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Corporate Liquidity – Brazil

Funding Becomes More Challenging and Liquidity Risk Increases

» **Sustaining liquidity will remain a challenge for most Brazilian non-financial companies through 2017, and a deteriorating economic outlook has led to increased funding risk.** The number of companies with high funding risk rose to 33% in 2015 from 28% in 2014. The amount of debt maturities has increased more quickly than the cash and equivalents available for covering them, and difficult economic conditions have made banks more cautious about lending to Brazilian companies. Political concerns also continue to weigh on consumer and business confidence.

» **Our liquidity analysis places the Oil and Gas sector at high risk, and the Transportation, Media/Telecom and Metals and Mining sectors at medium risk.** Petrobras had the largest absolute debt in our study and high funding risk. Brazil's national oil company faces steadily eroding liquidity, negative free cash flow, high financial leverage, currency devaluation risk and operating challenges, as well as significant risks over corruption investigations and class-action securities litigation. Oi S.A., unlike most of Brazil's media and telecom operators, will have only enough liquidity to meet its debt and interest-payment obligations through 2016, and will depend on the capital markets amid difficult borrowing conditions.

» **Soft worldwide demand for iron ore and base metals also raises risks for Brazil's metals and mining sector through at least 2017, with the competitive benefit of Brazil's weak real only partially offsetting low commodity prices.** With a weak domestic market combined and a global oversupply of steel, Brazil's steelmakers' credit metrics will be strained for a prolonged period. Usiminas faces the greatest liquidity risks, absent major debt restructuring.

» **The homebuilding sector had high liquidity risk but only BRL18 billion ($4.6 billion) in consolidated debt—far less than most other sectors.** Brazil's weak economy and tight funding availability will hurt companies, especially those operating in the middle-income housing segment through at least mid-2017.

» **The real's sharp devaluation and weaker demand from corporate passengers has raised liquidity risk for Brazil's airlines such as Gol, which has shored up liquidity but faces rapid cash burn through 2017.** The protein and agriculture industry leaders are enjoying favorable industry trends and strong cash flow generation, despite signs of a strengthening real. Paper and forest products companies Fibria and Suzano have some of Brazil's most comfortable corporate liquidity profiles today.

About this report

This report summarizes the liquidity risk of the 46 Brazilian non-financial and non-utility companies we rated as of 30 April 2016. We define the degree of liquidity risk by looking at a company's cash needs over a 24-month period, from 1 January 2016 until 31 December 2017, against its available cash sources.

Cash needs include estimates of operating uses and short-term debt maturities. Maturities of interest-bearing debt are those reported as of 31 December 2015. We estimate available funds based on assumptions of each company's revenue growth, margins and cash flow generation after planned capital spending and dividend, in addition to committed bank facilities.

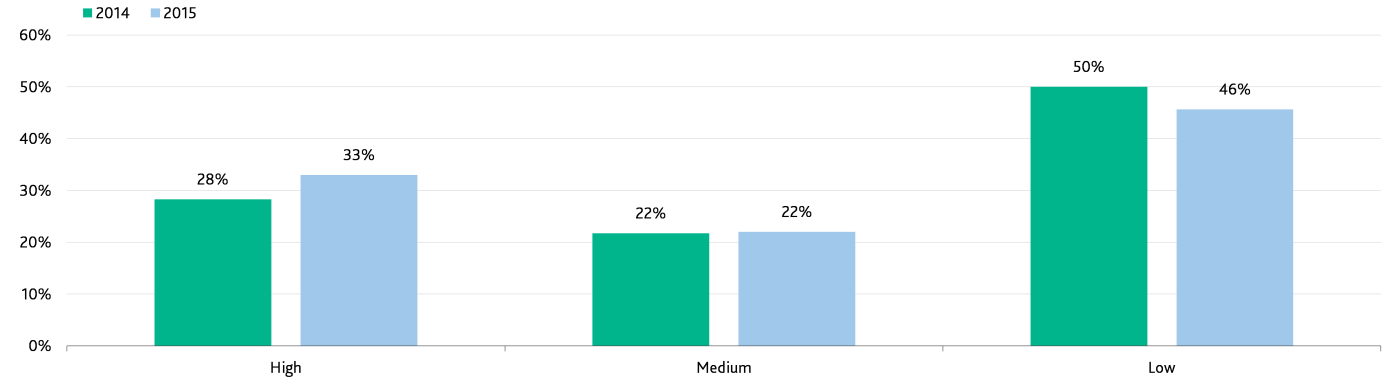
In our liquidity analysis we also take into consideration financial covenants and exposure to foreign-currency risk. The 2014 statistics reflect the historical data for the same pool of companies along with methodological refinements, so could differ from those cited in previous liquidity studies. Other reports in this series discuss corporate liquidity in Argentina, Chile, Mexico and Peru.

