Zero Hedge | On a long enough timeline the survival rate for everyone drops to zero.

AES Gener SA (Chile)

CREDIT SNAPSHOT 10/22/09

e-mail darpa@zerohedge.com
blog www.zerohedge.com

GENER CI Equity

equity ticker: GENER CI

bond ticker: CHIVOR

sector: Utilities

subgroup: Electric-Integrated

company description:
AES Gener S.A. generates and distributes electricity to customers in Chile, elsewhere in Latin America, and the United States. The Company operates thermoelectric and hydroelectric plants. Through subsidiaries, Gener extracts coal, natural gas, and petroleum. The Company also manages ports, offers ship agency and chartering services, and transports cargo.

AES Gener SA has 630 employees.

capitalisation (USD in millions):

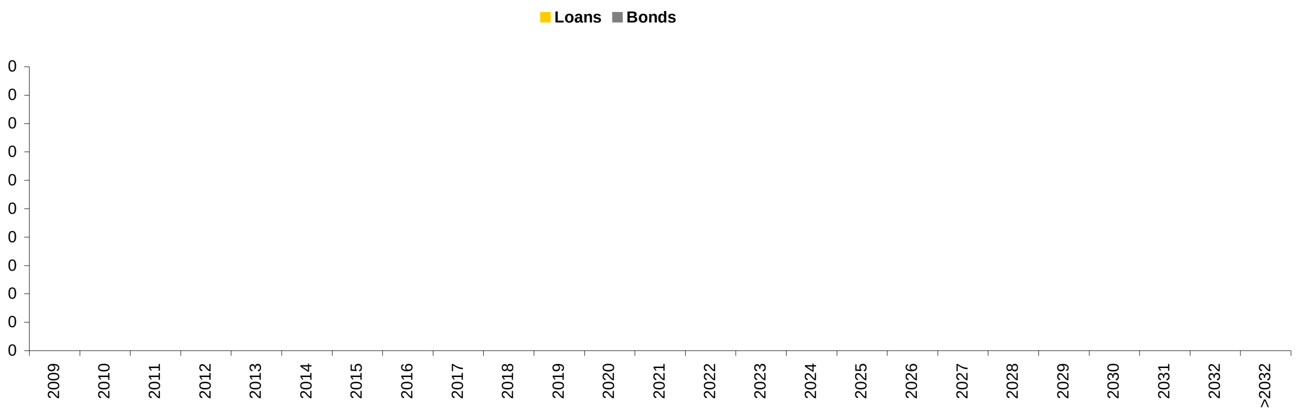
stock price	CLP 231.01
shares outstanding (million)	8,069.70
market capitalisation (USD mm)	3,449
total debt	1,528
cash + marketable securities	531
other capital	9
enterprise value (excl. cash)	4,455
current EV / TTM EBITDA	9.4x

The company's next report is expected for 10/29/2009 (type: Estimated).
www.gener.cl

issuer	Rtg	debt type & details	coupon	mat	crncy	amount out (mm)	facility amount (mm)	issue date
AES GENER SA	BBB-	Bond, at maturity, sr unsecured, fixed	7.500%	3/25/2014	USD	400	-	1/21/2005
AES GENER SA	BBB-	Bond, callable, sr unsecured, fixed	7.500%	3/25/2014	USD	0	-	3/22/2004
CHIVOR SA ESP	BB	Bond, callable, sr secured, fixed	9.750%	12/30/2014	USD	170	-	11/30/2004
AES GENER SA	NA	Bond, at maturity, bonds, fixed	3.400%	6/1/2015	CLF	1	-	12/6/2007
AES GENER SA	NA	Bond, at maturity, bonds, fixed	8.000%	4/1/2019	USD	196	-	4/8/2009
AES GENER SA	NA	Bond, sinkable, notes, fixed	4.100%	12/1/2028	CLP	6	-	12/6/2007

DEBT DISTRIBUTION

Total amount out of instruments listed above (USD in MM)	#NV	Cash (MM)	531
Total debt (MM)	1,528	Total Number of Debt Instruments (for the issuer and its subs)	11



Moody's Ratings		
Outlook	**NEG**	04/21/08
Issuer	N/A	
Senior Secured Debt	N/A	
LT Corp Family	N/A	
Bank Loan Debt	N/A	
Senior Unsecured Debt	Baa3	05/21/07
Subordinated Debt	N/A	
Short Term	N/A	

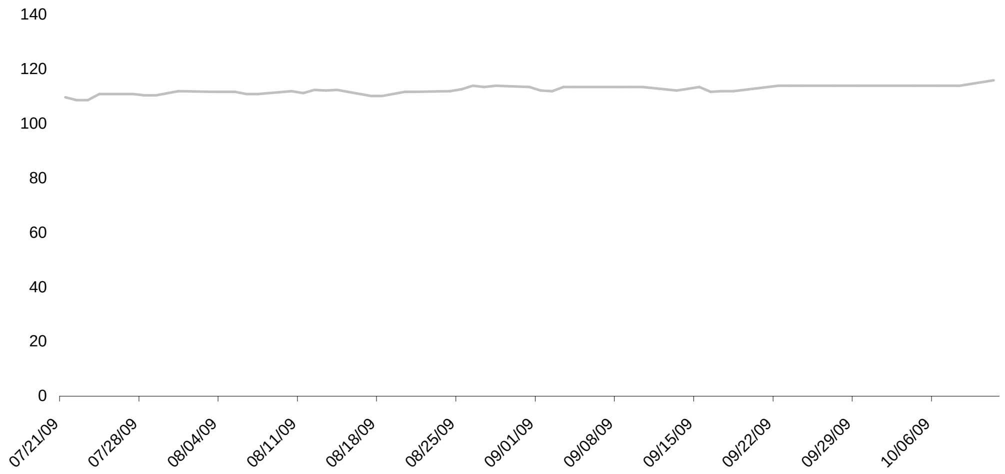
Standard & Poor's Ratings			
Outlook	N/A		
LT Foreign Currency Issuer	**BBB-**	***-**	06/30/09
LT Local Currency Issuer	**BBB-**	***-**	06/30/09
ST Foreign Currency Issuer	N/A		
ST Local Currency Issuer	N/A		

