2018						650
TP 2019 (CLP)						1,640
Holding Discount						10%
<b>TP 2019 (CLP)</b>						<b>1,476</b>

**P/E Forward**



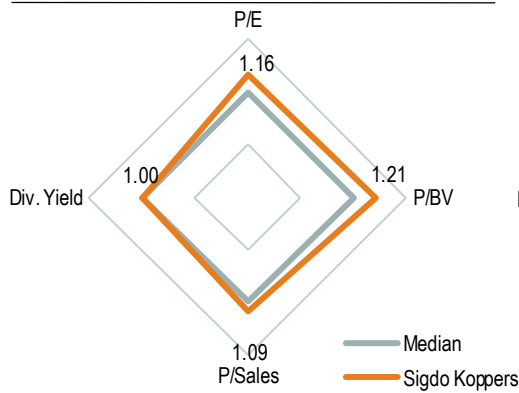
Sources: Bloomberg & Credicorp Capital

**FV/EBITDA Forward**



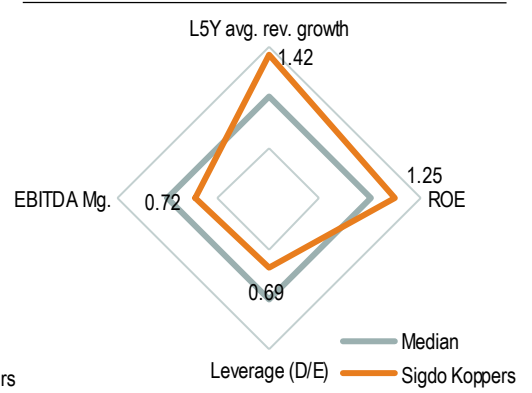
Sources: Bloomberg & Credicorp Capital

**Relative Market Multiples**



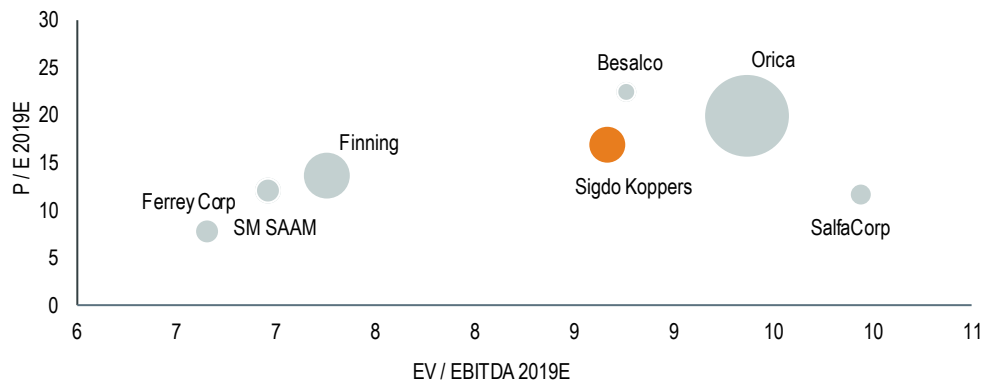
Sources: Bloomberg & Credicorp Capital

**Relative Financial Ratios**



Sources: Bloomberg & Credicorp Capital

**Relative Valuation**



Sources: Bloomberg & Credicorp Capital



# Comparables

Company	Country	Mkt. Cap	P/E		EV/EBITDA		P/BV	ROE	Div. Yield	
		USD mn	2019E	2020E	2019E	2020E	LTM			EBITDA Mg.
<b>SIGDO KOPPERS</b>										
SIGDO KOPPERS	CHILE	2,009	16.76	13.63	8.67	7.51	1.54	13.45%	6.52%	1.80%
ENAEX	CHILE	1,430	nm	nm	nm	nm	2.23	21.23%	12.30%	3.11%
VENTANAS	CHILE	273	nm	nm	nm	nm	2.32	29.95%	18.12%	5.03%
FERROCARRIL PACI	CHILE	40	nm	nm	nm	nm	0.40	15.44%	3.39%	3.49%
<b>Sigdo Koppers Average</b>		<b>938</b>	<b>16.76</b>	<b>13.63</b>	<b>8.67</b>	<b>7.51</b>	<b>1.62</b>	<b>20.0%</b>	<b>10.1%</b>	<b>3.4%</b>
<b>ICSK</b>										
BESALCO	CHILE	538	22.40	19.81	8.77	7.93	2.03	13.14%	7.85%	1.73%
SALFACORP	CHILE	589	11.57	11.58	9.95	9.57	1.07	5.12%	6.88%	1.85%
GRANA Y MONTERO	PERU	439	11.34	11.46	4.83	5.28	0.68	14.67%	-3.91%	nm
GRUPO MEX DESARR	MEXICO	187	nm	nm	nm	nm	1.10	32.58%	6.40%	nm
IDEAL-B1	MEXICO	5,556	nm	nm	nm	nm	3.09	61.81%	14.69%	nm
ODINSA SA	COLOMBIA	nm	nm	nm	nm	nm	nm	42.57%	9.88%	nm
ECORODOVIAS	BRAZIL	1,170	9.77	8.23	4.72	4.09	7.17	51.05%	57.77%	8.75%
<b>ICSK Average</b>		<b>1,413</b>	<b>13.77</b>	<b>12.77</b>	<b>7.07</b>	<b>6.72</b>	<b>2.53</b>	<b>31.6%</b>	<b>14.2%</b>	<b>4.1%</b>
<b>Ventanas</b>										
VENTANAS	CHILE	273	nm	nm	nm	nm	2.32	29.95%	18.12%	5.03%
SAAM SA	CHILE	931	11.96	11.96	6.96	6.57	1.21	29.45%	6.46%	4.80%
ANDINO INVST HLD	PERU	110	nm	nm	nm	nm	0.33	1232.45%	36.21%	nm
SANTOS BRAS-UNIT	BRAZIL	647	nm	nm	11.69	8.73	nm	20.57%	0.22%	nm
WILSON SONS-BDR	BERMUDA	712	10.67	9.46	5.69	5.34	1.38	34.90%	8.33%	5.40%
HAMBURGER HAFEN	GERMANY	1,456	15.39	14.62	5.87	5.64	2.61	24.65%	18.79%	2.99%
PIRAEUS PORT AUT	GREECE	447	16.53	15.04	7.80	7.30	2.39	43.27%	14.12%	0.86%
VOPAK	NETHERLANDS	4,570	16.29	15.07	9.96	9.85	1.90	51.09%	9.86%	2.75%
GLOBAL-GDR REG S	CYPRUS	462	5.83	4.57	5.40	5.04	5.98	56.23%	-20.00%	nm
NCSF	RUSSIA	2,169	nm	nm	nm	nm	2.88	69.01%	33.99%	10.80%
LUKA KOPER	SLOVENIA	344	9.08	8.59	5.13	4.82	0.98	43.78%	16.06%	4.47%
DP WORLD PLC	UAE	17,430	13.93	13.26	9.14	8.58	1.54	45.81%	11.72%	2.05%
SALALAH PORT SVC	OMAN	281	nm	nm	nm	nm	1.84	19.63%	9.23%	2.50%
PORT OF TAURANGA	NEW ZEALAND	5,936	38.80	37.07	25.87	24.62	3.64	54.72%	9.66%	4.30%