Corporate Liquidity Adequate through 2017, but Debt Coverage Drops

Sustaining an adequate liquidity profile will remain a challenge for most Brazilian non-financial companies through 2017 and a deteriorating economic outlook has led to increased funding risk in 2015. Thirty-three percent of companies show high funding risk, compared to 28% in 2014 (see Exhibit 1). Difficult economic conditions have sharply cut capital market activity and made banks more cautious about lending to Brazilian companies.

Exhibit 1

Brazilian Companies' Exposure to Funding Risk, 2014-15



Source: Moody's Investors Service

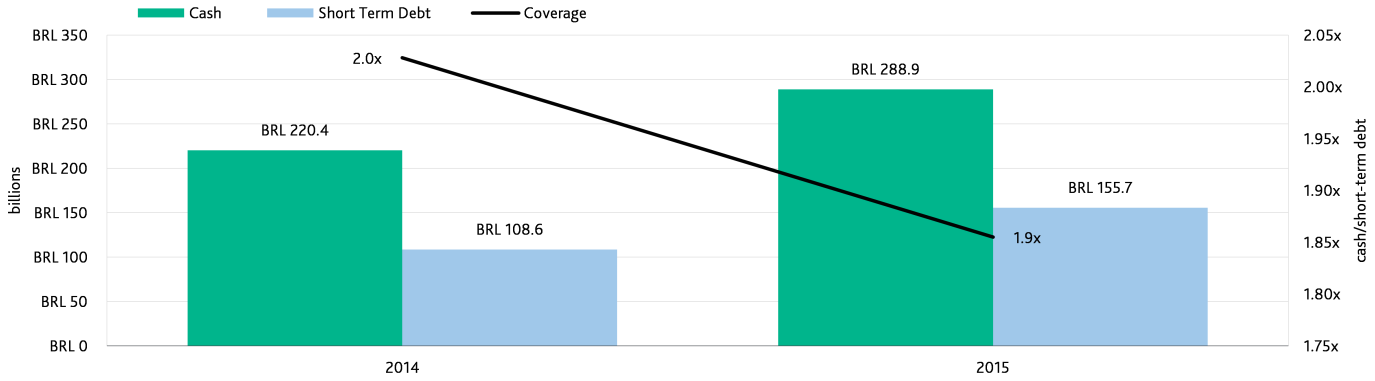
We typically define exposure to funding risk as low for Latin American companies with sufficient cash, free cash flow and committed credit facilities to cover more than 150% of debt maturities over the next 24 months; medium if liquidity sources are sufficient to cover more than 150% of maturing debt over the next 12 months, but not the next 24 months; and high if liquidity sources will cover less than 150% of debt maturities over the next 12 months. A few companies in this analysis have significant amounts of debt due in the short term, negative free cash flow generation, or limited cash to address upcoming maturities.

Cash coverage of short-term debt remains strong, but the amount of debt maturities increased faster than the cash and equivalents available for coverage, which declined to 1.9x in 2015 from 2.0x in 2014 (see Exhibit 2). Despite companies' efforts to increase cash cushions, which on aggregate reached BRL289 billion in 2015 compared to BRL220 billion a year earlier, we observe decrease in coverage. Still, 23 Brazilian corporate issuers had some kind of committed facility or equally strong liquidity source to help with short-

term liquidity. The usage of such facilities is not as common as in other regions given Brazil's high interest rates which increase the carrying costs of such lines, making high cash balances more attractive to issuers, offering high returns on readily available low-risk assets.

Exhibit 2

Brazilian Companies' Cash Position and Short-Term Debt Coverage, 2014-15



Source: Moody's Investors Service

Corporate Funding Faces More Restrictions

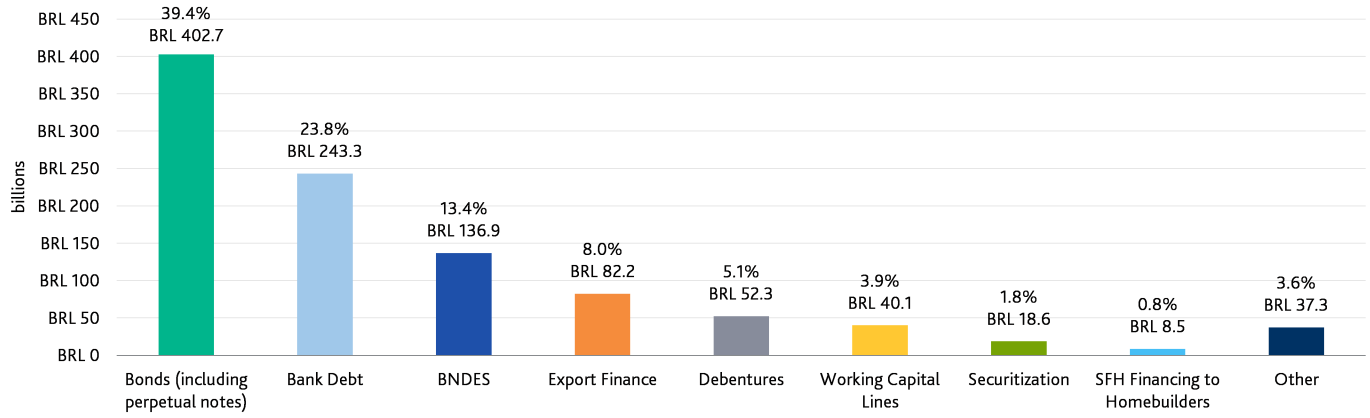
Brazil's (Ba2 negative) faltering economy and confidence have led to higher interest rates, more selective lending, and more expensive risk premiums, all of which sharply reduced capital market activity and made banks more cautious. Also, fiscal restrictions have cut federal funding for BNDES (Ba2 negative), which, also influenced by weaker credit demand, has reduced loan disbursement—a critical development for companies that have historically relied heavily on the government-owned development bank.

