

Wednesday 15th April 2015 – 3:30pm

Local

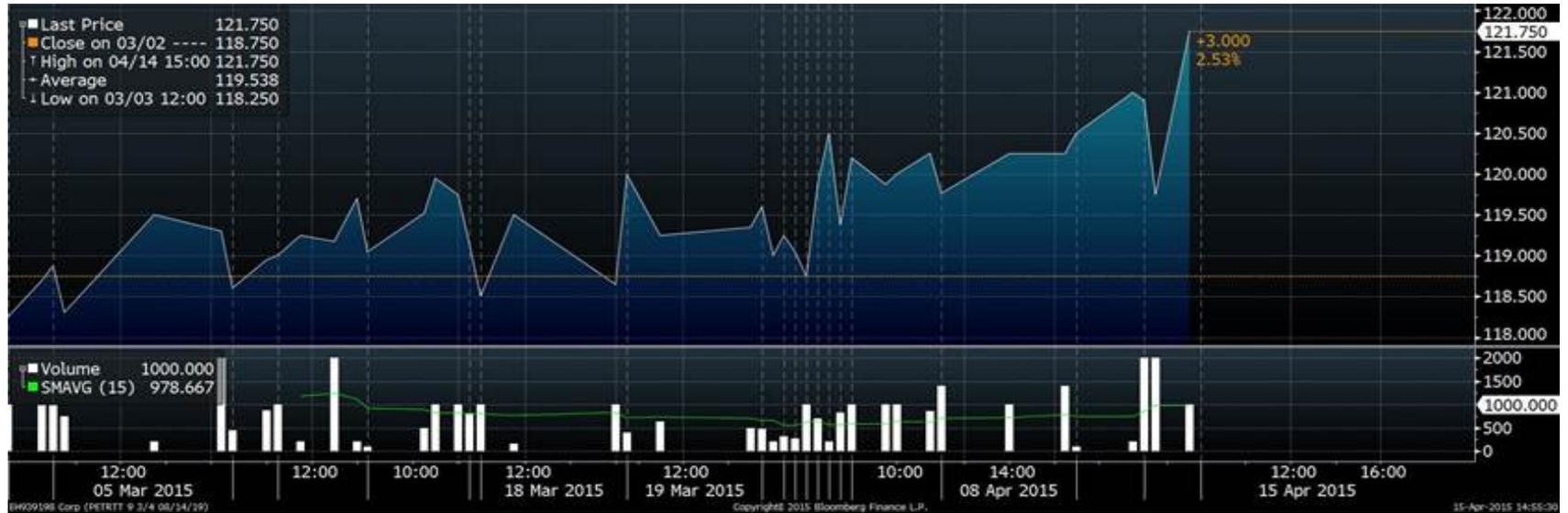
Prepared by: Ravi Kurjah, Analyst II, First Citizens Research & Analytics

ravi.kurjah@firstcitizenstt.com

S&P Downgrades Petrotrin's corporate credit rating to BB+ from BBB-

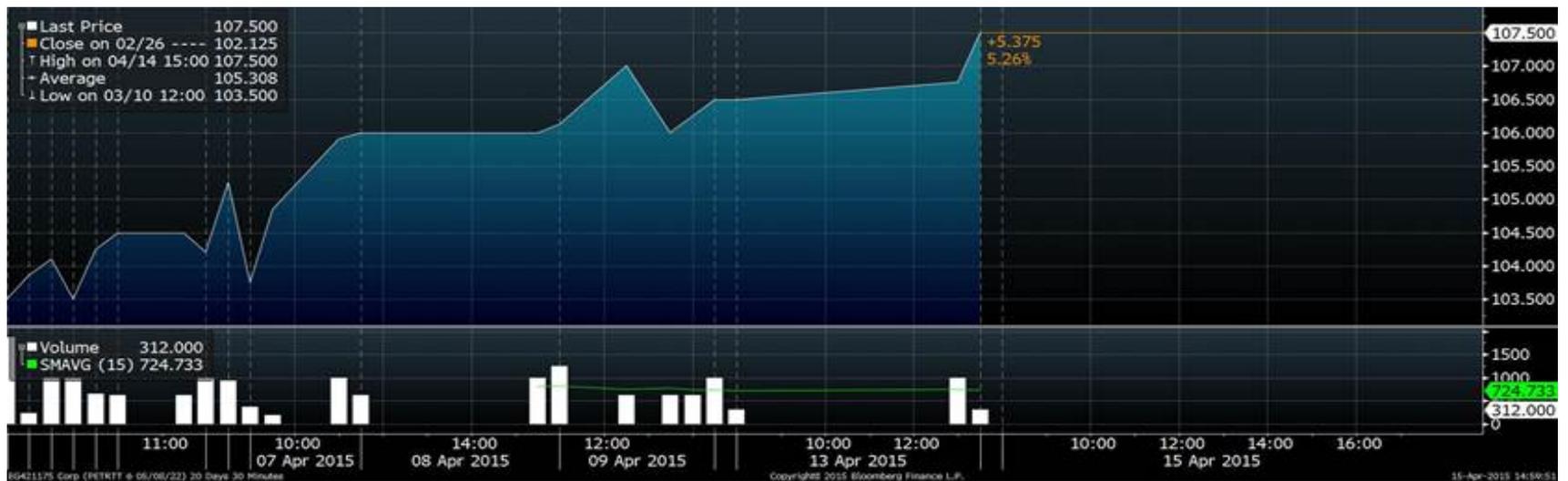
- Trinidad and Tobago- based oil and gas company Petrotrin's credit metrics weakened due to interruptions at its refinery operations, lower oil prices and higher labor costs.
- S&P believes that the credit metrics will remain weak for the next few years and are revising the stand alone credit profile (SACP) on the company to b from b+.
- EBITDA is expected to weaken significantly in 2015, given a sharp decline in oil prices, which led the company to register extraordinary cost.
- S&P expects negative free operating cash flow generation derived from Petrotrin's large capital expenditure program.
- Petrotrin's liquidity is believed to be "less than adequate". As cash sources aren't enough to cover uses in the next 12 months and therefore the company will require additional external financing.
- However, the outlook remains stable, reflecting Petrotrin's good competitive position in Caribbean markets for refined oil products and expected gradual improvement in its main credit metrics.
- Consideration should be given to the "very high" likelihood that the Republic of Trinidad and Tobago would provide sufficient extraordinary support to Petrotrin in the event of financial distress based of the critical role Petrotrin plays as the sole provider of refined oil and a key supplier of retail gas.
- Additionally, Petrotrin has access uncommitted, unutilized revolving credit lines for approximately \$210 million from institutions that have been providing credit to Petrotrin for over 20 years.
- The company is also negotiating committed revolving facility for about \$500 million, and it continues to receive support from the government accelerating payment of sales subsidies receivables against tax payables.
- Crude Oil price is currently \$55.96, surging above its 100 day moving average of \$52.96

