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CREDIT OPINION
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New Issue

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RATINGS

Agrosuper S.A.

Domicile	Chile
Long Term Rating	Ba1
Type	LT Corporate Family Ratings
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Martina Gallardo Barreyro +54.11.5129.2643
VP-Senior Analyst
martina.gallardobarreyro@moodys.com

Marcos Schmidt +55.11.3043.7310
Associate Managing Director
marcos.schmidt@moodys.com

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Agrosuper S.A.

New issuer

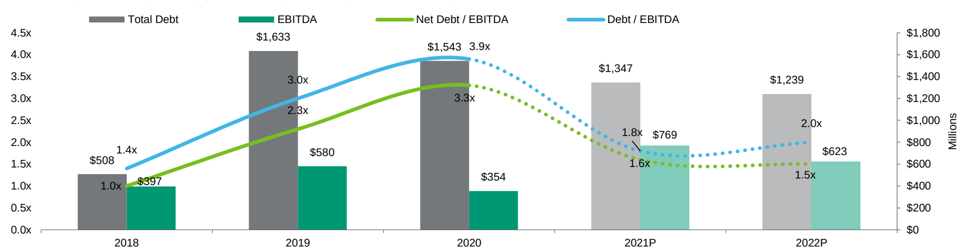
Summary

Agrosuper S.A.'s (Agrosuper, Ba1 stable) ratings reflect its strong business profile as an integrated and diversified food producer, with solid brands and leading positions in Chile's domestic market for pork, chicken and turkey, in addition to its status as the second-largest global producer of salmon. The ratings also reflect Agrosuper's good asset base and capital structure, and our expectation that the company will maintain a prudent capital structure with conservative financial policies to protect liquidity. Agrosuper's integrated business, leading market position, and revenue diversification in terms of geography and business segments explain its strong profitability with moderate volatility. The ratings also incorporate the company's operational track record of more than 60 years and its experienced management, as well as its strong operating performance and good liquidity.

Agrosuper´s ratings are mainly constrained by its small revenue and scale relative to global and regional peers, partially offset by the diversification provided by its export revenue. Also constraining the ratings is the company's exposure to the cyclical nature of the protein industry and the overall volatility in protein and grain prices globally. In addition, the ratings consider the company's family-owned structure, balanced by good corporate governance practices and compliance with local capital markets regulations.

Exhibit 1

Declining leverage, supported by strong cash flow generation



All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's Forecasts (f) or Projections (P) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless Indicated. LTM = Last 12 months. Net debt is negative both historically and based on Moody's forward-looking view.
Source: Moody's Financial Metrics™

Credit strengths

» Strong business profile, with a mix of pork, chicken, salmon, turkey and processed food

» Strong brands, leading market share in the Chilean market in different segments and status as the second-largest salmon producer worldwide

» Vertically integrated throughout the whole production and commercial chain for all of its business segments

» Strong operating performance and good liquidity

Credit challenges

» Exposure and sensitivity to protein and grain prices globally

» Exposure to the cyclical nature of the protein industry, climate risk and environmental regulation

» Exposure to trade barriers in international markets

Rating outlook

The stable rating outlook reflects our expectation that Agrosuper will be able to sustain good liquidity and adequate credit metrics for the Ba1 rating level over the next 12-18 months.

Factors that could lead to an upgrade

» An upgrade would require Agrosuper to show a resilient performance regardless of the underlying macroeconomic environment and consumption patterns in key markets, along with maintaining a clear financial policy for capital allocation and dividend payments

» Stability in the margins of its aquaculture business, expanded by two key acquisitions in 2018-19, could also exert upward pressure on the ratings

Factors that could lead to a downgrade

» A deterioration in liquidity and operating performance

» Leverage, as measured by Moody's-adjusted gross debt/EBITDA, remaining above 3.5x (1.8x as of the 12 months that ended September 2021)

» Cash flow from operations/debt remaining below 20% (39.4% as of the 12 months that ended September 2021) on a sustained basis

Key indicators

Exhibit 2

Agrosuper S.A.

