



Fitch Downgrades Various Brazilian Corporates; Affirms Others

Fitch Ratings-New York-10 May 2016: Fitch Ratings has downgraded the Long-Term Foreign-Currency Issuer Default Ratings (IDRs) of several Brazilian corporates following the May 5th downgrade of the Sovereign foreign currency rating to 'BB' from 'BB+' and the Country Ceiling to 'BB+' from 'BBB-'. The Rating Outlook on the sovereign is Negative as it is on the corporates that have been downgraded.

At the same time, Fitch has affirmed the ratings of several issuers at 'BB+' and higher based on factors that mitigate sovereign transfer and convertibility risk. These factors include hard-currency export revenues, overseas production facilities, foreign parent or strategic partner, unrestricted cash held abroad, or committed credit facilities.

Brazil's downgrade reflects the deeper-than-anticipated economic contraction, failure of the government to stabilize the outlook for public finances, and the sustained legislative gridlock and elevated political uncertainty that are sapping domestic confidence and undermining governability as well as policy effectiveness. Maintenance of the Negative Outlook reflects continued uncertainty as to the progress that can be made to improve the outlook for growth, public finances and the government debt trajectory.

RATING SENSITIVITIES

The foreign currency ratings of the following companies could be negatively impacted by a negative rating action on the sovereign rating of Brazil and/or a downgrade of its country ceiling. The Outlook for Brazil's foreign currency rating is currently Negative.

Sovereign rating sensitivities include:

- Failure to take policy action to arrest the pace of increase in the government debt burden. Crystallization of contingent liabilities would be negative.
- Policy drift and an inability to implement measures that improve the outlook for growth and public finances.
- Erosion of international reserves and deterioration in government debt composition.

The Rating Outlook is Negative. Consequently, Fitch's sensitivity analysis does not currently anticipate developments with a high likelihood of leading to a positive rating change. Future developments that could individually, or collectively, result in stabilization of the Outlook include:

- An improvement in the political environment that improves policy implementation and supports confidence, growth and reform prospects.
- Fiscal consolidation that leads to greater confidence in the capacity of the government to achieve debt stabilization.
- Improved investment and growth environment and a reduction in macroeconomic imbalances.

Fitch has taken the following rating actions:

Ache Laboratorios Farmaceuticos S.A.

- Long-Term Foreign-Currency IDR downgraded to 'BB+' from 'BBB-'; Outlook Negative;
- Long-Term Local-Currency IDR affirmed at 'BBB'; Outlook Stable.

BR Malls Participacoes S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook revised to Negative from Positive;
--Long-Term Local-Currency IDR affirmed at 'BB+'; Outlook Positive.

Braskem S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BBB-'; Outlook Negative;
--Long-Term Local-Currency IDR affirmed at 'BBB-'; Outlook Stable;
--Notes due 2017 affirmed at 'BBB-'.

Braskem Finance Limited

--Unsecured senior notes due 2018, 2020, 2021, 2022 & 2024 affirmed at 'BBB-';
--Perpetual bonds affirmed at 'BBB-'.

Braskem America Finance Company

--Notes due 2041 affirmed at 'BBB-'.

BRF S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BBB'; Outlook Negative;
--Long-Term Local-Currency IDR affirmed at 'BBB'; Outlook Stable;
--Notes due 2018, 2022, 2023, 2024 affirmed at 'BBB'.

BFF International Ltd.

--Notes due 2020 guaranteed by BRF S.A. affirmed at 'BBB'.

Centrais Eletricas Brasileiras S.A.

--Long-Term Foreign-Currency IDR downgraded to 'BB-' from 'BB'; Outlook Negative;
--Long-Term Local-Currency IDR downgraded to 'BB-' from 'BB'; Outlook Negative;
--USD1 billion senior unsecured notes due 2019 downgraded to 'BB-' from 'BB';
--USD1.75 billion senior unsecured notes due 2021 downgraded to 'BB-' from 'BB'.

Cielo S.A.