TIANJIN PORT DEV	HONG KONG	722	nm	nm	nm	nm	0.46	16.64%	3.45%	5.47%
DALIAN PORT PD-H	CHINA	3,174	nm	nm	nm	nm	0.61	nm	2.88%	2.72%
TIANJIN PORT -A	CHINA	2,039	nm	nm	8.87	8.67	0.87	nm	3.81%	1.80%
SH INTL PORT -A	CHINA	27,325	17.53	16.04	15.24	13.78	2.31	nm	13.95%	2.17%
CHINA MERCHANTS	HONG KONG	6,708	9.32	9.51	15.61	18.51	0.70	80.78%	9.74%	5.13%
INTL CONTAIN TER	PHILIPPINES	4,853	22.52	18.25	8.03	7.33	2.35	46.34%	8.36%	3.98%
ADANI PORTS AND	INDIA	11,587	21.00	17.86	14.40	12.51	3.88	63.11%	19.20%	0.51%
COSCO SHIPPING P	HONG KONG	3,155	9.21	8.59	15.13	14.03	0.61	nm	6.27%	3.82%
ANHUI WANJIANG-A	CHINA	1,587	nm	nm	nm	nm	1.22	nm	4.81%	nm
RIZHAO PORT -A	CHINA	1,544	13.00	9.39	nm	nm	0.90	nm	6.34%	0.59%
SHENZHIWAN W-B	CHINA	nm	nm	nm	nm	nm	nm	nm	3.68%	nm
BINTULU PORT HLD	MALAYSIA	547	nm	nm	nm	nm	1.78	61.92%	11.42%	3.66%
JINZHOU PORT-B	CHINA	1,006	nm	nm	nm	nm	0.81	nm	3.93%	0.91%
YINGKOU PORT-A	CHINA	2,644	nm	nm	nm	nm	1.49	nm	9.60%	0.91%
ASIAN TERMINALS	PHILIPPINES	601	nm	nm	nm	nm	1.98	61.93%	19.56%	2.90%
<b>Ventanas Average</b>		<b>3,688</b>	<b>15.40</b>	<b>13.95</b>	<b>10.67</b>	<b>10.08</b>	<b>1.81</b>	<b>104.3%</b>	<b>10.3%</b>	<b>3.4%</b>

# Comparables

Company	Country	Mkt. Cap USD mn	P/E		EV/EBITDA		P/BV LTM	ROE LTM	Div. Yield LTM	
			2019E	2020E	2019E	2020E				
<b>ENAEX</b>										
ENAEX	CHILE	1,430	nm	nm	nm	nm	2.23	21.23%	12.30%	3.11%
ORICA LTD	AUSTRALIA	10,130	19.86	17.16	9.37	8.53	2.46	9.17%	-1.64%	2.74%
<b>Enaex Average</b>		<b>5,780</b>	<b>19.86</b>	<b>17.16</b>	<b>9.37</b>	<b>8.53</b>	<b>2.35</b>	<b>15.2%</b>	<b>5.3%</b>	<b>2.9%</b>

<b>Magotteaux</b>										
AIA ENGINEERING	INDIA	2,429	34.43	28.18	23.55	18.48	5.65	21.91%	15.48%	0.44%
<b>Magotteaux Average</b>		<b>2,429</b>	<b>34.43</b>	<b>28.18</b>	<b>23.55</b>	<b>18.48</b>	<b>5.65</b>	<b>21.9%</b>	<b>15.5%</b>	<b>0.4%</b>

<b>SKC</b>										
FERREYCORP SAA	PERU	704	7.64	7.59	6.66	6.46	1.10	11.48%	10.70%	5.21%
FINNING INTL INC	CANADA	2,939	13.58	11.58	7.26	6.59	1.89	8.72%	11.36%	3.31%
UNITED RENTALS	UNITED STATES	11,081	7.40	6.62	5.07	4.83	3.29	44.56%	33.83%	nm
SEVEN GROUP HOLD	AUSTRALIA	9,139	14.07	13.28	10.06	9.43	2.24	13.73%	11.80%	3.16%
FERRONORDIC ORD	SWEDEN	235	9.19	7.51	5.11	4.28	3.41	9.92%	32.69%	1.12%
WAJAX CORP	CANADA	237	7.60	6.77	5.44	5.00	1.06	6.01%	13.46%	6.32%
WAKITA & CO LTD	JAPAN	542	13.41	nm	nm	nm	0.65	14.97%	4.55%	2.58%
H&E EQUIPMENT SE	UNITED STATES	1,103	12.99	12.61	5.53	5.39	4.21	32.73%	33.93%	3.57%
TITAN MACHINERY	UNITED STATES	387	20.53	16.34	12.68	11.22	1.16	4.03%	3.66%	nm
RITCHIE BROS	CANADA	3,760	27.06	23.06	14.68	14.45	4.52	21.93%	15.37%	2.00%
<b>SKC Average</b>		<b>3,013</b>	<b>13.35</b>	<b>11.71</b>	<b>8.05</b>	<b>7.52</b>	<b>2.35</b>	<b>16.8%</b>	<b>17.1%</b>	<b>3.4%</b>