US Millions	Dec-18	Dec-19	Dec-20	LTM (Sep-21)	2021E	2022E
Revenues	$2,585	$3,456	$3,284	$3,804	$4,118	$4,031
Debt / EBITDA	1.4x	3.0x	3.9x	1.8x	1.8x	2.0x
CFO / Debt	32.4%	12.9%	24.2%	39.4%	34.1%	41.7%
Debt / Book Capitalization	20.6%	38.3%	35.3%	25.0%	32.3%	29.2%
EBITA / Interest Expense	20.3x	7.0x	4.1x	10.0x	13.4x	9.7x

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Source: Moody's Financial Metrics™

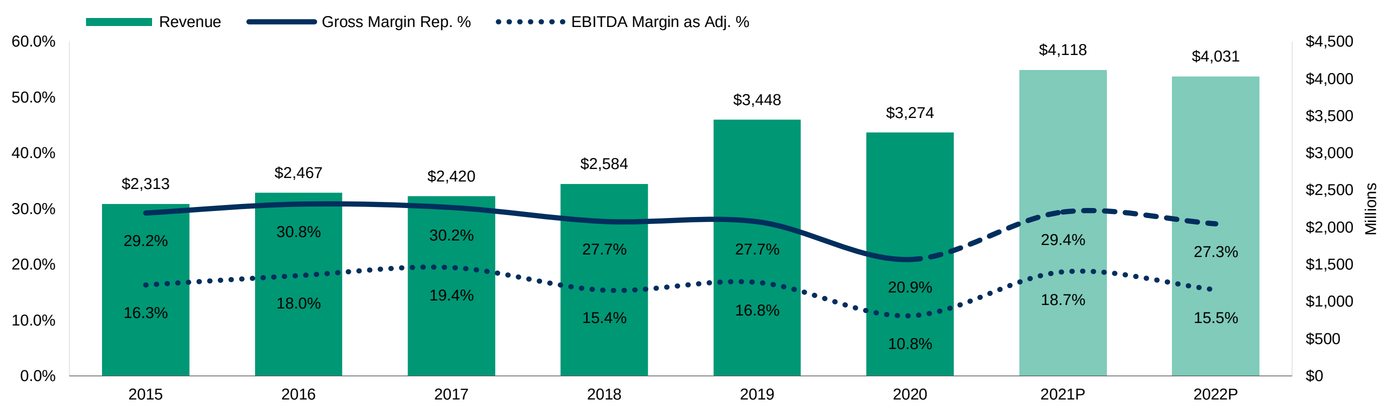
Profile

Founded in 1955 and headquartered in Rancagua, Chile (A1 negative), Agrosuper is a vertically integrated protein food producer with more than 2,000 fresh, frozen and value-added products, and around 68,400 clients. For the 12 months that ended September 2021, total revenue amounted to $3.8 billion and assets totaled $4.8 billion. The company has around 18,300 employees and 12,400 third-party collaborators.

Agrosuper produces pork, chicken, turkey and related processed foods, and through its aquaculture business, it produces Pacific and Atlantic salmon, and to a lesser extent, trout and tilapia. The company is vertically integrated throughout the whole production and commercial chain and is Chile´s market leader in pork, chicken and turkey, with a more than 50% market share as of September 2021. Through Aquachile S.A. (Aquachile), Agrosuper is the second-largest salmon producer globally with 248,000 tons Whole Fish Equivalent (WFE) (an 8% market share in 2020) and the largest salmon producer in Chile (a 23% market share in 2020).

Exhibit 3

Increasing revenues with solid gross and EBITDA margins



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Source: Moody's Financial Metrics™

Agrosuper exports to a diversified portfolio of direct and indirect clients in around 60 countries through solid distribution networks and 11 international offices. As of 2020, 60% or $2 billion of the company's revenue derived from international sales, mainly to China (24% of total export revenue), the US (23%), Japan (13%), Brazil (6%), Russia (5%), the EU (5%) and South Korea (4%), and the remainder to other countries.

Detailed credit considerations

Strong business profile and leading market position support strong profitability, despite its small scale compared with global peers and geographic concentration of asset base

The company's integrated business, leading position and revenue diversification in terms of geography and business segment explain its strong profitability with moderate volatility. It's Moody's-adjusted operating margin, which was at 12%-13% in 2016-19, fell to 7% in 2020 mainly as a result of the coronavirus pandemic-related economic downturn. However, we expect margins to move closer to 13%-15% in 2021-22 as the global demand for proteins recovers. The integrated model is a key advantage for Agrosuper, and allows the company to control the entire production and distribution process and improve efficiency and profitability, particularly because the volatility in grain commodity prices is a key risk for its cost structure and a source of margin volatility.

Corn is a key raw material for Agrosuper, and the company can partially replace it with wheat, if necessary. As for its acquaculture business, canola oil and fish meal are the main raw materials. Agrosuper follows a strict policy of grain procurement, under which it does not take long or short positions on commodities and keep a stock for around 30-150 days, depending on the raw material. In addition, its hedging policy uses only up 30/90-day futures, with the exception of fish meal, with a maximum of 150 days.