--Long-Term Foreign-Currency IDR downgraded to 'BB+' from 'BBB-'; Outlook Negative
--Long-Term Local-Currency IDR downgraded to 'BBB-' from 'BBB'; Outlook Negative.

Cielo USA Inc.

--Notes due in 2022 downgraded to 'BB+' from 'BBB-'.

Companhia Brasileira de Alumínio S.A. (CBA)

--Guaranteed notes due 2019, 2021, and 2024 affirmed at 'BBB-'.

Companhia de Gas de Sao Paulo - COMGAS

--Long-Term Foreign-Currency IDR downgraded to 'BB+' from 'BBB-'; Outlook Negative;
--Long-Term Local-Currency IDR affirmed at 'BBB-'; Outlook Stable.

Cosan Luxembourg S.A.

--Notes due in 2018, 2023 affirmed at 'BB+'.

Cosan Overseas Limited

--Perpetual Notes affirmed at 'BB+'.

Cosan S.A. Industria e Comercio

--Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook revised to Negative from Stable;
--Long-Term Local-Currency IDR affirmed at 'BB+'; Outlook Stable.

Embraer S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BBB-'; Outlook Stable
--Long-Term Local-Currency IDR affirmed at 'BBB-'; Outlook Stable
--Senior unsecured debt affirmed at 'BBB-'.

Embraer Overseas Limited

--Senior unsecured debt affirmed at 'BBB-'.

Embraer Netherlands Finance BV

--Senior unsecured debt affirmed at 'BBB-'.

Energisa Paraiba - Distribuidora de Energia S/A (Energisa Paraiba)

--Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook revised to Negative from Stable.
--Long-Term Local-Currency IDR affirmed at 'BB+'; Outlook Stable.

Energisa Sergipe - Distribuidora de Energia S/A (Energisa Sergipe)

--Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook revised to Negative from Stable.
--Long-Term Local-Currency IDR affirmed at 'BB+'; Outlook Stable.

Energisa Minas Gerais - Distribuidora de Energia S/A (Energisa Minas Gerais)

--Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook revised to Negative from Stable.
--Long-Term Local-Currency IDR affirmed at 'BB+'; Outlook Stable.

Fibria Celulose S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BBB-'; Outlook Stable
--Long-Term Local-Currency IDR affirmed at 'BBB-'; Outlook Stable.

Fibria Overseas Finance Ltd.

--Notes due 2024 affirmed at 'BBB-'.

Furnas Centrais Eletricas S.A.

--Long-Term Foreign-Currency IDR downgraded to 'BB-' from 'BB'; Outlook Negative;
--Long-Term Local-Currency IDR downgraded to 'BB-' from 'BB'; Outlook Negative.

Gerdau S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BBB-'; Outlook Stable;
--Long-Term Local-Currency IDR affirmed at 'BBB-'; Outlook Stable;
--Port Auth of the City of St Paul (MN) Solid Waste Disposal Revs (Gerdau) 2012-7 affirmed at 'BBB-'.

Gerdau Holdings Inc.

--Notes due 2020 and 2024 affirmed at 'BBB-'.

Gerdau Trade Inc.

--Notes due 2021 and 2023 affirmed at 'BBB-'.

GTL Trade Finance Inc.

--Notes due 2017, 2024 and 2044 affirmed at 'BBB-'.

Hypermarcas S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook Revised to Negative from Positive;
--Long-Term Local-Currency IDR affirmed at 'BB+'; Outlook Positive;

ISA Capital do Brasil S.A. (ISA Capital)

- Long-Term Local-Currency IDR affirmed at 'BB+'; Outlook Stable;
- Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook revised to Negative from Stable;
- Senior secured notes outstanding USD31.6 million affirmed at 'BBB-'.

Itaipu Binacional (Itaipu)

- Long-Term Foreign-Currency IDR downgraded to 'BB' from 'BB+'; Outlook Negative;
- Long-Term Local-Currency IDR downgraded to 'BB' from 'BB+'; Outlook Negative.

JBS S.A.:

- Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook Stable
- Long-Term Local-currency IDR affirmed at 'BB+'; Outlook Stable
- Notes due 2016 affirmed at 'BB+'.