In the capital markets, Brazilian companies had 14 new rated debt issuances as of December 2015, including both domestic and cross-border transactions, down from 16 a year earlier. Out of the high-yield companies, only those with issuance track records issued debt in 2015, including Petrobras (B3 negative), Oi (Caa1 negative) and JBS (Ba2 stable), through its subsidiary JBS USA (Ba1 stable).

The type of instrument has changed, however. Until 2014 most issuances related to senior unsecured or local notes (debentures), but during 2015, 36% of total rated issuances involved other types of instrument (see Exhibit 3)—a shift marking companies' effort to diversify funding and find alternatives to improve costs. Raízen (Ba1 negative) and Suzano (Ba2 stable) issued CRAs, or certificados de recebíveis do agronegócio, while BRF (Ba1 negative) issued green bonds, and JBS and Gol (Caa1 negative) issued term loans.

Exhibit 3

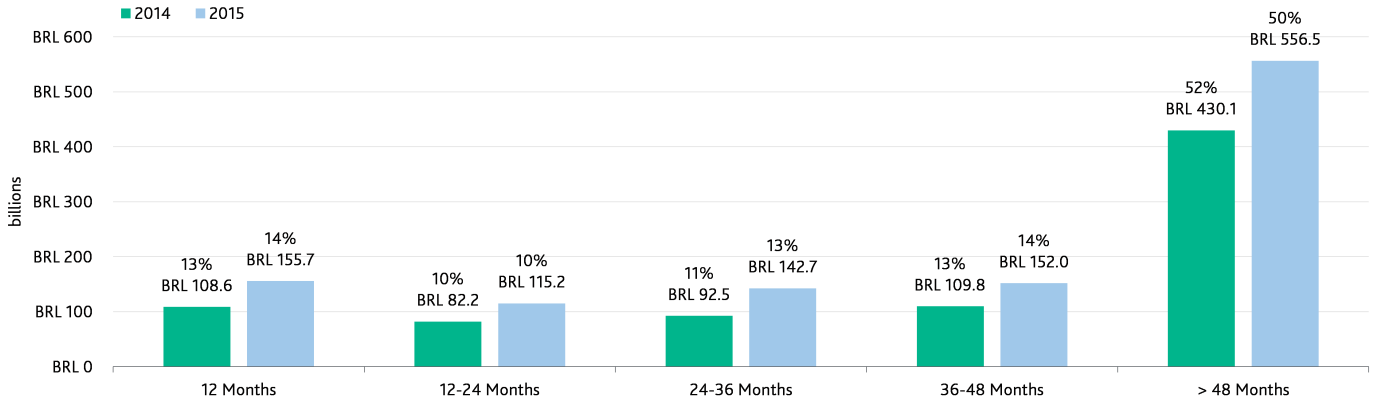
Sources of Brazilian Corporate Debt



Source: Moody's Investors Service

As Brazil's real currency tumbled against the US dollar in 2015, tighter access to the capital markets and higher foreign-denominated debt values drove up the absolute amount of maturities, both short-term and long-term. But despite a minor increase in short-term maturities, half of the maturities were still four years away, little changed from 52% in 2014 (see Exhibit 4). Excluding Petrobras, which makes up 44% of the total debt, the concentration of these maturities beyond 48 months came to 50%, up slightly from 48% a year earlier.