<b>SK Berge</b>										
COLONIAL MOTOR	NEW ZEALAND	417	nm	nm	nm	nm	1.42	4.80%	12.60%	8.17%
AUTOMOTIVE HOLDI	AUSTRALIA	1,123	15.32	12.99	11.05	10.45	1.56	-1.82%	-35.82%	4.06%
VT HOLDINGS CO	JAPAN	479	11.43	10.57	6.85	6.53	1.44	6.12%	9.15%	4.46%
AUTOSPORTS GRP	AUSTRALIA	340	10.67	8.79	13.15	11.78	0.49	3.99%	3.94%	11.48%
HOTAI MOTOR	TAIWAN	7,938	22.77	19.57	19.58	35.83	4.97	12.52%	20.89%	2.67%
INCHCAPE PLC	BRITAIN	1,975	10.10	9.67	6.25	6.09	1.83	2.51%	3.42%	4.52%
<b>SK Berge Average</b>		<b>2,045</b>	<b>14.06</b>	<b>12.32</b>	<b>11.38</b>	<b>14.13</b>	<b>1.95</b>	<b>4.7%</b>	<b>2.4%</b>	<b>5.9%</b>

<b>Fepasa Average</b>										
FERROCARRIL PACI	CHILE	40	nm	nm	nm	nm	0.40	15.44%	3.39%	3.49%
CSX CORP	UNITED STATES	64,223	18.16	16.49	11.87	11.34	5.17	51.52%	25.73%	1.13%
KANSAS CITY SOUT	UNITED STATES	12,346	17.91	15.78	10.78	9.84	2.56	46.53%	12.42%	1.17%
NORFOLK SOUTHERN	UNITED STATES	53,949	18.67	16.51	11.86	10.95	3.52	44.94%	17.58%	1.57%
UNION PAC CORP	UNITED STATES	124,870	19.38	17.03	13.11	12.13	7.04	47.21%	28.71%	1.82%
<b>Fepasa Average</b>		<b>51,086</b>	<b>18.53</b>	<b>16.45</b>	<b>11.90</b>	<b>11.06</b>	<b>3.74</b>	<b>41.1%</b>	<b>17.6%</b>	<b>1.8%</b>

## Consolidated Financial Statements

Income Statement					
<i>USD mn</i>	2016	2017	2018	2019E	2020E
Revenues	2,191	2,205	2,330	2,481	2,793
Cost of Sales	-1,707	-1,722	-1,800	-1,884	-2,121
<b>Gross Profit</b>	<b>484</b>	<b>482</b>	<b>530</b>	<b>597</b>	<b>672</b>
Gross Mgn.	22.1%	21.9%	22.7%	24.1%	24.1%
SG&A	-313	-291	-299	-323	-358
% of Sales	-14.3%	-13.2%	-12.8%	-13.0%	-12.8%
Others	2	-27	-33	-33	-29
<b>EBIT</b>	<b>172</b>	<b>164</b>	<b>198</b>	<b>241</b>	<b>285</b>
EBIT Mgn.	7.9%	7.4%	8.5%	9.7%	10.2%
Depreciation	119	122	115	137	152
<b>EBITDA</b>	<b>291</b>	<b>286</b>	<b>313</b>	<b>378</b>	<b>437</b>
EBITDA Mgn.	13.3%	13.0%	13.4%	15.2%	15.6%
Net Financial Expenses	-50	-48	-51	-51	-54
Profits from Related Companies	45	32	31	63	54
Other Non Op.	-3	1	-1	3	3
<b>Total Non Operating Income</b>	<b>-7</b>	<b>-15</b>	<b>-22</b>	<b>15</b>	<b>3</b>
Earnings Before Taxes	165	149	177	256	288
Taxes	-39	-22	-48	-73	-68
Minority Interest	-41	-44	-42	-63	-72
<b>Net Income</b>	<b>85</b>	<b>83</b>	<b>86</b>	<b>120</b>	<b>147</b>
Net Mgn.	3.9%	3.8%	3.7%	4.8%	5.3%
Balance Sheet					
<i>USD mn</i>	2016	2017	2018	2019E	2020E
Cash and Equivalents	281	288	267	284	348
Accounts receivable	560	580	528	560	631
Inventories	273	296	408	381	429
Other Current Assets	52	53	49	49	49
PPE	1,188	1,185	1,186	1,157	1,161
Other Long-Term Assets	1,196	1,226	1,239	1,239	1,239
<b>Total Assets</b>	<b>3,549</b>	<b>3,629</b>	<b>3,677</b>	<b>3,670</b>	<b>3,857</b>
Short Term Debt	298	246	223	223	223
Accounts Payable	303	328	398	361	406
Other Current Liabilities	131	170	153	153	153
Long Term Debt	813	816	891	842	913
Other Long-Term Liabilities	324	302	292	292	292
<b>Total Liabilities</b>	<b>1,869</b>	<b>1,862</b>	<b>1,957</b>	<b>1,871</b>	<b>1,987</b>
<b>Shareholders Equity</b>	<b>1,269</b>	<b>1,331</b>	<b>1,308</b>	<b>1,361</b>	<b>1,414</b>
Minority Interest	411	436	411	439	456
<b>Total Equity and Liabilities</b>	<b>3,549</b>	<b>3,629</b>	<b>3,677</b>	<b>3,670</b>	<b>3,857</b>