JBS USA Lux S.A.:

- Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook Stable;
- Long-Term Local-Currency IDR affirmed at 'BB+'; Outlook Stable;
- Term loan B facility due in 2018 affirmed at 'BBB-';
- Notes due 2020, 2021 affirmed at 'BB+'.

JBS USA Finance, Inc:

- Notes due 2020, 2021 affirmed at 'BB+'.

JBS Investments GmbH

- Notes due 2020, 2023, 2024 affirmed at 'BB+'.

Klabin S.A.

- Long-Term Foreign-Currency IDR affirmed at 'BBB-'; Outlook Negative;
- Long-Term Local-Currency IDR affirmed at 'BBB-'; Outlook Stable

Klabin Finance S.A.

- Notes due 2024 affirmed at 'BBB-'.

Localiza Rent a Car S.A. (Localiza)

- Long-Term Foreign-Currency IDR downgraded to 'BB+' from 'BBB-'; Outlook Negative;
- Long-Term Local-Currency IDR affirmed at 'BBB'; Outlook Stable.

Petroleo Brasileiro S.A. (Petrobras)

- Long-Term Foreign-Currency IDR downgraded to 'BB' from 'BB+'; Outlook Negative;
- Long-Term Local-Currency IDR downgraded to 'BB' from 'BB+'; Outlook Negative;

Petrobras International Finance Company (PIFCO)

- International debt issuances downgraded to 'BB' from 'BB+'.

Petrobras Global Finance B.V. (PGF)

- International debt issuances downgraded to 'BB' from 'BB+'.

Petrobras Argentina S.A.

- International debt issuances downgraded to 'BB' from 'BB+'.

Raizen Energia S.A.

- Long-Term Foreign-Currency IDR affirmed at 'BBB'; Outlook Negative;
- Long-Term Local-Currency IDR affirmed at 'BBB'; Outlook Stable.

Raizen Combustiveis S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BBB'; Outlook Negative;
--Long-Term Local-Currency IDR affirmed at 'BBB'; Outlook Stable.

Raizen Energy Finance Limited (Raizen Energy Finance)

--Notes due in 2017 affirmed at 'BBB'.

Rede DOr Sao Luiz S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BB+'; Outlook revised to Negative from Stable;
--Long-Term Local-Currency IDR affirmed at 'BB+'; Outlook Stable.

Sadia Overseas Ltd.

--Senior unsecured notes due 2017 guaranteed by BRF S.A. affirmed at 'BBB'.

Tractebel Energia S.A. (Tractebel)

--Long-Term Foreign-Currency IDR downgraded to 'BB+' from 'BBB-', Outlook Negative;
--Long-Term Local-Currency IDR affirmed at 'BBB'; Outlook Revised to Negative from Stable.

Transmissora Alianca de Energia Eletrica S.A.

--Long-Term Foreign-Currency IDR downgraded to 'BB+' from 'BBB-', Outlook Negative;
--Long-Term Local-Currency IDR affirmed at 'BBB'; Outlook revised to Negative from Stable.

Vale S.A.

--Long-Term Foreign-Currency IDR affirmed at 'BBB', Outlook Negative;
--Long-Term Local-Currency IDR affirmed at 'BBB+', Outlook Negative;
--Senior unsecured debt issuance affirmed at 'BBB'.

Vale Overseas Limited:

--Notes guaranteed by Vale affirmed at 'BBB'.

Vale Canada Limited:

--Notes guaranteed by Vale affirmed at 'BBB'.

Votorantim Cimentos S.A. (VCSA)

--Long-Term Foreign-Currency IDR affirmed at 'BBB-'; Outlook Negative;
--Notes due 2021, 2022, and 2041 affirmed at 'BBB-'.

Votorantim S.A. (Votorantim)

--Long-Term Foreign-Currency IDR affirmed at 'BBB-'; Outlook Negative;
--Long-Term Local-Currency IDR affirmed at 'BBB-'; Outlook Negative.

Voto-Votorantim Overseas Trading Operations IV Limited

--Notes due 2020 affirmed at 'BBB-'.

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