BONDS

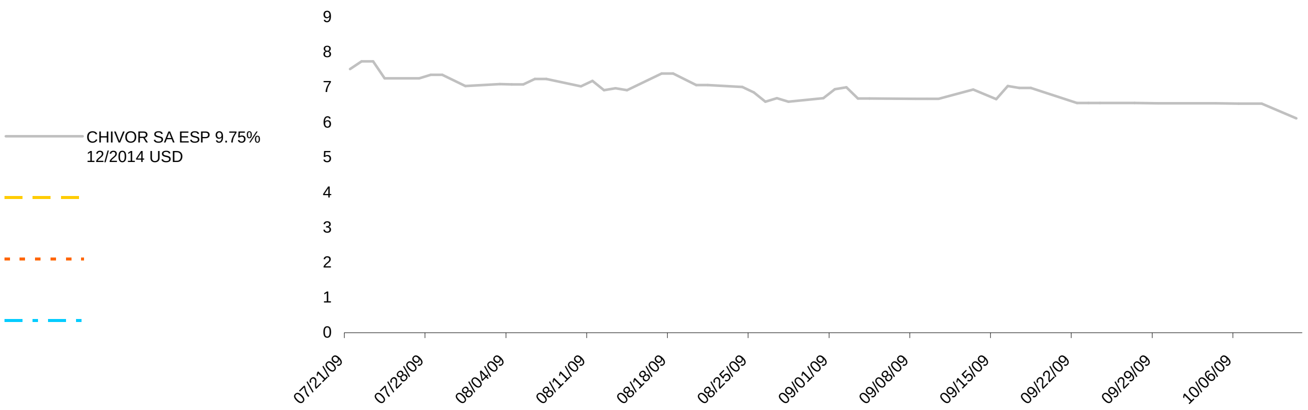
id	issuer	coupon	mat		outstanding	S&P	MDY	ask px	yield	spread*	px date
										*interpol. swap spread	
ED711235	AES CHIVOR	9.750	12/30/14	USD	170,000,000	BB	Ba2	116.00	6.1	334	10/11/09

Total Debt for the company currently stands at USD 1,528mm.

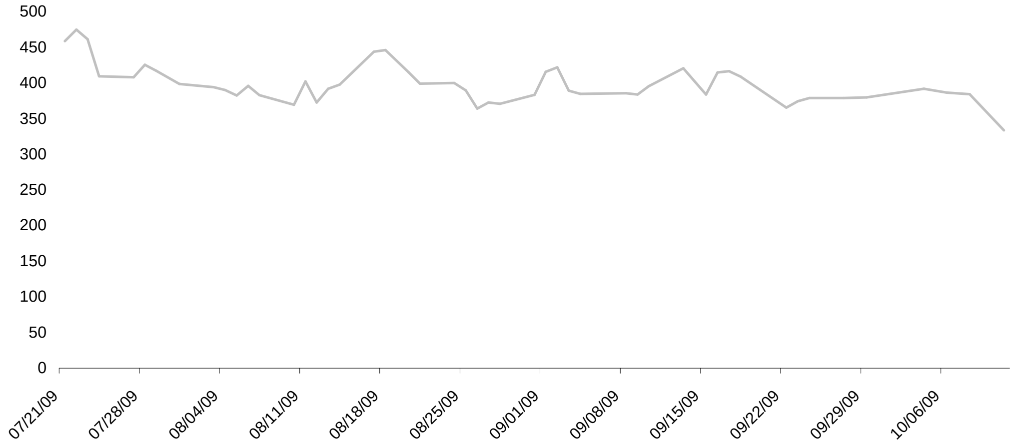
bond price



yield



interpolated swap spread



Prices & yields bid side to 28/7/08 and ask side thereafter. Spread is Govt Bid Sprd to 28/7/08 and Interpol. Swap Ask Sprd then.

03 AES Gener SA

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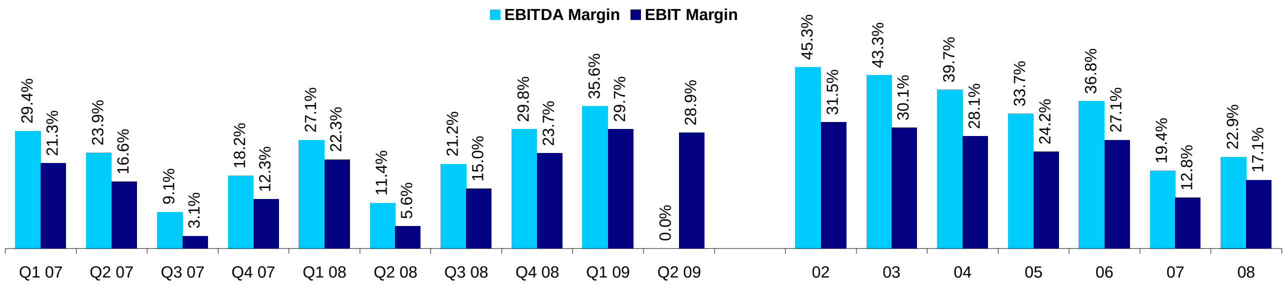
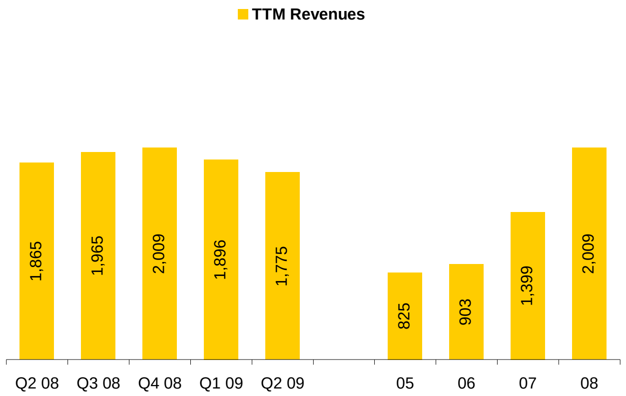
INCOME STATEMENT

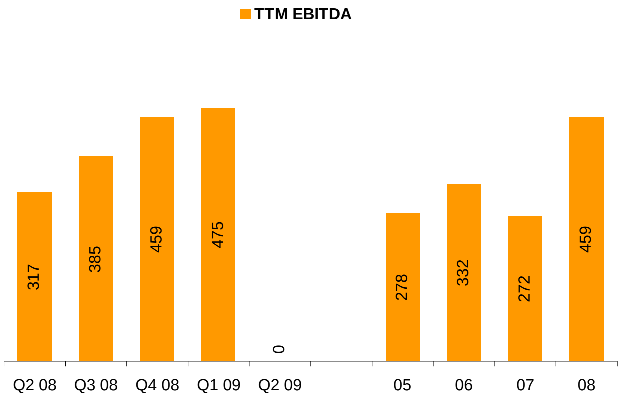
USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
Revenues	512	458	468	438	409	825	903	1,399	2,009
COGS	462	372	335	285	278	586	613		1,578
COGS % of Revenues	90.3%	81.2%	71.6%	65.1%	68.0%	71.1%	67.9%		78.6%
SG&A	21	18	22	22	20	39	45	1,221	86
SG&A % of Revenues	4.1%	3.9%	4.7%	5.1%	4.8%	4.8%	5.0%	87.2%	4.3%
EBITDA	58	97	140	156		278	332	272	459
Interest Expense	19	19	26	18	25	82	66	67	85
EBT	10	50	86	113	93	118	179	111	259
Net Income	-32	59	43	80	121	77	133	77	169
EBITDA Margin	11.4%	21.2%	29.8%	35.6%	-	33.7%	36.8%	19.4%	22.9%
EBIT Margin	5.6%	15.0%	23.7%	29.7%	28.9%	24.2%	27.1%	12.8%	17.1%