Agrosuper produces 100% of animal food for its pork, chicken and turkey businesses, and will produce 100% of salmon by the first quarter of 2022, up from 76% in 2020. The company's meat segment is supported by four feed plants located across Chile that produce 49,680 million tons (MT) per week (with six days of operation and one day of maintenance); the company's salmon business is supported by its Pargua feed plant, with a capacity of 4,340 MT per week as of 2020.

Agrosuper's breeding farms and processing facilities for its meat business are also located in Chile. The company operates its own breeding, hatcheries, grow-out farms and processing plants. In its chicken business, the company produces more than 203 million chickens per year and holds two processing plants with a combined capacity of 480,000 MT/year. As for turkey, the company produces 5.1 million turkeys per year and has a processing facility with a capacity of 90,600 MT/year. In the case of pork, Agrosuper has the capacity of growing 3.93 million porks per year and owns three processing plants with a combined capacity of 516,000 MT/year. Through three processing plants, Agrosuper also produces around 50,000 MT/year of processed foods (76% of total capacity), including cold meat, sausages, and elaborated products like nuggets, and meat and meat-free hamburgers, among others.

Agrosuper's logistics network for the local and international markets include important frozen storage capacity, 29 local distribution centers, local ground transportation network (514 trucks ride more than 960,000 km per month), and local and international commercial offices.

In its aquaculture business, Agrosuper is currently expanding its feed plant capacity to 380,000 MT/year, from 230,000, to be able to produce 100% of its fish food consumption by 2022. The company also produces 100% of eggs to ensure the genetic quality of production. Through around 100 concessions located across three of Chile's southern regions and six processing plants, the company has a total capacity of 250,000 WFE MT/year. Only around 5% of Atlantic salmon and 2% of Pacific salmon is sold locally; the remainder is exported, so international logistics and air transportation for salmon products are particularly relevant in light of the high importance of Agrosuper's fresh salmon business. The company also holds a frozen storage capacity of 10,000 MT in Chile and 20,000 MT abroad for salmon.

In 2018 and 2019, Agrosuper acquired the salmon business of Grupo Pesquero Friosur and also the company Aquachile to strengthen its aquaculture business, at fair values of $235 million and $851 million, respectively. Through these acquisitions, the company obtained the licenses to operate farming zones in Chile's southern region and became the second-largest salmon producer globally. Currently, the aquaculture business is consolidated under the Aquachile name.

Because of the company's high exposure to the protein industry and the highly cyclical nature of the industry, Agrosuper's smaller scale than that of its global peers and limited country diversification in terms of plants and facilities expose it to higher revenue and margin volatility, but this is mitigated by the company's broad base of clients globally. Agrosuper has a strong asset base in Chile, but concentration of assets in one country exposes the company to operating risk related to changing physical climate, environmental regulations, and potential trade barriers from foreign countries. The global protein industry is a highly competitive environment and in South America alone we find some of the largest protein producers, including JBS S.A. (Baa3 stable), the world's largest protein producer with $61.6 billion in revenue in the last twelve months ending September 2021; Marfrig Global Foods S.A. (Ba3 positive), the second-largest beef producer globally with $14.9 billion in revenue in the last twelve months ending September 2021; and other important companies like BRF S.A. (Ba2 positive) and Minerva Foods S.A. (Ba3 stable). Scale is an important factor for the ratings because it is an indicator of the company's ability to weather changing market conditions and economic cycles. Scale can also provide a broader platform for sustainable earnings and cash flow generation, typically enhancing operating and financial flexibility.

Also supporting the ratings is Agrosuper's experienced management, demonstrated ability to secure new customers around the world and long-term relationships with its main clients, which also help the company find new customers in the event of possible export restrictions imposed on Chile by other countries.

Adequate capital structure and conservative financial policy will support credit metrics and deleveraging

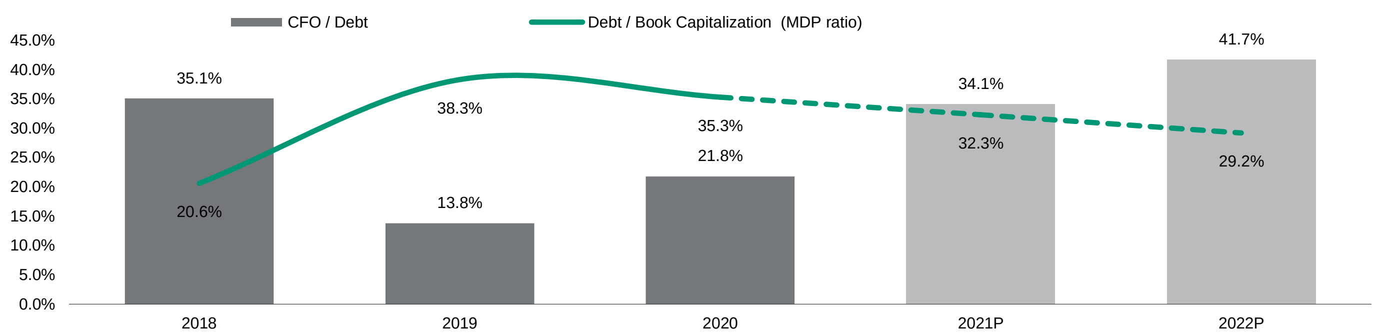
Agrosuper's good capital structure also supports its credit profile, and we expect the company's conservative financial policy to help maintain a prudent capital structure and preserve liquidity.