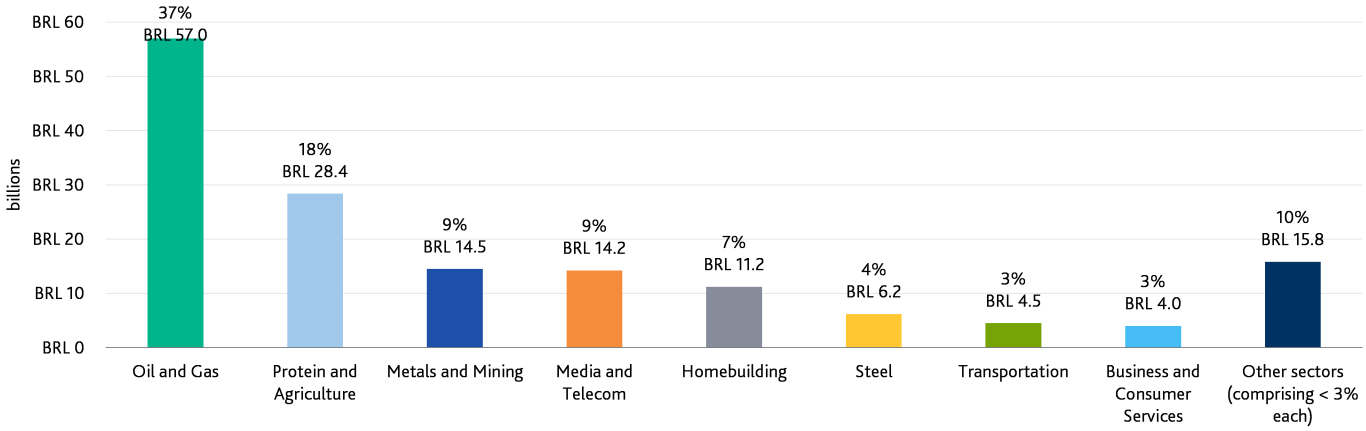
Exhibit 4
Consolidated Debt Maturity Profile of Brazilian Companies, 2014-15



Source: Companies' audited financial statements; Moody's Investors Service

Most of Brazil's refinancing needs centers on the oil and gas, metals and mining, and media and telecom sectors (see Exhibit 5). Petrobras as of late 2015 held 37% of all debt maturing before December 2017, compared to 34% a year earlier. Protein producers, especially JBS, account for a large portion of the remaining upcoming maturities, although much of their short-term debt are related to low-cost trade-finance loans, which typically have maturities of 6-12 months and are relatively readily renewed by banks.

Exhibit 5
Brazilian Corporate Debt Maturities Through 2017 by Industry



Source: Moody's Investors Service

Political Uncertainties Still Shadow Business Fundamentals

Brazilian companies managed liabilities, cut costs and reduced capital spending in 2015 as the economy deteriorated, but growth prospects through at least 2017 have declined in all sectors exposed to the domestic market, hurting revenue and cash generation. Meanwhile, some of the export-related sectors that benefited from the weakening real in 2015, such as protein, pulp and paper, will not enjoy the same currency tailwinds, even though the export markets still favor Latin American producers.

In 2015 the country's GDP dropped nearly 4% and we expect a contraction of around 3.5% contraction in 2016. Inflation increased sharply in 2015 to 10.7% from 6.4% in 2014, while a rise in unemployment to 6.9% from 5.8% led to a contraction in disposable income. Political uncertainties contributed to what became a record deterioration in consumer, businesses, and investor confidence. Consumer confidence retreated from a peak 112 points in 2012, to 96 in 2014, and 65 points as of December 2015, as measured by FGV, Fundação Getúlio Vargas.

On 26 February 2016, we downgraded Brazil's sovereign rating to Ba2 with a negative outlook from Baa3, based on expected further deterioration in debt metrics, driven by low growth and large fiscal deficit. Brazil's federal debt will likely exceed 80% of GDP by 2018. Also, political turmoil will continue to complicate the government's fiscal consolidation efforts, delaying structural reforms. As Brazil's political and economic woes continue to mount, political reforms to support growth and curb the government's debt burden have not shown meaningful evolution. The advance of the impeachment process of President Dilma Rousseff could have a positive near-term effect on confidence given that some 61% of Brazilians support the process, according to an April 2016 poll by Datafolha, but there is significant uncertainty over the outcome of the process and its implications for economic reforms. We see little evidence that investor, industry, commercial and consumer confidence could reverse the trend that lead to record lows.

Companies Will Continue to Conserve Cash to Protect Liquidity

Although we expect that companies will remain conservative about spending cash and controlling costs, the domestic dynamics still point to a challenging macroeconomic outlook, and our funding risk metrics place the Oil and Gas and Homebuilding sectors at high risk, and Transportation, Media/Telecom and Metals and Mining sectors at medium funding risk.

Oil and Gas

The largest absolute debt in the sample is that of Petrobras. The national oil company's caa2 baseline credit assessment (BCA) indicates our view of its standalone credit strength, and considers the company's steadily eroding liquidity, negative free cash flow, high financial leverage, local currency devaluation risk, and operating challenges in a difficult industry and economic environment. Consolidated free cash flow will remain negative in the foreseeable future as its upstream business suffers from extremely weak oil prices and downstream operations are being hurt by lower demand, high competition and local currency volatility. The company also faces significant risks related to corruption investigations and class action securities litigation.