<b>Ratios</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
<b>Liquidity</b>					
Current Ratio	1.6	1.6	1.6	1.7	1.9
Quick Ratio	0.4	0.4	0.3	0.4	0.4
<b>Efficiency</b>					
Acc. Receivable Turnover	3.9	3.9	4.2	4.6	4.7
Assets Turnover	0.6	0.6	0.6	0.7	0.7
<b>Leverage</b>					
Net Debt / Assets	0.2	0.2	0.2	0.2	0.2
Net Debt / Equity	0.7	0.6	0.6	0.6	0.6
Net Debt / EBITDA	2.8	2.7	2.7	2.1	1.8
EBITDA / Fin Expenses	5.3	5.3	5.5	6.5	7.1
<b>Profitability</b>					
ROAE	6.9%	6.4%	6.5%	9.0%	10.6%
ROAA	2.4%	2.3%	2.4%	3.3%	3.9%
ROIC	5.3%	5.5%	5.6%	6.7%	8.3%
<b>DuPont Analysis</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
Op. ROAE	6.9%	6.4%	6.5%	9.0%	10.6%
Assets/Equity	2.9	2.8	2.8	2.8	2.7
Net Income/Revenues	3.9%	3.8%	3.7%	4.8%	5.3%
Revenues/Assets	0.6	0.6	0.6	0.7	0.7
<b>Multiples</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
FV/EBITDA	9.0x	13.0x	10.5x	8.7x	7.5x
P/E	15.8x	26.7x	23.4x	16.8x	13.7x
P/BV	1.1x	1.7x	1.5x	1.5x	1.4x
Div. Yield	6.2%	3.0%	3.2%	3.4%	4.7%
<b>Cash Flow Statement</b>					
<i>USD mn</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
<b>Initial Cash</b>	<b>240</b>	<b>281</b>	<b>288</b>	<b>267</b>	<b>284</b>
Cash Flow From Operations	159	153	168	235	227
CAPEX	-128	-101	-108	-130	-156
Changes in Financial Debt	-10	-49	53	-48	71
Dividends (Paid) Received	-84	-66	-65	-68	-94
Other Equity Variations	105	69	-69	27	17
<b>Final Cash</b>	<b>281</b>	<b>288</b>	<b>267</b>	<b>284</b>	<b>348</b>
<b>Change in Cash Position</b>	<b>42</b>	<b>7</b>	<b>-21</b>	<b>16</b>	<b>64</b>

## Financial Statements by Company

<b>ICSK</b>					
<i>USD mn</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
Revenues	455	448	426	463	606
Cost of Sales	-431	-412	-383	-400	-527
<b>Gross Profit</b>	<b>25</b>	<b>36</b>	<b>43</b>	<b>62</b>	<b>79</b>
Gross Mgn.	5.5%	8.1%	10.0%	13.5%	13.0%
<b>EBITDA</b>	<b>-2</b>	<b>16</b>	<b>9</b>	<b>33</b>	<b>47</b>
EBITDA Mgn.	-0.4%	3.6%	2.1%	7.2%	7.7%
<b>Puerto Ventanas</b>					
<i>USD mn</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
Revenues	132	137	162	163	172
Cost of Sales	-92	-91	-110	-111	-112
<b>Gross Profit</b>	<b>40</b>	<b>46</b>	<b>52</b>	<b>52</b>	<b>59</b>
Gross Mgn.	30.4%	33.7%	31.9%	31.8%	34.4%
<b>EBITDA</b>	<b>35</b>	<b>40</b>	<b>48</b>	<b>50</b>	<b>57</b>
EBITDA Mgn.	26.1%	29.6%	29.9%	30.5%	33.2%
<b>Enaex</b>					
<i>USD mn</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
Revenues	692	705	783	801	835
Cost of Sales	-462	-464	-529	-538	-559
<b>Gross Profit</b>	<b>230</b>	<b>242</b>	<b>254</b>	<b>262</b>	<b>276</b>
Gross Mgn.	33.2%	34.3%	32.5%	32.8%	33.0%
<b>EBITDA</b>	<b>165</b>	<b>164</b>	<b>166</b>	<b>175</b>	<b>185</b>
EBITDA Mgn.	23.9%	23.3%	21.2%	21.9%	22.1%
<b>Magotteaux</b>					
<i>USD mn</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
Revenues	629	667	709	743	781
Cost of Sales	-506	-568	-593	-619	-642
<b>Gross Profit</b>	<b>123</b>	<b>99</b>	<b>116</b>	<b>124</b>	<b>139</b>
Gross Mgn.	19.5%	14.9%	16.3%	16.7%	17.7%
<b>EBITDA</b>	<b>63</b>	<b>43</b>	<b>62</b>	<b>74</b>	<b>85</b>
EBITDA Mgn.	10.1%	6.5%	8.7%	10.0%	10.9%

<b>SKC</b>					
<i>USD mn</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
Revenues	300	254	266	323	413
Cost of Sales	-237	-195	-196	-236	-304
<b>Gross Profit</b>	<b>63</b>	<b>60</b>	<b>70</b>	<b>87</b>	<b>110</b>
Gross Mgn.	21,0%	23,5%	26,4%	27,0%	26,5%
<b>EBITDA Adjusted</b>	<b>28</b>	<b>24</b>	<b>35</b>	<b>52</b>	<b>70</b>
EBITDA Mgn.	9,3%	9,4%	13,1%	16,0%	16,9%
<b>Eliminations &amp; Adjustments</b>					
<i>USD mn</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>
Revenues	-17	-7	-16	-12	-14
Cost of Sales	20	6	11	21	24
<b>Gross Profit</b>	<b>3</b>	<b>-1</b>	<b>-4</b>	<b>9</b>	<b>10</b>
Gross Mgn.	-19,8%	8,6%	28,2%	-75,4%	-75,4%
<b>EBITDA</b>	<b>1</b>	<b>-2</b>	<b>-7</b>	<b>-6</b>	<b>-7</b>
EBITDA Mgn.	-8,5%	31,6%	43,8%	53,9%	53,9%

---

## Important Disclosures

This research report was prepared by Credicorp Capital Peru S.A and/or Credicorp Capital Colombia Sociedad Comisionista de Bolsa and/or Credicorp Capital S.A. Corredores de Bolsa, companies authorized to engage in securities activities in Peru, Colombia and Chile, respectively and indirect subsidiaries of Credicorp Capital Ltd. (jointly referred to as “Credicorp Capital”). None of the companies jointly referred to as Credicorp Capital are registered as broker-dealers in the United States and, therefore, they are not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution only to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report can do so only through Credicorp Capital Securities Inc., a registered broker-dealer in the United States. Under no circumstances may a U.S. recipient of this research report effect any transaction to buy or sell securities or related financial instruments directly through Credicorp Capital.

CCSI or any of its representatives are not involved in any way in the preparation, development, or supervision of the research report and does not have any influence whatsoever over the research content.