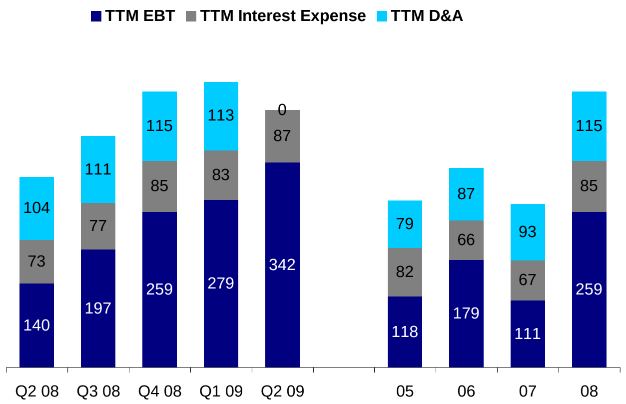


TTM INCOME STATEMENT

USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
TTM Revenues	1,865	1,965	2,009	1,896	1,775	825	903	1,399	2,009
TTM EBITDA	317	385	459	475		278	332	272	459
TTM D&A	104	111	115	113		79	87	93	115
TTM EBIT	213	274	344	362	429	200	245	178	344
TTM Interest Expense	73	77	85	83	87	82	66	67	85
TTM EBT	140	197	259	279	342	118	179	111	259
TTM Net Income	80	139	169	166	303	77	133	77	169



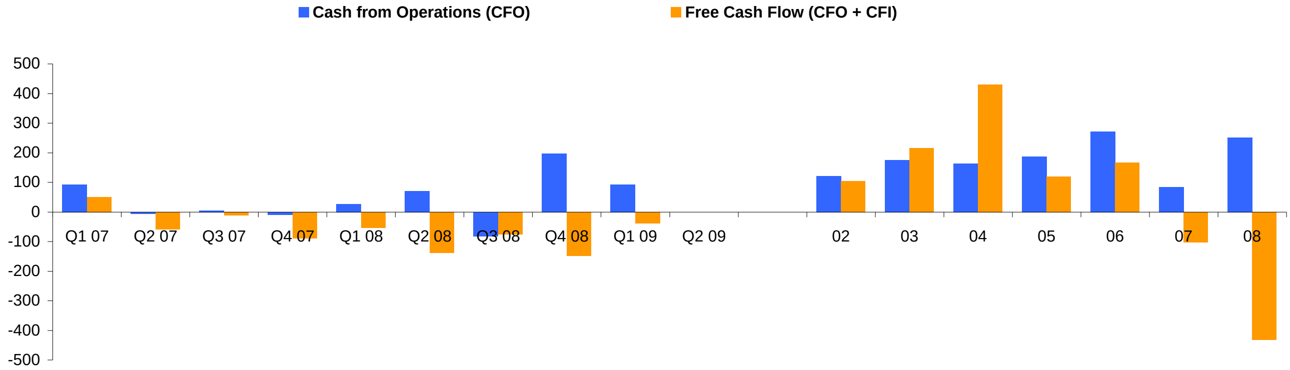




04 AES Gener SA

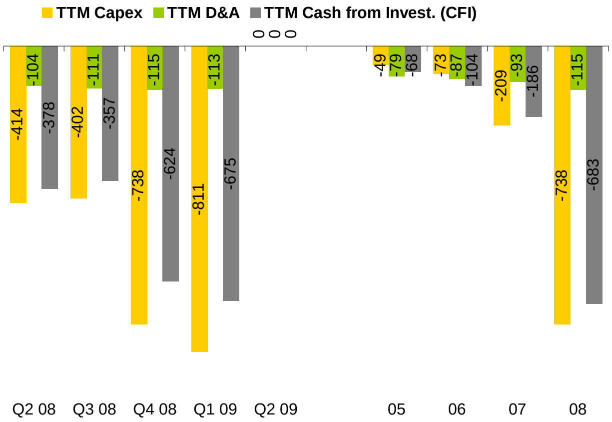
CASH FLOW

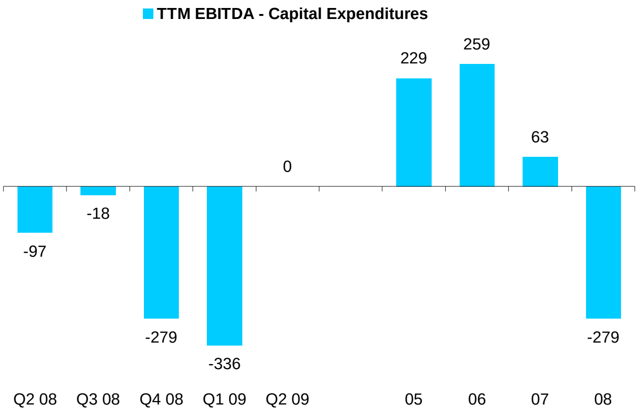
USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
Cash from Operations (CFO)	70	-80	198	91		187	271	84	252
Cash from Investing (CFI)	-208	7	-345	-128		-68	-104	-186	-683
Free Cash Flow (CFO + CFI)	-138	-74	-148	-37		119	167	-102	-431
Cash from Financing Activities	290	91	-13	302		-113	-138	35	381