Petrobras' B3 ratings also consider our joint-default analysis for the company as a government-related issuer. Petrobras' ratings reflect our current assumption for a moderate likelihood of timely extraordinary support from the government of Brazil. Despite its stated willingness to stand behind Petrobras, we believe that the government's current fiscal situation could prevent it from supporting Petrobras sufficiently to avoid a default.

Petrobras' broad portfolio as an integrated oil company partially counterbalances its weak cash generation for oil exploration and production. Petrobras sells most of the dollar-denominated crude it produces to its own fuel-refining business, which also imports some of its dollar-denominated gasoline and diesel. In early 2015, Petrobras' refining profits strengthened amid lower crude prices, broadening the premiums between local prices for oil products and international benchmarks. But late in the year, Petrobras grappled with a sharp devaluation in the real, with no foreign-exchange hedges in place.

To shore up its liquidity, Petrobras reduced its five-year capital spending budget in October 2015, and again in January 2016, and now plans $20 billion in capital spending in 2016 and $18.5 billion annually thereafter—far below the average $41.3 billion annual spending envisioned in its previous five-year plan for 2014-18, and below the $23 billion Petrobras spent in 2015.

Petrobras is also pursuing about $14 billion in divestments to help reduce debt, but depressed oil prices will make it more difficult for Petrobras to get the price it seeks for its assets. The asset sales also face several execution risks, including valuation; uncertainty over whether today's policies for oil product prices in Brazil will continue; limited access to local construction and equipment companies, many of which are under investigation for corruption and bribery; and uncertainty regarding relaxation of local content rules. The ongoing corruption investigations also raise legal and operating uncertainties that could be curtailing asset sales.

The company can also seek external funding from international banks and export credit agencies, as well as government and private Brazilian banks. Although it failed in an attempt to raise BRL3 billion in Brazil's capital markets last October, Petrobras did raise $5

billion with the China Development Bank (CDB, Aa3 negative) and signed a $2 billion, 10-year sale-leaseback agreement on two oil platforms with the Industrial and Commercial Bank of China Financial Leasing (A2 negative) in 2015. In addition, a couple of months ago it announced the intention to enter into a new credit agreement with CDB for $10 billion. But domestic banks face their own capital, funding and regulatory lending restrictions, and have a much lower risk appetite in a contracting economy. Brazilian banks are not only unlikely to increase lending to the oil and gas sector, but trying to reduce their exposure.

Homebuilding

Although the Brazilian homebuilders have just BRL18.6 billion in consolidated debt (far less than most other sectors), their liquidity risk scored high in our methodology because 82% of its total debt matures from January 2016 through December 2017. Liquidity is a key concern because the cash positions of most homebuilders are insufficient to meet the entirety of its debt maturities over the next 24 months. Additionally, the economic recession and contraction in the mortgage financing environment are contributing to sales cancelations, especially in the middle-income housing segment, along with delays in the transfer of receivables from finished units. Such conditions will limit any improvement of the builders' liquidity cushion in the near term.

On the other hand, committed construction loans granted by the Housing Finance System (SFH), which is supported by savings deposit as established by the National Monetary Council, provide around 60% of homebuilders' cash needs for project completion, mitigating their liquidity risk. Companies in the sector have been downsizing and reducing the number of new projects, which will also contribute to reduce their working capital needs and improve liquidity cushion through 2017.

Commercial banks will likely continue to support companies in rolling over their loans, targeting the most profitable receivables from homebuyers. However, funding restrictions will translate into higher interest rates and increased collateral requirements. Changes in the builders' liquidity and capital structures portend increased risk of losses for the companies' existing secured and unsecured creditors.

The highest liquidity risks in our portfolio stand with PDG Realty (Caa3 negative) and Viver Incorporadora e Construtora (Caa3 negative). In 2015, the lack of cash or alternate forms of liquidity led PDG to seek an out-of-court debt restructuring and Viver to miss an interest payment, both companies will continue to struggle to address heavy short-term debt loads.

Brookfield Incorporações (B3 negative) has relied on the strong financial support from its main shareholder Brookfield Asset Management (Baa2 stable) to remain solvent, but still struggles with poor operating performance.

Gafisa (B2 negative) presents high leverage and weak liquidity, raising its short-term credit risks. Mitigating these risks are undrawn committed facilities under the SFH that covers all of the expected costs for project completion at the Gafisa brand. And the anticipated take out of receivables during construction of its low income unit Tenda reduces pressure on the company's working capital and financial leverage.

Metals and Mining

Soft worldwide demand for iron ore and base metals also raises risks for Brazil's metals and mining sector through at least 2017, with the competitive benefit of Brazil's weak real only partially offsetting low commodity prices. For Vale (Ba3 negative), weak commodity prices will limit earnings and cash flows, and strain expansion projects.