Any analyst whose name appears on this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”) and is not a registered representative of Credicorp Capital Securities Inc. and, therefore, is not subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

### A. Analyst Disclosures

The functional job title of the person(s) responsible for the recommendations contained in this report is Equity Research Analyst unless otherwise stated on the cover.

**Regulation AC - Analyst Certification:** Each Equity Research Analyst listed on the front-page of this report is principally responsible for the preparation and content of all or any identified portion of this research report and hereby certifies that with respect to each issuer or security or any identified portion of the report with respect to an issuer or security that the Equity Research Analyst covers in this research report, all of the views expressed in this research report accurately reflect their personal views about those issuer(s) or securities. Each Equity Research Analyst also certifies that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that Equity Research Analyst in this research report.

Each Equity Research Analyst certifies that he or she is acting independently and impartially from the referenced company/shareholders, directors and is not affected by any current or potential conflict of interest that may arise from any of the companies’ activities.

**Analyst Compensation:** The research analyst(s) primarily responsible for the preparation of the content of this research report attest(s) that no part of his or her compensation was, is or will be, directly or indirectly, related to the specific recommendations that he or she expressed in the research report.

The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

**Registration of non-US Analysts:** Unless otherwise noted, the non-US analysts listed on the front of this report are employees of one of the companies jointly referred as Credicorp Capital, which are non-US affiliates of Credicorp Capital Securities Inc., a SEC registered and FINRA member broker-dealer. Equity Research Analysts employed by the companies jointly referred as Credicorp Capital, are not registered/ qualified as research analysts under FINRA/NYSE rules, are not registered representatives of Credicorp Capital Securities Inc. and may not be subject to NASD Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account. Please refer to [www.credicorpcapital.com](http://www.credicorpcapital.com) for further information relating to research and conflict of interest management.

---

**B. Ownership and Material Conflicts of Interest**

Neither Credicorp Capital Securities Inc. nor its affiliates have or had, within the past 12 months, any of the companies referenced in this report as clients.

**Other significant financial interests**

Neither Credicorp Capital Securities Inc. nor its affiliates 'beneficially own' securities issued by any of the companies referenced in this report (including derivatives).

Neither the research analysts primarily responsible for the preparation of the content of this research report nor their household members 'beneficially own' securities issued by any of the companies referenced herein.

**C. Compensation and Investment Banking Activities**

Neither Credicorp Capital Securities Inc. or any of its affiliates have managed or co-managed a public offering of securities for any of the companies referenced in this report.

Neither Credicorp Capital Securities Inc. nor its affiliates have received compensation, within the past 12 months, for investment banking services from any of the companies referenced in this report.

Neither Credicorp Capital Securities Inc. nor its affiliates do expect to receive or intend to seek compensation, in the next 3 months, for investment banking services from the companies referenced in this report.

**D. Market Making**

Neither Credicorp Capital Securities Inc. nor its affiliates act as market makers of any of the companies referenced in this report.



### E. Rating System

Stock ratings are based on the analyst's expectation of the stock's total return during the twelve to eighteen months following assignment of the rating. This view is based on the target price, set as described below, and on the analyst's opinion, general market conditions and economic developments.

**Buy:** Expected returns of 5 percentage points or more in excess over the expected return of the local index, over the next 12-18 months.

**Hold:** Expected returns of +/- 5% in excess/below the expected return of the local index over the next 12-18 months.

**Underperform:** Expected to underperform the local index by 5 percentage points or more over the next 12-18 months.

**Under Review:** Company coverage is under review.

The IPSA, COLCAP and IGBVL indexes are the selective equity indexes calculated by the Bolsa de Comercio de Santiago, the Bolsa de Valores de Colombia, and the Bolsa de Valores de Lima, respectively.

In making a recommendation, the analyst compares the target price with the actual share price, and compares the resulting expected return for the IPSA, the COLCAP, and/or the SPBVL indexes, as estimated by Credicorp Capital S.A. Corredores de Bolsa, Credicorp Capital Colombia Sociedad Comisionista de Bolsa, and/or CredicorpCapital Peru S.A, and then makes a recommendation derived from the difference in upside potential between the shares and the respective index.

### F. Distribution of Ratings

	Buy	Hold	Underperform	Restricted / UR
Companies covered with this rating	38%	51%	4%	7%
Compensation for investment banking services in the past 12 months*	35%	34%	33%	0%

\*Percentage of investment banking clients in each rating category.

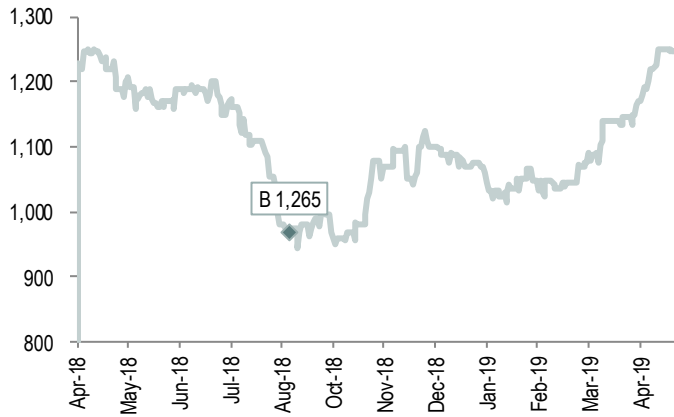
### G. Price Target

Unless otherwise stated in the text of this report, target prices in this report are based on either a discounted cash flow valuation or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, in fashion. Valuations may also be affected by changes in taxation, in exchange rates and, in certain industries, in regulations. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, and political and social conditions. This discussion of valuation methods and risk factors is not comprehensive – further information is available upon request.

H. Price Chart.

SK

Date	Rating	Price (CLP)	T.P. (CLP)
05-09-2018	Buy	970	1,265



Source: Bloomberg and Credicorp Capital

Credicorp Capital ratings: B = Buy, H = Hold, U = Underperform, U.R. = Under Review

---

## II.ADDITIONAL DISCLOSURES

This product is not for retail clients or private individuals.

The information contained in this publication was obtained from various publicly available sources believed to be reliable, but has not been independently verified by the companies jointly referred as Credicorp Capital, therefore they do not warrant the completeness or accuracy of such information and does not accept any liability with respect to the accuracy or completeness of such information, except to the extent required by applicable law.

