

# Latin American Metals and Mining Outlook

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Fitch Ratings-Chicago-4 February 2009: Following the demise of Lehman Brothers and the ensuing global market meltdown in September 2008, commodities prices collapsed across the world, with metal prices resembling those seen at the last trough in 2002. This is illustrated by spot prices for iron ore, which are currently below \$70/metric ton (mt) compared to almost \$200/mt at the peak witnessed in mid-2008. Prior to the downturn, Latin American metals and mining companies enjoyed a sustained period of strong revenue growth throughout the first nine months of 2008, following on the heels of strong demand during the last four years fueled by China's surging infrastructure and construction works, which came abruptly to an end in the middle of last year. Compared to its global peers, Latin American metal and mining companies are better positioned to withstand the pressures of the global downturn due to their higher EBITDA margins as a result of high ore grades, modern technology, dynamic workforce and flexible labor laws. Liquidity positions, which will come under pressure, appear to be manageable. The median cash/short-term debt coverage ratio for the group of Latin American metals and mining companies rated by Fitch Ratings is 1.6x, a significant fall from the peak of 2.5x seen in 2006. Median short-term debt accounts for just 21% of total debt, with the majority of amortizations falling due after 24 months. Contacts: Joe Bormann, CFA: +1 312 368-3349 or Dan Kastholm, CFA: +1 312 368-2070, Chicago. Cecilia Minguillon-Fernando Torres, Buenos Aires: +54 11 5235-8100. Media Relations: Tyrene Frederick-Mack - New York - +1 212-908-0540 - tyrene.frederick-mack@fitchratings.com. Ante cualquier consulta por favor no deje de comunicarse con Carolina Basualdo por mail carolina.basualdo@fitchratings.com o telefónicamente al 54 11 5235-8135, para recibir la versión pdf del informe.