Aside from cash generation, Vale has adequate sources of liquidity today, with $3.6 billion in cash on hand, enough to cover 1.4x short-term debt, as of December 2015. The company has a $2 billion revolving credit facility expiring in 2018, and another for $3 billion expiring in 2020, but in January 2016 drew down $3 billion from the revolvers, partially used to pay down debt. Vale made several efforts in 2015 to enhance liquidity, including setting up a $900 million gold-streaming agreement, and selling vessels and a minority stake in its MBR subsidiary. Vale's ability to ease some pressure on its credit metrics will depend on timely execution of any further asset divestures.

Vale also faces some uncertainty over Samarco (Caa2 negative), a 50/50 joint venture with Australia's BHP Billiton (A3 negative), which suspended operations after a November 2015 dam accident near its Germano facilities and mines destroyed or damaged many nearby or downstream communities. In a March 2016 agreement with federal authorities, Samarco and its shareholders agreed to pay BRL4.4 billion from 2016-18 for environmental, social and economic remediation or recovery, and BRL800 million-BRL1.6 billion during

2019-21, as well as BRL240 million annually for 15 years for compensatory projects, plus BRL500 million for sanitation initiatives in 2016-18.

The agreement benefits Vale by clarifying Samarco's financial obligations—which Vale and BHP Billiton will pay, if Samarco cannot—but Vale still risks further damages from parties not involved in the settlement (see our report, Vale S.A.: Frequently Asked Questions About Ba3 Rating, 14 April 2016.)

Transportation

The real's sharp devaluation and weaker demand from corporate passengers has raised liquidity risk for Brazil's airlines. Gol has a weak capital structure and insufficient liquidity to support its operations and service all of its debt, and is pursuing options to improve liquidity. Gol has maintained large cash balances in excess of 20% of annual revenues, which provided adequate coverage of its short-term debt maturities for volatile periods. In September 2015, the company issued both equity and debt, improving its cash position and its debt maturity schedule. As of 31 December 2015, Gol had BRL2.3 billion in cash, with BRL2.5 billion of debt maturing by the end of 2017.

But Gol faces rapid cash burn through 2017, with its heavily dollar-denominated costs and a sharp reduction in corporate demand. Cash flow from operations was negative in BRL275 million for the 12 months through December 2015, compared to positive figures of BRL723 million in 2014 and BRL1.4 billion in 2013. The need to reduce debt will require Gol to make additional capital increases, defer capital improvements, sell assets or restructure debt.

Steel

Brazil's steelmakers Gerdau (Ba3 negative), CSN (Caa1 negative) and Usiminas (Ca stable) are braced for a continued weakness in the domestic market, along with global oversupply of steel that will constrain the profitability and increase competition for exports, cutting margins and increasing leverage as they reduce capacity utilization. (See our report, Steel Industry - Brazil: Weak Operating Environment Decreases Credit Quality of All Three Big Steelmakers, 20 April 2016.)

Gerdau and CSN still have adequate liquidity, contributing to the sector's overall low funding risk, but Usiminas' ability to generate cash flow from its operations has diminished, which will keep credit metrics pressured for a prolonged period of time and liquidity risks high absent major debt restructuring. Adjusted EBITDA margins at the end of 2015 were 4.9%, and leverage (measured by adjusted debt to EBITDA) peaked at 18.9x, leading Usiminas to breach financial covenants applicable to the majority of its total debt at the end of 2015. The company was able to negotiate waivers with debt holders.

The company has historically been able to maintain an adequate cash balance relative to short term maturities, but with the weaker cash flow generation the cushion has declined. At the end of December 2015, consolidated cash balance of BRL2.0 billion barely covered maturities of BRL1.9 billion in 2016. To reduce liquidity risks arising from significant debt maturities, including another BRL1.8 billion in 2017, Usiminas signed on March 2016 a standstill agreement with its main creditors, collectively representing 78% of Usiminas' total debt. Under the agreement, the banks will suspend principal debt payments and will waive covenant compliance requirements for 120 days (starting in March 2016). During this period, Usiminas aims at extending debt maturities for bank debt obligations due in 2016 through 2018.

Usiminas announced a number of initiatives to reduce costs and improve profitability, including a significant downsizing of operations that will adjust the company's cost base to current demand levels, and a material reduction in capital expenditures. Nevertheless, given the severity of the downturn of Brazil's steel industry, additional measures could be required for a sustainable recovery in cash flow generation.

Media and Telecom

Liquidity risk remains at medium since late 2015 for Brazil's media and telecom companies (see our report, Non-Financial Corporate Sector – Brazil: Deteriorating Domestic Fundamentals Will Test Liquidity in 2016-17, 24 November 2015). Oi is a clear exception, with only enough liquidity to meet its debt and interest-payment obligations through 2016. With positive free cash flow unlikely until at least 2018, Oi will depend on the capital markets amid difficult borrowing conditions. Despite efforts to reduce capital spending, Oi's capital investments are still high at around BRL5 billion annually, and the real's devaluation will raise its costs even further. At

some point the company will need to preserve cash before it runs out and that could happen before the end of 2016 through debt restructuring involving losses to creditors.