This publication is a brief summary and does not purport to contain all available information on the subjects covered. Further information may be available on request. This report may not be reproduced for further publication unless the source is quoted. This publication is for information purposes only and shall not be construed as an offer or solicitation for the subscription or purchase or sale of any securities, or as an invitation, inducement or intermediation for the sale, subscription or purchase of any securities, or for engaging in any other transaction. This publication is not for private individuals.

Any opinions, projections, forecasts or estimates in this report are those of the author only, who has acted with a high degree of expertise. They reflect only the current views of the author at the date of this report and are subject to change without notice. The companies jointly referred to as Credicorp Capital have no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the event that any matter, opinion, projection, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. The analysis, opinions, projections, forecasts and estimates expressed in this report were in no way affected or influenced by the issuer. The author of this publication benefits financially from the overall success of Credicorp Capital.

The investments referred to in this publication may not be suitable for all recipients. Recipients are urged to base their investment decisions upon their own appropriate investigations that they deem necessary. Any loss or other consequence arising from the use of the material contained in this publication shall be the sole and exclusive responsibility of the investor and Credicorp Capital accepts no liability for any such loss or consequence. In the event of any doubt about any investment, recipients should contact their own investment, legal and/or tax advisers to seek advice regarding the appropriateness of investing. Some of the investments mentioned in this publication may not be readily liquid investments. Consequently it may be difficult to sell or realize such investments. The past is not necessarily a guide to future performance of an investment. The value of investments and the income derived from them may fall as well as rise and investors may not get back the amount invested. Some investments discussed in this publication may have a high level of volatility. High volatility investments may experience sudden and large falls in their value which may cause losses. International investing includes risks related to political and economic uncertainties of foreign countries, as well as currency risk.

To the extent permitted by applicable law, no liability whatsoever is accepted for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of this publication or its contents.

This report may not be independent of Credicorp Capital's proprietary interests. Credicorp Capital trades the securities covered in this report for its own account and on a discretionary basis on behalf of certain clients. Such trading interests may be contrary to the recommendation(s) offered in this report

Credicorp Capital (and its affiliates) has implemented written procedures designed to identify and manage potential conflicts of interest that arise in connection with its research business, which are available upon request. The Credicorp Capital research analysts and other staff involved in issuing and disseminating research reports operate independently of Credicorp Capital's Investment Banking business. Information barriers and procedures are in place between the research analysts and staff involved in securities trading for the account of Credicorp Capital or clients to ensure that price sensitive information is handled according to applicable laws and regulations.

---

## Country and region disclosures

**United Kingdom:** This document is for persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restriction in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Articles 19(5) (Investment professionals) and 49(2) (High net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Any investment to which this document relates is available only to such persons and other classes of person should not rely on this document.

**United States:** This communication is only intended for, and will only be distributed to, persons residing in any jurisdictions where such distribution or availability would not be contrary to local law or regulation. This communication must not be acted upon or relied on by persons in any jurisdiction other than in accordance with local law or regulation and where such person is an investment professional with the requisite sophistication to understand an investment in such securities of the type communicated and assume the risks associated therewith.

This communication is confidential and is intended solely for the addressee. It is not to be forwarded to any other person or copied without the permission of the sender. This communication is provided for information only. It is not a personal recommendation or an offer to sell or a solicitation to buy the securities mentioned. Investors should obtain independent professional advice before making an investment.

**Notice to U.S. Investors:** This material is not for distribution in the United States, except to "major US institutional investors" as defined in SEC Rule 15a-6 ("Rule 15a-6") and related guidance. Credicorp Capital and its affiliates has entered into arrangements with Credicorp Capital Securities Inc., which enables this report to be furnished to certain U.S. recipients in reliance on Rule 15a-6 through Credicorp Capital Securities Inc., which is registered under the U.S. Securities Exchange Act of 1934, as amended.

Each U.S. recipient of this report represents and agrees, by virtue of its acceptance thereof, that it is a "major U.S. institutional investor" (as such term is defined in Rule 15a-6) and that it understands the risks involved in executing transactions in such securities. Any U.S. recipient of this report that wishes to discuss or receive additional information regarding any security or issuer mentioned herein, or engages in any transaction to purchase or sell or solicit or offer the purchase or sale of such securities, should contact a registered representative of the Credicorp Capital Securities Inc. that provided the report.

Credicorp Capital Securities Inc. is a broker-dealer registered with the SEC, a member of FINRA and SIPC. You can reach Credicorp Capital Securities Inc. At 121 Alhambra Plaza, suite 1200, Coral Gables, Miami 33134, phone (305) 4480971 Equity trading: 786 999 1633.

You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC directly at 202-371-8300; website: <http://www.sipc.org>

---

Credicorp Capital Securities Inc., is a wholly owned subsidiary of Credicorp Capital Ltd.

Nothing herein excludes or restricts any duty or liability to a customer that Credicorp Capital Securities Inc. have under applicable law. Investment products provided by or through Credicorp Capital Securities Inc. are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution, may lose value and are not guaranteed by the entity that published the research as disclosed on the front page and are not guaranteed by Credicorp Capital Securities Inc.

Investing in non-U.S. Securities may entail certain risks. The securities referred to in this report and non-U.S. issuers may not be registered under the U.S. Securities Act of 1933, as amended, and the issuer of such securities may not be subject to U.S. reporting and/or other requirements. Rule 144A securities may be offered or sold only to persons in the U.S. who are Qualified Institutional Buyers within the meaning of Rule 144A under the Securities Act. The information available about non-U.S. companies may be limited, and non-U.S. companies are generally not subject to the same uniform auditing and reporting standards as U.S. companies. Securities of some non-U.S. companies may not be as liquid as securities of comparable U.S. companies. Securities discussed herein may be rated below investment grade and should therefore only be considered for inclusion in accounts qualified for speculative investment.

Analysts employed by one of the companies jointly referred to as Credicorp Capital, all of which are non-U.S. broker-dealers, are not required to take the FINRA analyst exam. The information contained in this report is intended solely for certain "major U.S. institutional investors" and may not be used or relied upon by any other person for any purpose. Such information is provided for informational purposes only and does not constitute a solicitation to buy or an offer to sell any securities under the Securities Act of 1933, as amended, or under any other U.S. federal or state securities laws, rules or regulations. The investment opportunities discussed in this report may be unsuitable for certain investors depending on their specific investment objectives, risk tolerance and financial position.