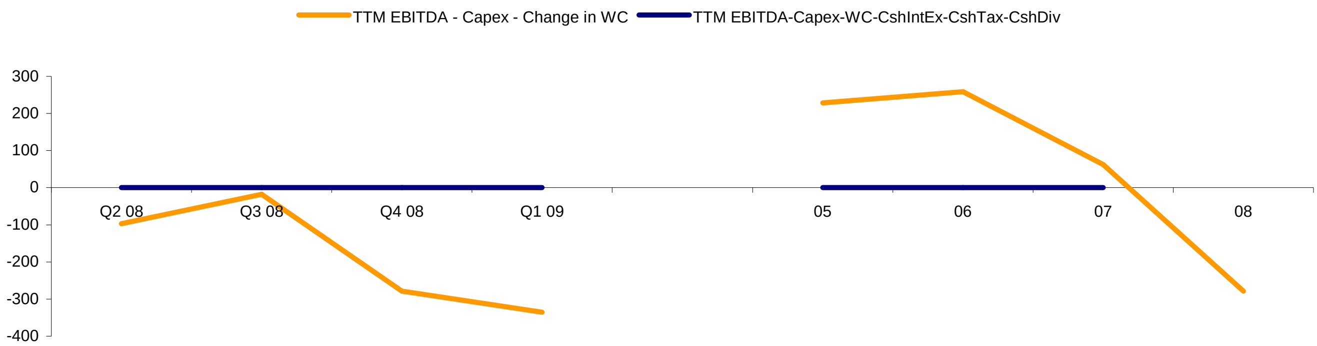


TTM CASH FLOW

USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
TTM Cash from Operations (CFO)	85	-4	252	315		187	271	84	252
TTM Cash from Invest. (CFI)	-378	-357	-624	-675		-68	-104	-186	-683
TTM Capex	-414	-402	-738	-811		-49	-73	-209	-738
TTM D&A	-104	-111	-115	-113		-79	-87	-93	-115
TTM Free Cash Flow (CFO + CFI)	-292	-360	-372	-360		119	167	-102	-431
TTM Cash from Financing Activities	430	513	413	670		-113	-138	35	381
TTM CFO - Capital Expenditures	-329	-406	-486	-496		137	198	-125	-486
TTM EBITDA - Capital Expenditures	-97	-18	-279	-336		229	259	63	-279
TTM EBITDA - Capex - Change in WC	-97	-17	-278	-336		229	258	63	-278
TTM EBITDA-Capex-WC-CshIntEx-CshTax-CshDiv									
TTM CFO/Total Debt	7.7%	-0.3%	21.0%	24.5%		21.2%	32.0%	8.6%	21.0%
TTM FCF/Total Debt	-26.4%	-30.6%	-31.0%	-28.0%		13.5%	19.7%	-10.5%	-35.9%







05 AES Gener SA

BALANCE SHEET

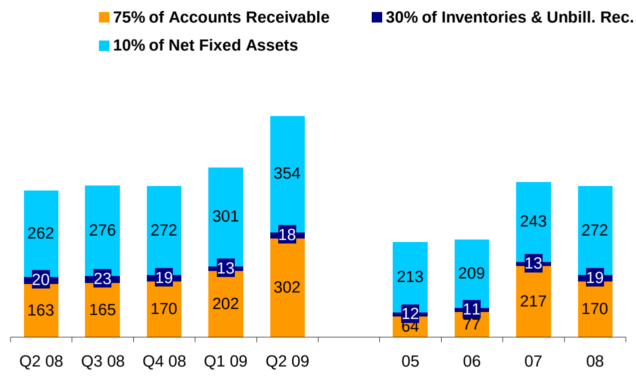
USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
Cash	24	125	53	288	329	77	84	56	53
Marketable Securities / ST Investments	4	6	4	3	202	27	2	4	4
Accounts & Notes Receivable	218	220	226	270	402	85	103	289	226
Inventories & Unbilled Receivables	68	75	64	44	61	38	38	43	64
Net Fixed Assets	2,619	2,756	2,715	3,011	3,539	2,131	2,088	2,428	2,715
75% of Accounts Receivable	163	165	170	202	302	64	77	217	170
30% of Inventories & Unbill. Rec.	20	23	19	13	18	12	11	13	19
10% of Net Fixed Assets	262	276	272	301	354	213	209	243	272
Collateral (Liquidation) Asset Value	474	594	517	808	1,205	392	383	532	517
Working Capital	356	365	238	479	519	115	283	266	238
Net Other Long Term Assets & Liabs.	261	214	209	211	35	229	154	195	209
Total Borrowings (includes ST Borrowings)	1,107	1,177	1,199	1,286	1,528	882	848	976	1,199
Net Debt	1,079	1,046	1,142	995	997	778	763	917	1,142
Collateral Asset Value / Total Borrowings	42.8%	50.5%	43.1%	62.8%	78.8%	44.4%	45.2%	54.5%	43.1%

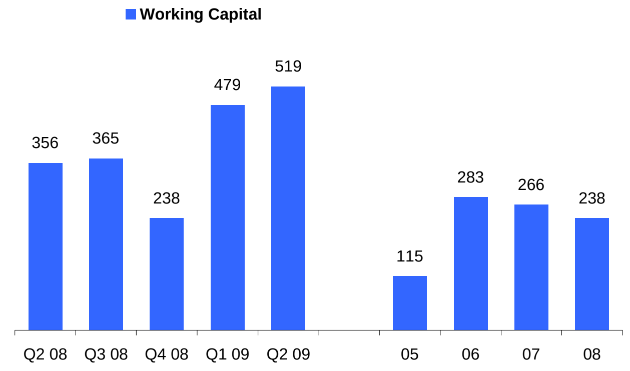
explanations and definitions:

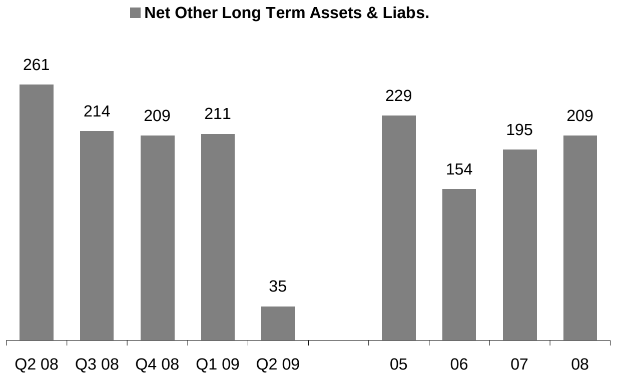
The approximation we use to calculate a company's total **Collateral (Liquidation) Asset Value** (for an asset based liquidation scenario) is calculated as the sum of Cash plus Marketable Securities / Short-Term Investments plus assets with the following valuation rates applied:

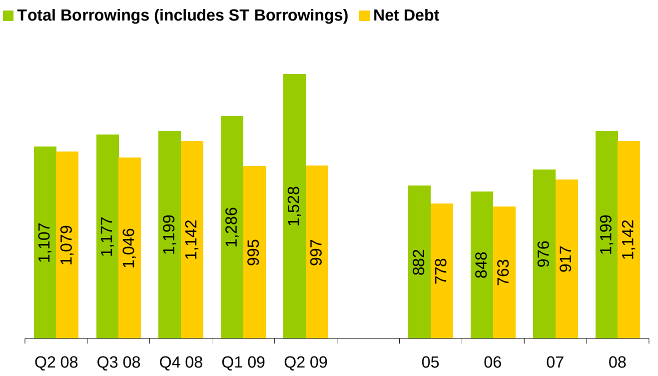
75% of stated Accounts Receivable
30% of stated Inventory
10% of stated Net Fixed Assets.

