

# Fitch Downgrades Argentine Corporates

August 1, 2014

Fitch Ratings-Chicago: Fitch Ratings has downgraded the foreign currency IDR of all rated Argentine corporates following yesterday's sovereign ratings downgrade. Fitch has also affirmed the associated local currency issuer default ratings. Yesterday, Fitch downgraded the Argentine sovereign's foreign and local currency IDRs to restricted default (RD) from 'B-' and the country ceiling to CCC from B-. The sovereign downgrade reflects the expiration of the 30-day grace period to cure the missed coupon payments on its discount bonds issued under foreign law. The Argentine corporates rating downgrade also reflects the weakening macroeconomic environment in which they operate. The default by the Argentine government is likely to lead to higher inflation and will further pressure an economy that is already contracting. The downgrades reflect the additional operating cash flow pressure corporates will face, as well as the difficulty they will face in obtaining financing in the local market. The negative rating action also reflects the increased likelihood that foreign exchange will become even more difficult to obtain. Fitch has taken the following rating actions;

Alto Palermo S.A. (APSA)--Foreign currency IDR downgraded to 'CCC' from 'B-';--Local currency IDR affirmed at 'B+', Rating Outlook Negative;--US\$120 million senior unsecured notes due in 2017 to B-/RR3 from 'B-/RR3';

Arcor S.A.I.C.--Foreign currency IDR downgraded to 'B-' from 'B', Rating Outlook Negative;--Local currency IDR affirmed at 'B+', Rating Outlook Negative;--US\$200 million senior unsecured notes due in 2017 to 'B-/RR4' from 'B-/RR4'.

Capex S.A.--Foreign currency IDR downgraded to 'CCC' from 'B-';--Local currency IDR affirmed at 'B-', Rating Outlook Negative;--US\$200 million senior unsecured notes due in 2018 to 'CCC' from 'B-/RR4'.

Celulosa Argentina S.A. --Foreign currency IDR downgraded to 'CCC' from 'B-';--Local currency IDR affirmed at 'B-', Rating Outlook Negative.

Compania Latinoamericana de Infraestructura y Servicios--Foreign currency IDR downgraded to 'CCC' from 'B-';--Local currency IDR affirmed at 'B-', Rating Outlook Negative.

Cresud S.A.C.I.F. y A.--Foreign currency IDR downgraded to 'CCC' from 'B-';--Local currency IDR affirmed at 'B-', Rating Outlook Negative;--US\$60 million senior unsecured notes due in 2014 to 'CCC' from 'B-/RR4'.

Inversiones y Representaciones S.A.--Foreign currency IDR downgraded to 'CCC' from 'B-';--Local currency IDR affirmed at 'B+'; Rating Outlook Negative--US\$150 million senior unsecured notes due in 2020 and 2017 to 'B-/RR3' from 'B-/RR3'.

Mastellone Hermanos Sociedad Anonima--Foreign currency IDR downgraded to 'CCC' from 'B-';--Local currency IDR affirmed at 'B-', Rating Outlook Negative;--US\$200 million senior unsecured notes due in 2021 to 'CCC' from 'B-/RR4'.

Pan American Energy LLC--Foreign currency IDR downgraded to 'B-' from 'B', Rating Outlook Negative;--Local currency IDR affirmed at 'B+', Rating Outlook Negative.

YPF S.A.--Foreign currency IDR downgraded to 'CCC' from 'B-';--Local currency IDR affirmed at 'B-', Rating Outlook Negative--US\$1 billion senior unsecured notes due in 2024 to 'CCC' from 'B-/RR4'--US\$150 million senior unsecured notes due in 2018 to 'CCC' from 'B-/RR4'--US\$600 million senior unsecured notes due in 2018 to 'CCC' from 'B-/RR4'--US\$100 million senior unsecured notes due in 2028 to 'CCC' from 'B-/RR4'.

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