In jurisdictions where Credicorp Capital Securities Inc. is not registered or licensed to trade in securities, or other financial products, transactions may be executed only in accordance with applicable law and legislation, which may vary from jurisdiction to jurisdiction and which may require that a transaction be made in accordance with applicable exemptions from registration or licensing requirements.

The information in this publication is based on sources believed to be reliable, but Credicorp Capital Securities Inc. does not make any representation with respect to its completeness or accuracy. All opinions expressed herein reflect the author's judgment at the original time of publication, without regard to the date on which you may receive such information, and are subject to change without notice.

Credicorp Capital Securities Inc. or its affiliates may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. These publications reflect the different assumptions, views and analytical methods of the analysts who prepared them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is provided in relation to future performance.

Credicorp Capital Securities Inc. and any company affiliated with it may, with respect to any securities discussed herein: (a) take a long or short position and buy or sell such securities; (b) act as investment and/or commercial bankers for issuers of such securities; (c) act as market makers for such securities; (d) serve on the board of any issuer of such securities; and (e) act as paid consultant or advisor to any issuer. The information contained herein may include forward-looking statements within the meaning of U.S. federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from expectations include, without limitation: political uncertainty, changes in general economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets and in the competitive environment, and other factors relating to the foregoing. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement.

**Other countries:** Laws and regulations of other countries may also restrict the distribution of this report. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly.

## CONTACT LIST

### ANDEAN RESEARCH TEAM

**Daniel Velandía, CFA**  
 Head of Research & Chief Economist  
[dvelandia@credicorpcapital.com](mailto:dvelandia@credicorpcapital.com)  
 # (571) 339 4400 Ext 1505

### EQUITY RESEARCH

**Carolina Ratto Mallie**  
 Head of Equity Research - Retail  
[cratto@credicorpcapital.com](mailto:cratto@credicorpcapital.com)  
 # (562) 2446 1768

#### CHILE

**Tomás Sanhueza**  
 Head of Equity Research - Consumer & Transport.  
[tsanhueza@credicorpcapital.com](mailto:tsanhueza@credicorpcapital.com)  
 # (562) 2446 1751

**Ezequiel Fernández**  
 VP Utilities  
[efernandez@credicorpcapital.com](mailto:efernandez@credicorpcapital.com)  
 # (562) 2651 9344

**Andrés Cereceda**  
 Associate: Pulp & Paper, Materials, Healthcare, Pension Funds  
[acereceda@credicorpcapital.com](mailto:acereceda@credicorpcapital.com)  
 # (562) 2446 1798

**Joel Lederman**  
 Associate - Retail  
[lederman@credicorpcapital.com](mailto:lederman@credicorpcapital.com)  
 # (562) 2651 9332

**Felipe Navarro**  
 Senior Analyst: Construction, Industrial & Ports  
[fnavarro@credicorpcapital.com](mailto:fnavarro@credicorpcapital.com)  
 # (562) 2450 1688

#### PERU

**Daniel Córdova**  
 Head of Equity Research Peru  
[dcordova@credicorpcapital.com](mailto:dcordova@credicorpcapital.com)  
 # (511) 416 3333 Ext 33052

**Luis Vicente**  
 Senior Analyst: Mining & Utilities  
[lvicente@credicorpcapital.com](mailto:lvicente@credicorpcapital.com)  
 # (511) 416 3333 Ext 37854

**Raúl F. Jacob**  
 Analyst: Cement & Construction  
[rjacob@credicorpcapital.com](mailto:rjacob@credicorpcapital.com)  
 # (511) 416 3333 Ext 36065

#### COLOMBIA

**Sebastián Gallego, CFA**  
 Head of Equity Research - Banks  
[sgallego@credicorpcapital.com](mailto:sgallego@credicorpcapital.com)  
 # (571) 339 4400 Ext 1594

**Steffania Mosquera**  
 Senior Analyst: Cement & Construction, Non Bank financials  
[smosquera@credicorpcapital.com](mailto:smosquera@credicorpcapital.com)  
 # (571) 339 4400 Ext 1025

**Daniel Mora**  
 Analyst  
[dmora@credicorpcapital.com](mailto:dmora@credicorpcapital.com)  
 # (571) 339 4400 Ext 1609

### FIXED INCOME & ECONOMICS RESEARCH

#### CHILE

**Josefina Valdivia**  
 Head of Fixed Income  
[jvaldivia@credicorpcapital.com](mailto:jvaldivia@credicorpcapital.com)  
 # (562) 2651 9308

**Ignacio Sabelle**  
 Fixed Income Analyst  
[isabelle@credicorpcapital.com](mailto:isabelle@credicorpcapital.com)  
 # (562) 2651 9368

**Felipe Guzmán**  
 Senior Economist  
[fguzman@credicorpcapital.com](mailto:fguzman@credicorpcapital.com)  
 # (562) 2651 9385

#### PERU

**Juan Pablo Brosset**  
 Fixed Income Analyst  
[jbrosset@credicorpcapital.com](mailto:jbrosset@credicorpcapital.com)  
 # (511) 416 3333 Ext 36018

#### COLOMBIA

**Camilo A. Durán**  
 Macro Analyst  
[caduran@credicorpcapital.com](mailto:caduran@credicorpcapital.com)  
 # (5511) 339 4400 Ext. 1383

### SALES & TRADING

**Felipe García**  
 Head of Sales & Trading  
[fgarcia@credicorpcapital.com](mailto:fgarcia@credicorpcapital.com)  
 # (571) 339 4400 Ext. 1132

### EQUITY SALES & TRADING

#### CHILE

**René Ossa**  
 Head of Equity - Peru  
[reneossa@credicorpcapital.com](mailto:reneossa@credicorpcapital.com)  
 # (562) 2651 9324

**German Barousse**  
 Vice President Equity Sales  
[gbarousse@credicorpcapital.com](mailto:gbarousse@credicorpcapital.com)  
 # (562) 2450 1637