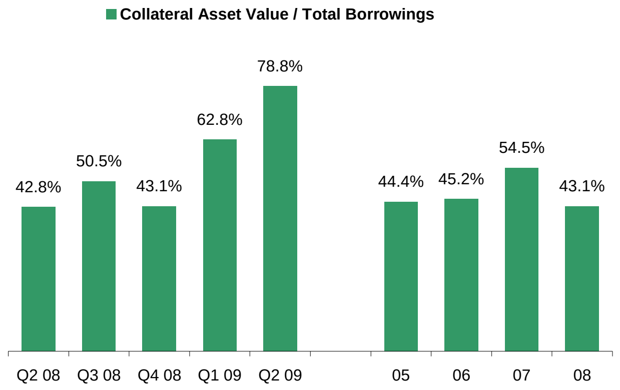
Although we acknowledge that some industries and individual situations demand clearly different assumptions we nevertheless think this is a useful approximation across all industries covered, if only as a starting point for further individual in-depth analysis.











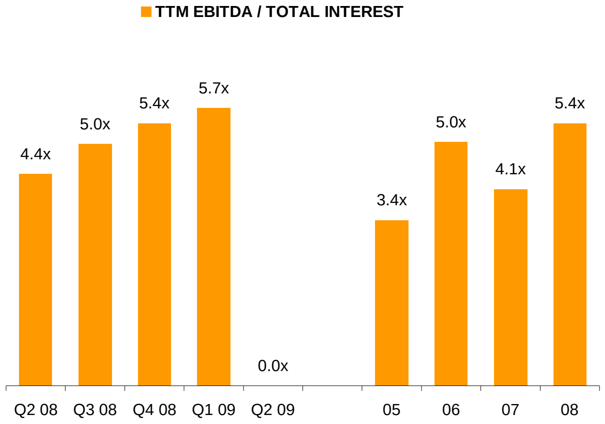
06 AES Gener SA

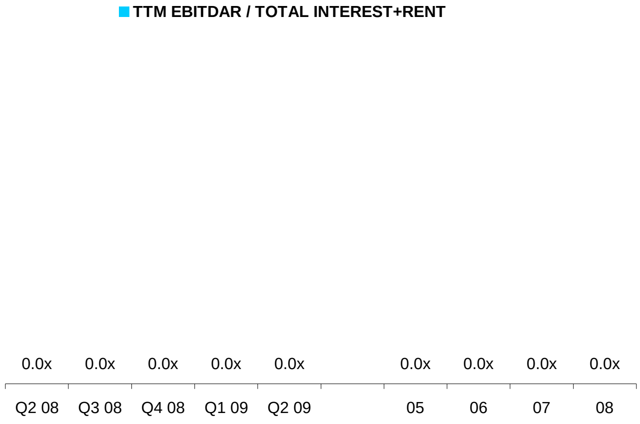
COVERAGE RATIOS

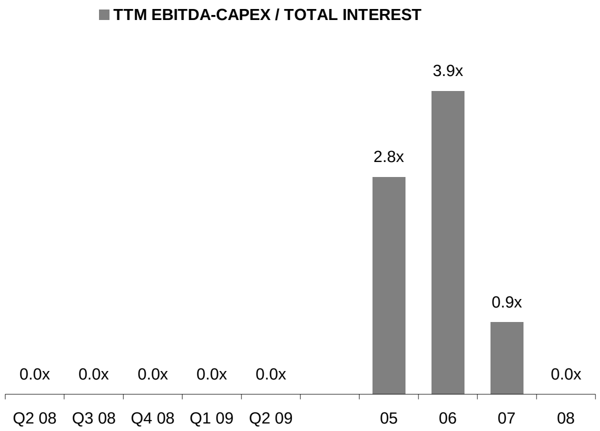
USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
TTM EBITDA / TOTAL INTEREST	4.4x	5.0x	5.4x	5.7x	-	3.4x	5.0x	4.1x	5.4x
TTM EBITDAR / TOTAL INTEREST+RENT	-	-	-	-	-	-	-	-	-
TTM EBITDA-CAPEX / TOTAL INTEREST	NM	NM	NM	NM	-	2.8x	3.9x	0.9x	NM
TTM EBITDAR-CAPEX / TOTAL INTEREST+RENT	NM	NM	NM	NM	-	-	-	-	NM

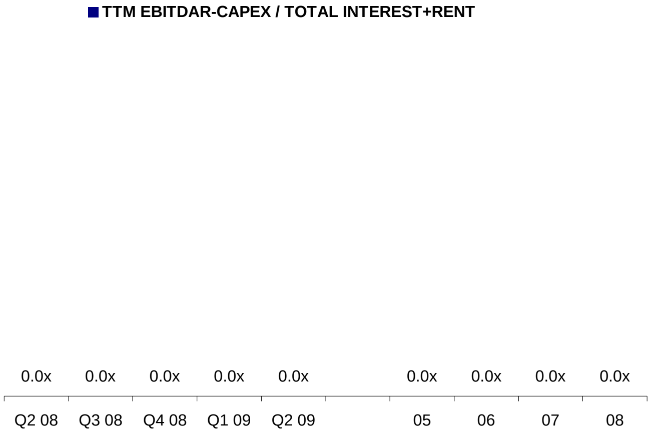
explanations and definitions:

TTM TOTAL INTEREST: For all coverage ratio calculations we use the Total Interest figure which in addition to **Interest Expense** also includes **Capitalized Interest Expenses**. We think this gives a better view of the economic reality than the simple Interest Expense figure.