A large portion of Agrosuper's acquisition of Friosur and Aquachile worth around $1.1 billion in 2018-19 was funded with debt. As a result, total debt rose to $1.6 billion in 2019 from $508 million in 2018, and Moody's-adjusted debt/EBITDA increased to 2.8x from 1.3x. However, Agrosuper is committed to keeping its leverage metrics in check with net debt/reported EBITDA in the 0.5x-2.0x range, and according to our projections, the company's leverage will remain within this range in 2021-22, which is in line with its historical levels and appropriate for its rating position.

In spite of the cost of these acquisitions, the company's debt/book capitalization was 38% in 2019, higher than the 21% before the acquisitions, but at all times well below that of a Ba rating category of 45%-60%. The company already lowered its book capitalization ratio to 35% as of September 2021 and will likely remain around 30% in 2021-22. Furthermore, the liability management resulting from the proposed debt issuance and the extension of the company's debt maturity profile will further strengthen its capital structure. Its Moody's-adjusted gross debt/EBITDA was around 3.9x as of fiscal 2020, mainly driven by lower EBITDA generation because of the deterioration in the salmon business during the pandemic-related lockdowns in 2020, as well as the overall negative impact on the food service business from restaurant closures and restricted tourism. As of September 2021, Moody's-adjusted gross debt/EBITDA declined to 1.8x, and we expect leverage metrics to remain at around 2.0x in 2021-22.

Exhibit 4

Debt to book capitalization will remain low in 2022, at around 30%



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Source: Moody's Financial Metrics™

ESG considerations

Environmental

Agrosuper invested $70 million in environment-related actions and improvements in 2020. The company's goal is to make energy and water consumption as efficient as possible. In 2020, Agrosuper reduced carbon emissions by 2.9% in 2020 and its water consumption in the meat segment by 1.2%. Also, Agrosuper reduced nonrecycled materials in packaging by 22%, using 38.3% of recyclable materials for packaging. Agrosuper has reduced 94.3% of odors in the basin lake Rapel in 2013-20 and 47% in the commune of La Ligua/Petorca in 2015-19. The company uses a circular system for animal organic residues, which results in bio fertilizers that are distributed free of cost to small farmers. Bio fertilizer provides nutrients and organic matter to soil, helps reduce odors, and avoids solid erosion.

The company has a policy for animal welfare, which attempts to make their life as free from fear, hunger, discomfort, and pain and diseases as possible. The company does not use hormones in production lines so as to maintain the highest quality standards for its products. It only uses antibiotics when needed in specific medical conditions under strict controls and recommendations of veterinarians.

Social

Agrosuper invested $6 million in social programs and communities in 2020. The company invests in entrepreneurship programs, healthy lifestyle promotion, education programs and scholarships, and social welfare to help communities develop and improve their standard of living. The company has collaborated with indigenous communities to protect water consumption and preservation, promote and preserve indigenous culture, and create programs of social investment. During the pandemic-induced crisis, the company donated food, hygiene and protective products; provided humanitarian help and space to receive patients; and installed a lab to conduct PCR tests.