**Ursula Mitterhofer**  
 Senior Associate Sales & Trading  
[umitterhofer@credicorpcapital.com](mailto:umitterhofer@credicorpcapital.com)  
 # (562) 2450 1613

**Cristóbal Grez**  
 Associate Equity Sales  
[cgrez@credicorpcapital.com](mailto:cgrez@credicorpcapital.com)  
 # (562) 2450 1629

**Ana María Bauzá**  
 Corporate Access  
[abauza@credicorpcapital.com](mailto:abauza@credicorpcapital.com)  
 # (562) 2450 1609

#### PERU

**Rodrigo Zavala**  
 Head of Equity - Peru  
[rzavala@credicorpcapital.com](mailto:rzavala@credicorpcapital.com)  
 # (511) 313 2918 Ext 36044

**Renzo Castillo**  
 Equities Sales  
[renzocastillo@credicorpcapital.com](mailto:renzocastillo@credicorpcapital.com)  
 # (511) 416 3333 Ext 36167

**Maria Fernanda Luna**  
 Equities Sales  
[marialunav@credicorpcapital.com](mailto:marialunav@credicorpcapital.com)  
 # (511) 416 3333 Ext 36182

#### Credicorp Capital UK Ltd.

**Marilyn Macdonald**  
 International Equity Sales  
[mmacdonald@credicorpcapital.co.uk](mailto:mmacdonald@credicorpcapital.co.uk)  
 # (4477) 7151 5855

#### COLOMBIA

**Juan A. Jiménez**  
 Head of International Equity Sales  
[jjimenez@credicorpcapital.com](mailto:jjimenez@credicorpcapital.com)  
 # (571) 339 4400 Ext 1701

**Santiago Castro**  
 International Sales & Trading  
[scastro@credicorpcapital.com](mailto:scastro@credicorpcapital.com)  
 # (571) 339 4400 Ext 1344

**Credicorp Capital Securities INC**  
**Rafael Solís**  
 Institutional Equity Sales  
[rsolis@credicorpcapital.com](mailto:rsolis@credicorpcapital.com)  
 # (786) 999 1619

**David Crummy**  
 Equity Sales Trader  
[dcrummy@credicorpcapital.com](mailto:dcrummy@credicorpcapital.com)  
 # (786) 999 1618

### FIXED INCOME SALES & TRADING

**Andrés Nariño**  
 Director Sales Offshore  
[anarino@credicorpcapital.com](mailto:anarino@credicorpcapital.com)  
 # (571) 339-4400 Ext. 1459

#### CHILE

**Guido Riquelme**  
 Head of Sales  
[griquelme@credicorpcapital.com](mailto:griquelme@credicorpcapital.com)  
 # (562) 2446 1712

**Juan Francisco Mas**  
 Fixed Income Sales  
[jfmas@credicorpcapital.com](mailto:jfmas@credicorpcapital.com)  
 # (562) 2446 1720

**Rafael Gaete**  
 Local Fixed Income Sales  
[rgaete@credicorpcapital.com](mailto:rgaete@credicorpcapital.com)  
 # (562) 2651 9336

**Diego Hidalgo**  
 Local Fixed Income Sales  
[dhidalgo@credicorpcapital.com](mailto:dhidalgo@credicorpcapital.com)  
 # (562) 2450 1693

**Lizeth Espiritu**  
 Fixed Income Sales  
[lespiritu@credicorpcapital.com](mailto:lespiritu@credicorpcapital.com)  
 # (562) 2450 1619

#### Alfredo Bejar

Head of International FI  
[alfredobejar@credicorpcapital.com](mailto:alfredobejar@credicorpcapital.com)  
 # (511) 205 9190 Ext 36148

#### PERU

**Evangelina Arapoglou**  
 Head of international FI Sales  
[earapoglou@credicorpcapital.com](mailto:earapoglou@credicorpcapital.com)  
 # (511) 416 3333 Ext 36099

**Andrés Valderrama**  
 Fixed Income Sales  
[jvalderrama@credicorpcapital.com](mailto:jvalderrama@credicorpcapital.com)  
 # (511) 416 3333 Ext 40352

**Natalia Jurado**  
 Fixed Income Sales  
[njurado@credicorpcapital.com](mailto:njurado@credicorpcapital.com)  
 # (511) 416 3333 Ext. 36027

**Guillermo Arana**  
 Fixed Income Sales  
[garana@credicorpcapital.com](mailto:garana@credicorpcapital.com)  
 # (511) 313 2902 Ext. 36144

**Patricio Luza**  
 Fixed Income Sales  
[pluza@credicorpcapital.com](mailto:pluza@credicorpcapital.com)  
 # (511) 416 3333 Ext. 36168

**Carla Tejada**  
 Fixed Income Analyst  
[carlatejadav@credicorpcapital.com](mailto:carlatejadav@credicorpcapital.com)  
 # (511) 416 3333 Ext. 36143

**Ana Lucía Rondón Medina**  
 Sales Renta Fija  
[aronndon@credicorpcapital.com](mailto:aronndon@credicorpcapital.com)  
 # (511) 416 3333 Ext. 40339

#### COLOMBIA

**Carlos Sanchez**  
 Head of Fixed Income  
[csanchez@credicorpcapital.com](mailto:csanchez@credicorpcapital.com)  
 # (571) 323 9154

**Gustavo Trujillo**  
 Head of Sales  
[gtrujillo@credicorpcapital.com](mailto:gtrujillo@credicorpcapital.com)  
 # (571) 323 9252

**Andrés Agudelo**  
 Fixed Income Sales  
[aagudelo@credicorpcapital.com](mailto:aagudelo@credicorpcapital.com)  
 # (571) 339 4400 Ext 1180

**Emilio Luna**  
 Fixed Income Sales  
[eluna@credicorpcapital.com](mailto:eluna@credicorpcapital.com)  
 # (571) 339 4400

#### Credicorp Capital Securities INC

**Jhonathan Rico**  
 Fixed Income Trader  
[jrico@credicorpcapital.com](mailto:jrico@credicorpcapital.com)  
 # 1 (786) 9991614

**Michael Tafur**  
 Fixed Income  
[mtafur@credicorpcapital.com](mailto:mtafur@credicorpcapital.com)  
 # 1 (786) 9991607