07 AES Gener SA

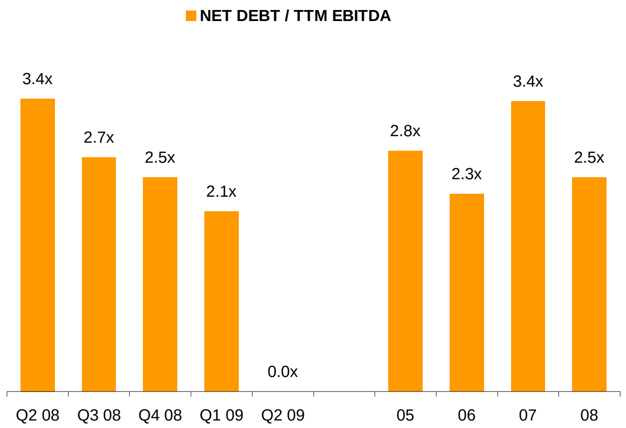
LEVERAGE RATIOS

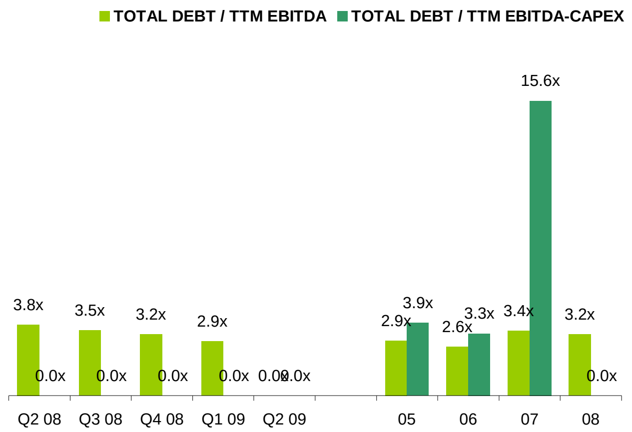
USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
NET DEBT / TTM EBITDA	3.4x	2.7x	2.5x	2.1x		2.8x	2.3x	3.4x	2.5x
TOTAL DEBT / TTM EBITDA	3.8x	3.5x	3.2x	2.9x		2.9x	2.6x	3.4x	3.2x
TOTAL DEBT / TTM EBITDA-CAPEX	NM	NM	NM	NM		3.9x	3.3x	15.6x	NM
Rentadj. TOT DEBT / TTM EBITDAR									
Rentadj. TOT DEBT / TTM EBITDAR-CAPEX									
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT	90.2%	103.0%	120.6%	116.4%		99.4%	123.3%	87.7%	120.6%
TOTAL DEBT / TTM EBIT	5.2x	4.3x	3.5x	3.6x	3.6x	4.4x	3.5x	5.5x	3.5x

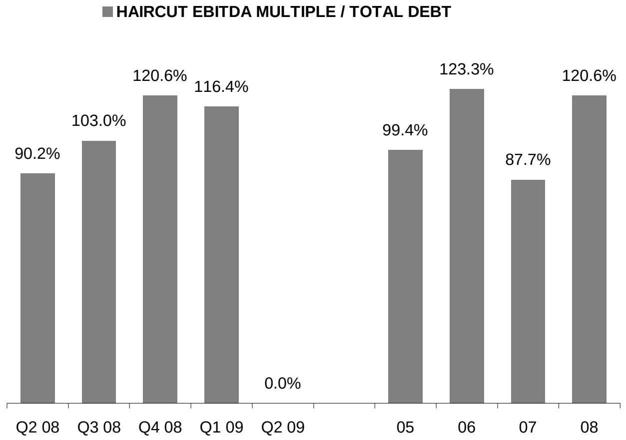
explanations and definitions:

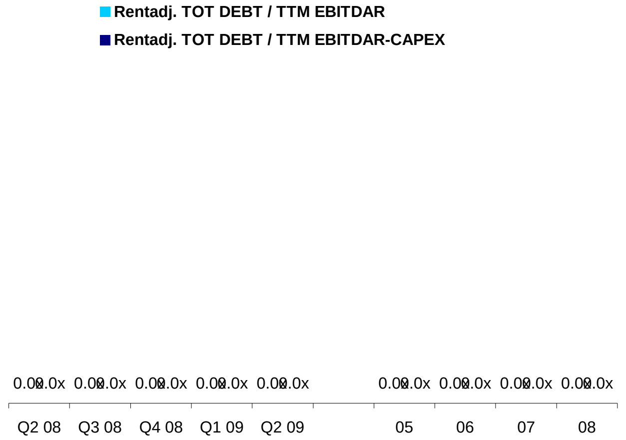
Rent adj. Total Debt/TTM EBITDAR: This ratio is calculated by dividing the Rent Adjusted Total Debt figure (Total Debt plus 8 times TTM Rental Expenses) by EBITDAR (TTM EBITDA plus TTM Rental Expenses).

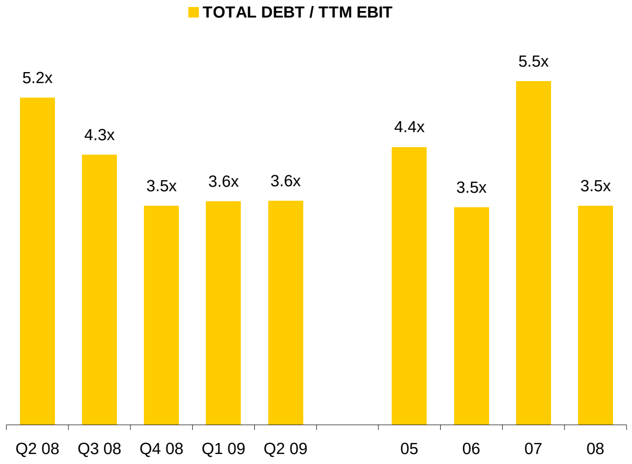
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT: We adjust TTM EBITDA to 70% of its stated value, multiply the result with 4.5 as an assumed exit multiple and relate the resulting figure (the haircut EBITDA multiple) to the TOTAL DEBT number. This ratio should reflect the situation of an issuer's liquidation, whereby the assets can be sold at a reduced EBITDA multiple.