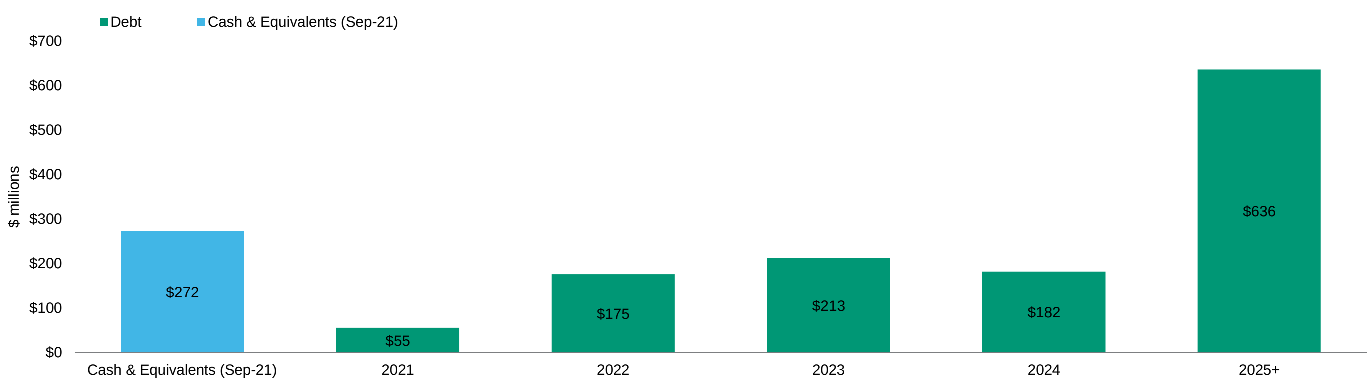
Governance

Agrosuper is owned by the Vial family. A total of four out of 10 board members are from the Vial family while the remaining six are independent. Of the total, three board members are women. Agrosuper's shares are not publicly traded but it must comply with rules set by Chile's capital markets regulator (Comisión para el Mercado Financiero) because of its local bond program. All financial and business information is publicly available on the company's website, and all shareholder information (including salaries) and governance committees are reported there. The company has a conservative financial policy and seeks to maintain net financial debt/equity of 0.5x-2.0x.

Liquidity analysis

Agrosuper has good liquidity. As of September 2021, its cash balance of $272 million was well above reported short-term debt of $184 million. Additionally, higher cash flow generation in the next 12-18 months, resulting from continued recovery of global economic activity, will aid the company's liquidity. The proposed notes issuance for up to $500 million will allow the company to strengthen its liquidity position by providing cash sources to refinance debt obligations in the short term. Pro-forma the proposed notes and subsequent liability management, total debt levels will not rise in 2022. As of September 2021, debt to Moody's-adjusted EBITDA ratio was at 1.8x and we expect leverage metrics to remain at around 2.0x in 2021-22.

Exhibit 5
Debt maturity profile
As of September 2021



Source: Agrosuper

Regarding foreign-currency risk, most of the debt is denominated in US dollars and around 40% of the cost of goods sold is related to commodities, but export operations provide a natural hedge.

Structural considerations

If the consolidated debt of the subsidiaries of Agrosuper (excluding the company's debt) represented around 25% of the total consolidated debt reflected in the holding's financial statements, the ratings on Agrosuper's notes could suffer downward pressure because the financial commitments of the holding are structurally subordinated to the financial commitments of each subsidiary individually.

Methodology and scorecard

The following table shows Agrosuper's scorecard-indicated outcome using our rating methodology for Protein and Agriculture Industry for the 12 months that ended in September 2021, and on a forward-looking basis. The actual rating assigned is 2 notches below the current scorecard-indicated rating, reflecting constraints relative to its small scale relative to global and regional peers, geographic concentration of assets in one country, and exposure to overall volatility in protein and grain prices globally.

Exhibit 6
Rating factors
Agrosuper S.A.

Protein and Agriculture Industry Scorecard	Current LTM 09/30/2021		Moody's 12-18 Month Forward View	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Total Sales (USD Billion)	$3.8	Ba	$4.5	Ba
Factor 2 : Business Profile (35%)				
a) Geographic Diversification	Ba	Ba	Ba	Ba
b) Segment Diversification	Ba	Ba	Ba	Ba
c) Market Share	Ba	Ba	Ba	Ba
d) Product Portfolio Profile	Baa	Baa	Baa	Baa
e) Earnings Stability	Ba	Ba	Ba	Ba
Factor 3 : Leverage & Coverage (40%)				
a) Debt / EBITDA	1.8x	A	1.7x	A
b) CFO / Debt	39.4%	A	35.3%	A
c) Debt / Book Capitalization	25%	Aa	25.4%	A
d) EBITA / Interest Expense	10.0x	A	9.1x	A
Factor 4 : Financial Policy (15%)				
a) Financial Policy	Ba	Ba	Ba	Ba
Rating:				
a) Scorecard-Indicated Outcome		Baa2		Baa3
b) Actual Rating Assigned		Ba1		Ba1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 09/30/2021.
[3] This represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures
Source: Moody's Financial Metrics™

Ratings

Exhibit 7

Category	Moody's Rating
AGROSUPER S.A.	
Outlook	Stable
Corporate Family Rating	Ba1
Senior Unsecured	Ba1

Source: Moody's Investors Service

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