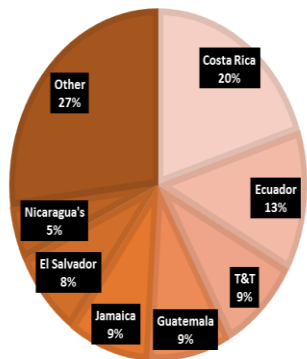


Tst2Company (Ticker) (S&P / Moody's / Fitch)	Major Issues / Risks	Major Developments	Credit Outlook (S&P/Fitch)
<p><b>Grupo Unicomer Corp. (Unicomer) (BB/---/BB-)</b></p> <p>Grupo Unicomer Corp (Unicomer) sells a large variety of products featuring worldwide recognized brands of large and small appliances, furniture, video and audio products, computers/tablets/smartphones, optical products and a variety of technological accessories via a variety of finance options. Unicomer has a presence in 27 Latin American and Caribbean countries through 23 store chains and close to 1,200 stores. Their main target markets are middle-and lower-middle income customers.</p> <p>Unicomer benefits from its strong market positions in the countries of operation along with superior brand awareness and attractive store locations. In December 2019, S&amp;P estimated Unicomer's market share in Central America between 25% and 30%, whilst in the Caribbean it was estimated at 45%.</p>	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Leading market position in Central America and the Caribbean with strong brand recognition.</li> <li>Geographical diversity with operations in over 27 countries.</li> <li>Diversity of product offerings</li> <li>Varied contingent funding sources via credit lines and revolving facilities.</li> </ul> <p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>Higher exposure to vulnerable countries</li> <li>Waning revenues and EBITDA on the back of reduced economic activity.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Extraordinary measures to reduce operating costs in near term.</li> <li>Gradual reopening of economic activity in key source markets.</li> <li>Expansion into territories with lower risk profiles.</li> <li>Deferrals of Capex and dividend payments until cash flow normalizes.</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Second wave of infections in key source markets intensifying the economic disruption.</li> <li>Reliance on countries with high dependence on tourism and remittances.</li> <li>High probability of weakening credit fundamentals and higher levels of non-performing loans (NPL).</li> <li>Negative credit ratings action if the virus' impact exceeds expectations.</li> <li>Higher refinancing cost driven by risk-off sentiment in emerging markets debt.</li> </ul>	<p><b>CreditWatch Negative.</b> On May 21, 2020 S&amp;P placed Unicomer on CreditWatch negative which is indicative of a potential credit downgrade in the near term if the impact of the COVID-19 pandemic on the company's fundamentals exceed the rating agency's current expectations.</p> <p><b>Disruption in Operations</b> – Broad-based containment initiatives such as curfews, border closures, full scale lockdowns and shortened business hours have weighed heavily on economic activity across the group's operating markets. This has resulted in widespread disruption in operations.</p> <p><b>Weaker Revenue &amp; EBITDA margins</b> – Despite the company's attempts to reduce expenditure the aforementioned disruptions, coupled with the general fall in discretionary spending will result in a reduction in sales and by extension weaker EBITDA levels.</p> <p><b>Weaker Credit Fundamentals and Increased NPLs</b> - Unicomer's operations are concentrated in countries that are generally vulnerable to global shocks and are highly reliant on remittances and/or tourism. Their main target market is also skewed towards middle-to-lower middle income households therefore adding an additional level of vulnerability to their fundamentals. The preceding will result in a weakening in the company's credit portfolio which currently accounts for ~25% of total income.</p> <p><b>Liquidity.</b> Unicomer's liquidity position is expected to remain adequate to weather the current environment and meet short term obligations. As at December 2019, Unicomer had total debt of US\$768M, Cash and cash equivalents of US\$120M and with receivables of US\$604M. The company's liquidity position is also bolstered by its robust relationships with various financial institutions which has provided contingent funding options throughout the period.</p>	<p><b>Negative/Stable</b></p> <p>As at March 31<sup>st</sup> 2020, the company was complaint with all covenants on its outstanding debt (including unsecured notes due 2024). However, Unicomer may need to seek covenant waivers in the near term as it is likely that the disruption in operations will negatively impact fundamentals and could result in breaches.</p> <p><b>Outlook</b></p> <p>Despite the projected reduction in revenue and EBITDA, Unicomer is expected to generate sufficient cash flows to sustain operations in the short term. We expect the company's near term objective to be tilted towards collection versus credit origination which will likely bolster cash flows but constrain revenue growth. Our base case assumption is that revenue and EBITDA should gradually recover in the company's key source markets as the crisis starts to abate. However, the risk of further weakening continue to be titled downwards. In the event that the recovery is weaker than expected and there is material deterioration in the company's credit portfolio, cash flow generation and overall liquidity position then Unicomer may be subject to negative rating actions.</p> <p><b>Recommendation</b> – Reduce holdings of Unicomer 2024 bonds but not to zero as long as the credit remains aligned to the client's overall objective. The variance will depend on the investors risk tolerance.</p>

UNICOMER'S % OF REVENUES PER COUNTRY

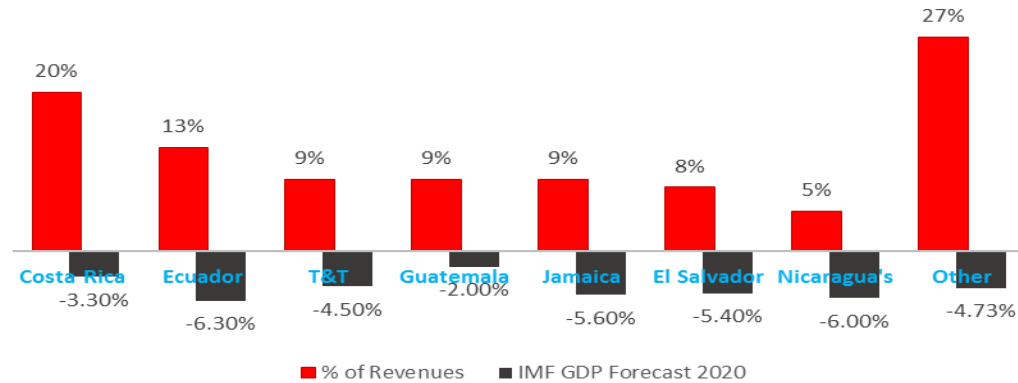


**Financial Snapshot**

	Dec-19 (9M)	Dec-18 (9M)	Mar-19	Mar-18
<b>USD (\$M)</b>				
Revenue (Sales)	\$ 974.84	\$ 973.33	\$ 1,216.35	\$ 1,205.38
Revenue Growth	0.2%	1.04%	0.9%	1.48%
EBITDA	\$ 147.06	\$ 153.35	\$ 205.48	\$ 194.13
EBITDA Margin	15.1%	15.8%	16.9%	16.1%
Pre-Tax Profit Margins	6.80%	7.90%	8.72%	7.90%
Net Profit Margin	3.80%	4.70%	6.02%	5.33%
EBITDA/INT	2.97x	3.13x	3.17x	3.05x
Financial Leverage (A/E)	3.33x	3.18x	3.04x	3.05x
Debt/Equity	1.33x	1.34x	1.26x	1.29x

Source: Company's Data, SIJL Estimates

**Grupo Unicomer's Revenue by Country & IMF GDP Forecast**



Source: S&P Global Ratings, IMF

**General Disclosures**

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