08 AES Gener SA

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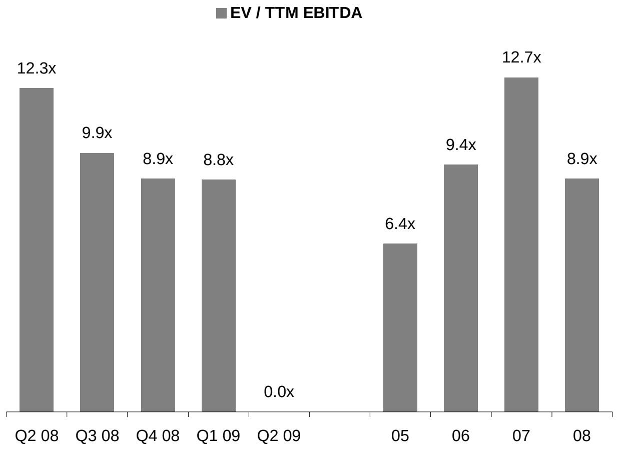
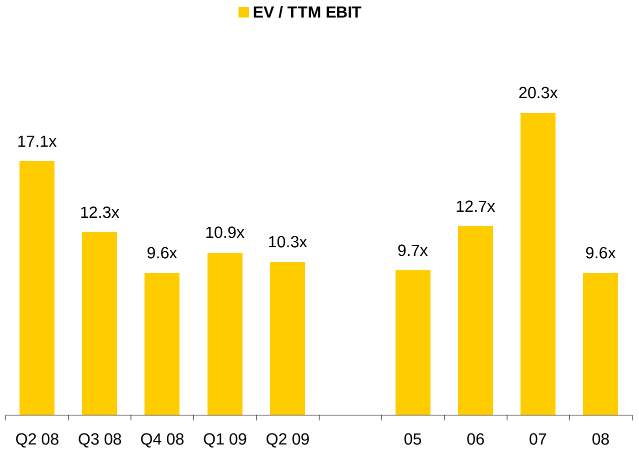
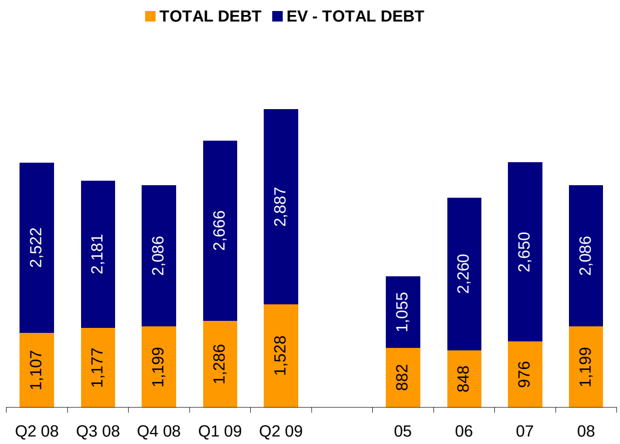
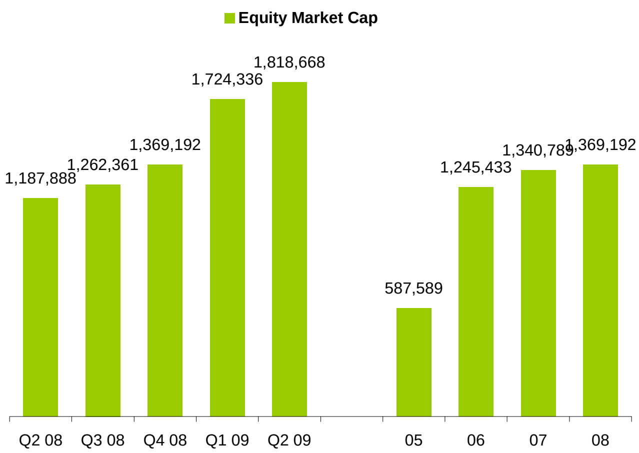
ENTERPRISE VALUE

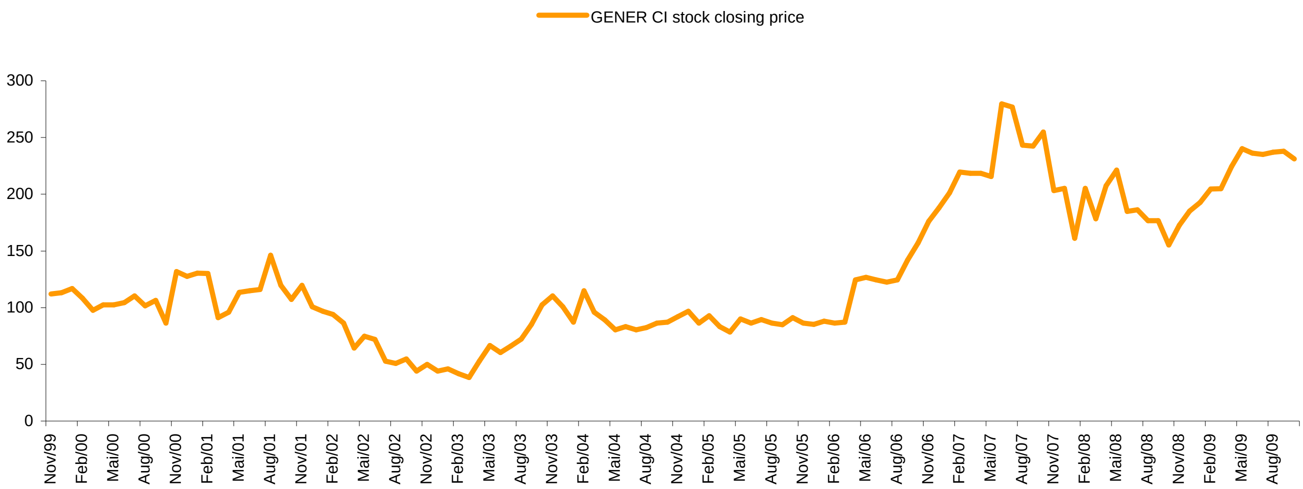
USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
EV / TTM EBITDA	12.3x	9.9x	8.9x	8.8x		6.4x	9.4x	12.7x	8.9x
EV / TTM EBIT	17.1x	12.3x	9.6x	10.9x	10.3x	9.7x	12.7x	20.3x	9.6x
Enterprise Value	3,629	3,358	3,285	3,952	4,415	1,937	3,108	3,626	3,285
TOTAL DEBT	1,107	1,177	1,199	1,286	1,528	882	848	976	1,199
Equity Market Cap	1,187,888	1,262,361	1,369,192	1,724,336	1,818,668	587,589	1,245,433	1,340,789	1,369,192











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RETURN ON CAPITAL

USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
Adjusted Cap Rate	3.88%	5.37%	0	6.01%	6.37%	8.07%	5.98%	3.94%	7.62%
Tangible Capital	3,238	3,233	3,132	3,432	3,623	2,453	2,455	2,848	3,132
Total Intangibles	9	8	10	10	7	14	14	9	10
Pre-tax ROIC	6.6%	8.5%	11.0%	10.5%	11.8%	8.1%	10.0%	6.3%	11.0%
After-tax ROIC (effective tax rate)	11.1%	7.9%	6.4%	7.8%	9.1%	6.0%	7.0%	3.8%	7.6%
After-tax ROIC (assumed tax rate)	4.3%	5.5%	7.1%	6.9%	7.7%	5.3%	6.5%	4.1%	7.1%
WACD (Pre-tax)	6.5%	6.6%	7.1%	6.5%	5.7%	9.2%	7.8%	6.9%	7.1%

explanations and definitions:

Adjusted Cap Rate: This ratio shows EBIT reduced by an assumed tax rate of 35% and adjusted for Net Non-Operating and Extraordinary Losses (Gains) - averaged over the last 5 years - divided by the Enterprise Value.