Oi had BRL16.7 billion in cash at the end of December 2015, plus access to about BRL2.6 billion in committed credit facilities. With the company's additional cash burn for CAPEX and interest payments, probably leaves it with around BRL10 billion-BRL11 billion to face debt amortizations of about BRL18 billion in 2016-17.

Protein, Agriculture, Paper and Forest Products

Brazil's protein and agriculture industry leaders such as sugar-ethanol giant Raízen, and meatpackers BRF, JBS, Minerva (B1 positive) and Marfrig (B2 stable) are enjoying favorable industry trends and strong cash flow generation. Despite signs of a strengthening real, the protein companies will keep benefiting in 2016-17 from increased global demand for meat products and Latin America's competitive position as a key exporting region.

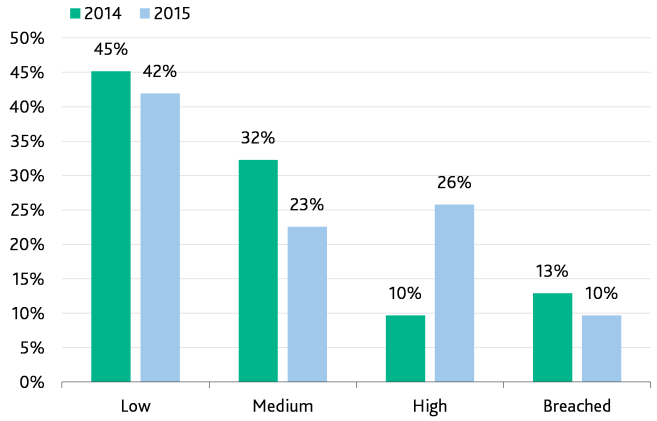
Paper and forest products companies have some of Brazil's most comfortable corporate liquidity profiles today. Despite weaker demand for paper at home, the global hardwood pulp market is balanced, with limited risk to pulp prices through at least early 2017. Cash flow from operations will strengthen for Fibria (Ba1 negative) and Suzano (Ba2 stable) in 2016, boosting their liquidity, with added support from ample access to pre-export financing lines, bank loans and capital markets.

Appendix A: Corporate Leverage Covenants Deteriorate

The sharp deterioration of the Brazilian economy points to continued operational pressure and covenant breaches (see Exhibits 6-7). Covenants are still concentrated in low risk of breach, but 26% of Brazilian companies with covenants risked breaching their leverage metrics in 2015, up from 10% in 2014. We consider companies at low risk if their most recent leverage metric gives them more than 100% cushion on their covenant test; medium risk for a 50%-100% cushion; and high risk for a cushion below 50%. We consider a covenant breached even if the company subsequently received a debt amendment or waiver.

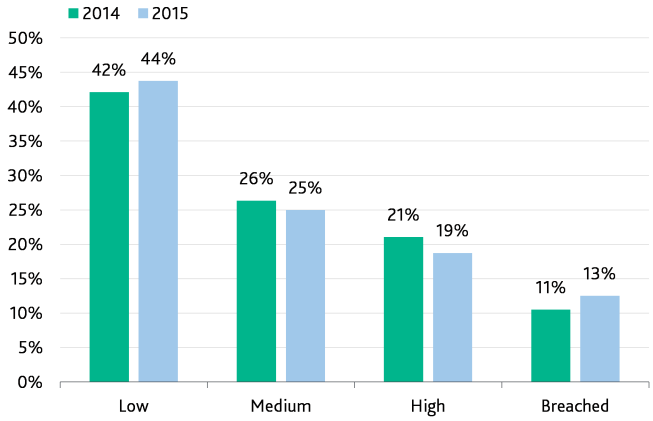
Three companies were not compliant with their coverage metrics at year-end 2015: Oi S.A., Usiminas and PDG. The first two also breached their leverage covenants. Oi has obtained waivers from creditors, Usiminas signed a standstill agreement which will waive covenant compliance requirements for 120 days, and PDG has announced a debt restructuring process, which will include the renegotiation of several of its contractual arrangements.