Petrotrin 2019 bond price March 2015 – 15 April 2015



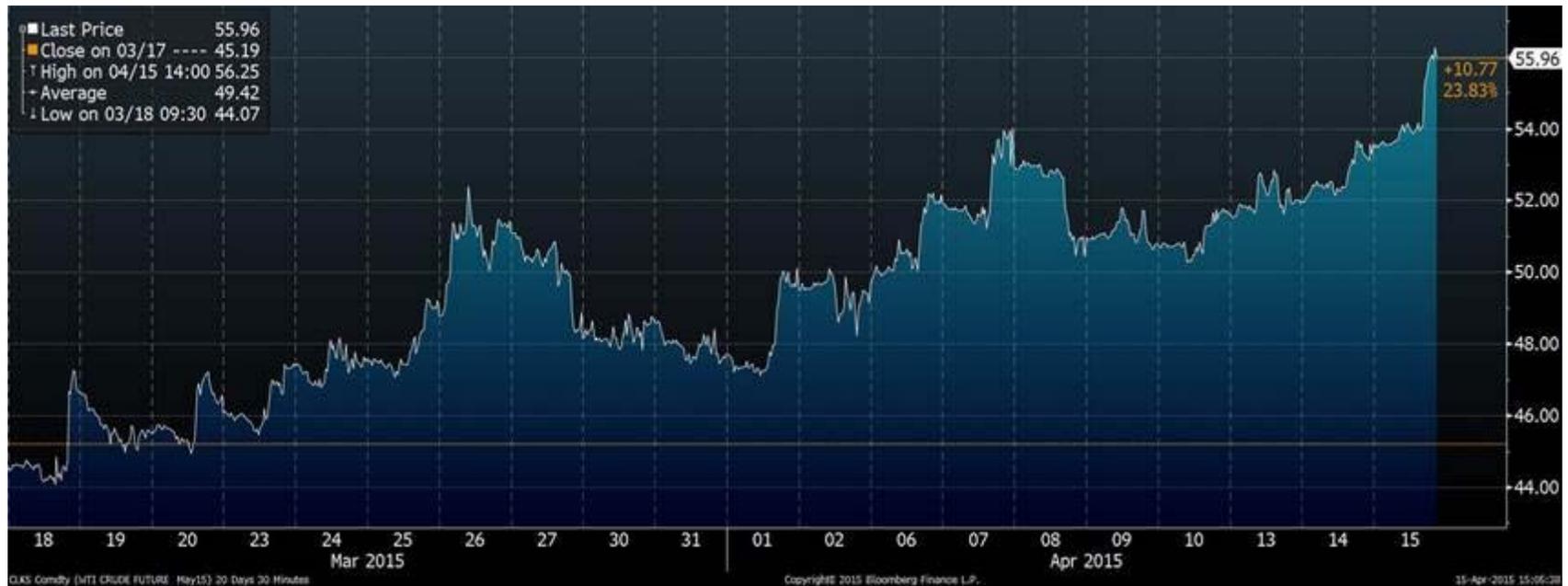
Source: Bloomberg

Petrotrin 2022 bond price March 2015 – 15 April 2015



Source: Bloomberg

Crude oil price March 2015 – 15 April



Source: Bloomberg



Follow us on Twitter [@FCISResearch](https://twitter.com/FCISResearch)

Disclaimers

All information contained in this article has been obtained from sources that First Citizens Investment Services believes to be accurate and reliable. All opinions and estimates constitute the Author's judgment as of the date of the article; however neither its accuracy and completeness nor the opinions based thereon are guaranteed. As such, no warranty, express or implied, as to the accuracy, timeliness or completeness of this article is given or made by First Citizens Investment Services in any form whatsoever. First Citizens Investment Services and/or its employees or directors may, where applicable, make markets and effect transactions, or have positions in securities or companies mentioned herein. Neither the information nor any opinion expressed shall be construed to be, or constitute an offer or a solicitation to buy or sell.