Fitch Ratings / Press Release

NOTE: For all purposes, the original document is in the Spanish language; the following is just an illustrative translation.

Fitch Ratings

Fitch Affirms AAA (col) Ordinary Bonds of the *Grupo Nacional de Chocolates* Trust
07 July 2014 1:03 PM (EDT)

Fitch Ratings–Bogotá–07 July 2014: Fitch has affirmed in AAA (col) the rate of the Ordinary Bonds of the *Grupo Nacional de Chocolates* (*Grupo Nutresa*) Trust for COP 500.000 Million. The Perspective is Stable.

KEY FACTORS OF THE RATE

The rate on bonds reflects the solid competitive position of the Company in relevant markets, the increasing geographic diversification of *Grupo Nutresa* in countries with a favorable operating environment and the solid credit profile of *Grupo Nutresa,* characterized by a moderate level of leverage, ample liquidity and a robust generation of free cash flow through the business cycle. This has meant that the Company has been able to finance its ambitious inorganic growth strategy without significantly weakening its credit metrics.

Robust Competitive Position

Grupo Nutresa maintains a strong competitive position in the food industry in Colombia, a country that concentrated 66% of its income during 2013. The Company is leader, with more than 50% of the market share in segments such as Cold Cuts, Chocolates and Biscuits, which together represent 67% of the consolidated *Grupo Nutresa* EBITDA. *Grupo Nutresa*'s strong business position is based on the strength of its leading brands and its extensive distribution system, which allows it to serve more than 261,000 points of sale in Colombia, 94% of the total points present in the country.

It is expected that *Grupo Nutresa* will maintain an appropriate organic growth of its business in Colombia, based on the fundamental strengths of the country's economy and its leadership position in the markets in which it operates. However, Fitch anticipates increased competitive pressures in the domestic market, derived from the recent free–trade agreements signed by Colombia, which would facilitate the presence of a greater diversity of products sold by global companies in the food industry in the country.

Growing Geographic and Product Diversification

Grupo Nutresa participates in seven business units within the food sector, considering the *Tresmontes Lucchetti* (TMLUC) product portfolio as a single market. In geographic

terms, its sales are explained as 33% for international sales through exports and the plants that the Company operates in 10 countries in Latin America and the United States. The recent acquisition of TMLUC boosted the geographic diversification of the company, increasing its participation in countries with a favorable operating environment, such as Chile and Mexico, as well as increasing its portfolio of leading brands. In pro forma terms, the TMLUC revenue could represent 11% of the Company sales in 2014, constituting itself as the principal generator of cash flow of the Company abroad. The mix of business and the growing diversification of its revenues have allowed *Grupo Nutresa* to maintain stable operating cash flows through the business cycle.

Suitable Operating Indicators

The Company has accompanied the increase in revenue with greater control of its operating costs, which has enabled it to record an increasing cash flow generation. As of March 2014, *Grupo Nutresa* recorded an EBITDA LTM of COP 872.086 million, for a 14% margen, one of its highest levels in the last five years. This result was benefitted by increases in productivity, the improvement of the sales mix toward products with higher added value and the reduction in prices of its key raw materials. In the future, the Company is expected to register some pressure on its margins, due to the upward trend that has been observed this year in the prices of raw materials. However, Fitch anticipates that it may sustain its EBITDA margin in the range of 12% to 14%, which is consistent with regional peers.

The exposure of the Company to the volatility of raw materials is largely mitigated. Fitch considers that one of *Grupo Nutresa*'s major operational strengths is that its cost structure does not particularly depend on any commodity, but is scattered in a body of raw materials whose price fluctuations are not necessarily related. Historically, no raw material has represented more than 15% of the consolidated average variable cost.

Solid Credit Metrics

Grupo Nutresa has maintained a solid financial profile, characterized by a robust generation of cash flow and moderate leverage. It has also been able to finance acquisitions, equity investments, as well as pay dividends, without compromising its credit profile. In recent years, *Grupo Nutresa* has expanded its operations through a strategy of international acquisitions, aimed at profitable businesses to participate in its basic businesses, with a solid competitive position, and an adequate distribution chain located in strategically selected countries. The recent acquisition of TMLUC for USD 739,3 Million increased the Company debt to COP 1,99 Billion, while leverage was 2,3x at the end of March 2014, still consistent with its rate and the international industry peers with equivalent levels of rating.

The rate incorporates the expectation that *Grupo Nutresa*'s level of gross leverage will remain below 2.5 times, even if the company has a long–term goal to double by 2020

the revenue recorded in 2013. This implies that the organic growth will continue to be supported significantly through the international acquisition program.

Ample Liquidity

Grupo Nutresa has a robust liquidity position, supported in the strength of its generation of operating cash flow and the manageable installment structure of its debt. As of March 2014, the cash level of COP 353.987 Million and the operating cash flow covered 2.6 times the short–term debt, while the annual maturities of debt scheduled in the next five years are loosely covered by the operational generation that the Company is expected to register, considering its organic growth. Likewise, the Company presents ample access to the financial and capital markets both locally and internationally, which provides additional financial flexibility to meet any external financing needs.

RATE SENSITIVITY

The rate could be reduced as a result of a combination of the following factors: A lower–than–expected operating performance, including a drop in Company revenues and margins; a more aggressive growth policy including acquisitions principally financed with debt; or sustained leverage levels of more than three times.

Contacts:

Jorge Yanes
Director
Calle 69 A No. 9–85
Bogotá, Colombia
+57 1 326–9999, Ext. 1170

José Luis Rivas
Associate Director
+57 1 326–9999, Ext. 1017

Committee Chair
Glaucia Calp
Senior Director
+57 1 326–9999, Ext. 1110