Exhibit 6
Leverage Ratios



Source: Moody's Investors Service

Exhibit 7
Interest Coverage Ratios



Source: Moody's Investors Service

Appendix B: Rating Universe of Brazilian Companies, as of April 2016

Exhibit 8

Rating Universe of Brazilian Companies, as of April 2016

Company Name	Industry / Peer Group	Lead Analyst	Long-term rating	Outlook
Ambev S.A.	Food & Beverage	Erick Rodrigues	Baa3	negative
Andrade Gutierrez Engenharia S/A	Construction	Cristiane Spercel	B2	negative
Atento Luxco 1	Business & Consumer Services	Marcos Schmidt	Ba3	stable
Braskem	Chemical	Barbara Mattos	Ba1	negative
BRF S.A.	Protein & Agriculture	Erick Rodrigues	Ba1	negative
Brookfield Incorporacoes S.A.	Homebuilding	Cristiane Spercel	B3	negative
CBC AMMO LLC	Retail & Consumer Goods	Marcos Schmidt	B1	stable
Cielo S.A.	Business & Consumer Services	Marcos Schmidt	Ba1	negative
Companhia Siderurgica Nacional S.A. - CSN	Steel	Barbara Mattos	Caa1	negative
Cosan S.A. Industria e Comercio	Protein & Agriculture	Erick Rodrigues	Ba2	negative
Cyrela Brazil Realty S.A. Empreend E Part	Homebuilding	Cristiane Spercel	Ba2	negative
Embraer S.A.	Transportation	Cristiane Spercel	Ba1	negative
Even Construtora e Incorporadora S/A	Homebuilding	Cristiane Spercel	B1	negative
Fibria Celulose S.A.	Paper & Forest Products	Barbara Mattos	Ba1	negative
Fleury SA	Business & Consumer Services	Erick Rodrigues	Ba2	negative
Gafisa S/A	Homebuilding	Cristiane Spercel	B2	negative
Gerdau S.A.	Steel	Barbara Mattos	Ba3	negative
Globo Comunicacao e Participacoes S.A.	Media, Telecom, Cable & Comm Infrast.	Marcos Schmidt	Ba1	negative
Gol Linhas Aereas Inteligentes S.A.	Transportation	Cristiane Spercel	Caa1	negative
Hypermarcas S.A.	Retail & Consumer Goods	Erick Rodrigues	Ba2	negative
JBS S.A.	Protein & Agriculture	Erick Rodrigues	Ba2	stable
Localiza Rent a Car S.A.	Equipment & Auto Rental	Marcos Schmidt	Ba2	negative
Magnesita Refratarios S.A.	Metals & Mining	Barbara Mattos	B2	negative
Marfrig Global Foods S.A.	Protein & Agriculture	Erick Rodrigues	B2	stable
MDL Realty Incorporadora S.A.	Homebuilding	Cristiane Spercel	Caa1	negative
Mills Estruturas e Servicos de Engenharia	Business & Consumer Services	Marcos Schmidt	B2	negative
Minerva S.A.	Protein & Agriculture	Erick Rodrigues	B1	positive
Odebrecht Engenharia e Construção S.A. (OEC)	Construction	Cristiane Spercel	Ba2	review for downgrade
Oi S.A.	Media, Telecom, Cable & Comm Infrast.	Marcos Schmidt	Caa1	negative
Paranapanema S.A.	Manufacturing	Barbara Mattos	B3	negative
PDG Realty S.A. Empreend. e Participacoes	Homebuilding	Cristiane Spercel	Caa3	negative
Petroleo Brasileiro S.A. - PETROBRAS	Energy, Oil & Gas	Nymia Almeida	B3	negative
Raízen *	Retail & Protein and Agriculture	Erick Rodrigues	Ba1	negative
Rumo Logistica Operadora Multimodal S.A.	Transportation	Marcos Schmidt	B1	stable
Samarco Mineração S.A.	Metals & Mining	Barbara Mattos	Caa2	negative
Suzano Papel e Celulose S.A.	Paper & Forest Products	Barbara Mattos	Ba2	stable
Tegma Gestao Logistica S.A.	Transportation	Marcos Schmidt	B2	negative
Telefonica Brasil S.A.	Media, Telecom, Cable & Comm Infrast.	Marcos Schmidt	Ba1	negative
Ultrapar Participacoes S.A.	Retail & Consumer Goods	Erick Rodrigues	Ba1	negative
Usinas Siderurgicas de Minas Gerais S.A.	Steel	Barbara Mattos	Ca	stable
Vale S.A.	Metals & Mining	Barbara Mattos	Ba3	negative
VALID S.A.	Business & Consumer Services	Marcos Schmidt	Ba2	stable
Vidroporto S.A.	Packaging	Erick Rodrigues	B3	stable
Viver Incorporadora e Construtora S.A.	Homebuilding	Cristiane Spercel	Caa3	negative
Votorantim Cimentos S.A.	Construction	Marcos Schmidt	Ba2	negative
Votorantim S.A.	Metals & Mining	Marcos Schmidt	Ba2	negative

* Raízen Combustíveis S.A. and Raízen Energia S.A.

Source: Moody's Investors Service

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- Non-Financial Corporate Sector - Brazil: Deteriorating Domestic Fundamentals Will Test Liquidity in 2016-17, 24 November 2015
- Credit Quality in Brazil: Economic, Political Stress Roil Issuers in Both Public and Private Sectors, 6 October 2015
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