Tangible Capital: Starting with the Total Book Capital the Tangible Capital figure is calculated by subtracting Intangibles, Cash and Marketable Securities as well as Short Term Investments.

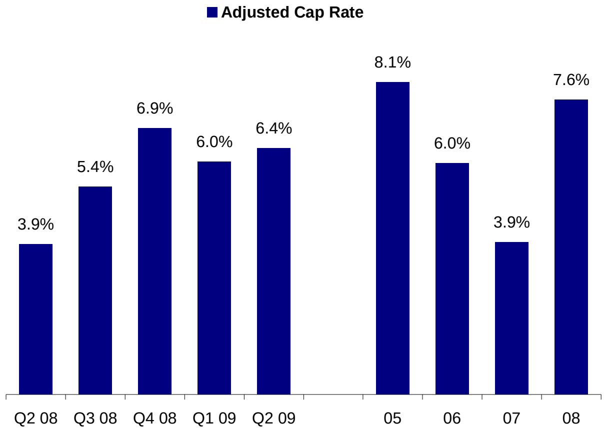
We calculate three different ROIC (Return on Invested Capital) figures:

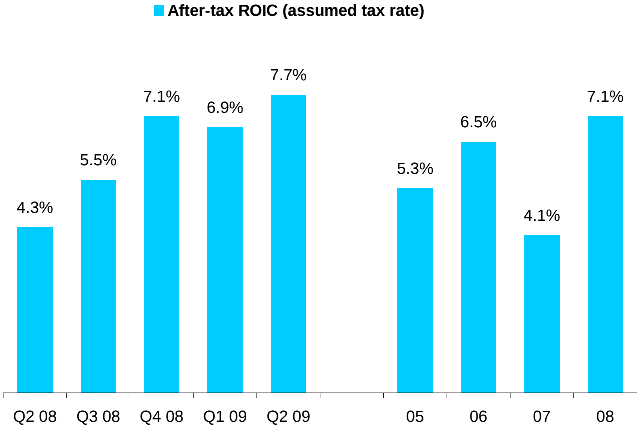
Pre-Tax ROIC: this ratio relates the trailing twelve months (TTM) EBIT to Tangible Capital as defined above.

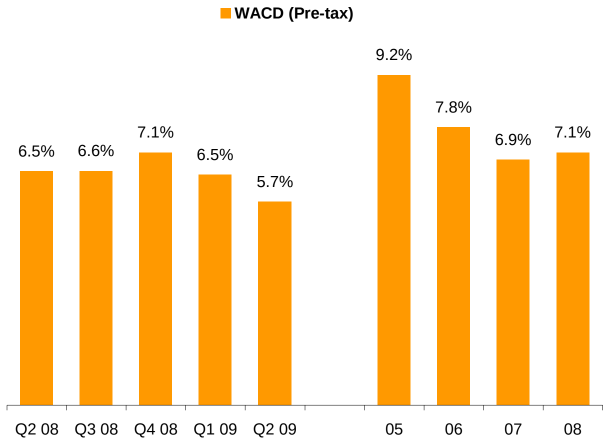
After-tax ROIC (effective tax rate): here EBIT is corrected by the company's effective tax rate as stated in it's latest financials, giving an after-tax ROIC rate.

After-tax ROIC (assumed tax rate): here EBIT is corrected by an assumed tax rate of 35%, giving a modified after-tax ROIC rate.

WACD (Pre-Tax): This rate is defined as trailing twelve months (TTM) TOTAL INTEREST EXPENSE divided by Total Borrowings.







DEFAULT ESTIMATE

Average Bond Spread (in BPoints (1))	334
Estimated Bond Recovery Rate (2)	100.0%
Resulting Tolerable Default Rate (3)	N/A

explanations and definitions:

We calculate estimated default and recovery rates to be used in other credit models (f.i. for the valuation of CDOs or similar structures) as follows:

(1) Average Bond Spread: Average Spread of all bonds listed on page 2 of this report.

(2) Estimated Bond Recovery Rate: To calculate this rate we first divide the total debt amount into bond debt and loan debt that is senior to bond debt. As an approximation for the total amount of bond debt we use the sum of the amounts outstanding of all bonds listed on page 1 of this report. The total debt figure is reduced by this sum, giving us an approximate figure for debt that is senior to bond debt. We then calculate a collateral asset coverage figure for the bond debt by starting with the Collateral Asset Value (as defined on page 5 of this report) which we reduce by the amount of senior debt ahead of the bonds. The remaining Collateral Asset Value is then divided by the approximate bond debt amount as defined above, giving an estimated recovery value on a collateral asset basis. We apply the same logic to an EBITDA multiple ratio (as on page 7 of this report) and get a second recovery estimate based on the EBITDA multiple. The higher of the 2 estimates is used as the "Estimated Bond Recovery Rate".

(3) Resulting Tolerable Default Rate: The implied default rate calculated using the Market Spread (1) and the Estimated Recovery Rate (2). With the given Market Spread and Estimated Recovery Rate it defines the maximum tolerable default probability for the risk premium paid in the form of Spread. Please note: This rate will only be displayed when it is greater than 0% and lower than 30% as we believe it is not meaningful ('NM') out of this range.

Although we acknowledge that the calculated results are by no means exact, we think they make for a good estimate in the valuation of credit structures when individual default and recovery rates for single issuers are to be used.

TANGIBLE NET WORTH ESTIMATE

USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
Total Assets	3,809	3,871	3,712	4,291	5,048	2,789	2,824	3,392	3,712
Total Liabilites	1,641	1,676	1,712	1,844	2,415	1,100	1,118	1,452	1,712
Total Intangibles	9	8	10	10	7	14	14	9	10
Tangible Net Worth	2,159	2,187	1,990	2,437	2,626	1,675	1,692	1,931	1,990
Rent Debt (8x Annual Rental Expense)									
Underfunded Pension & Post Ret. Liab.									
Discount on Hard Assets	2,459	2,588	2,545	2,808	3,328	1,966	1,932	2,287	2,545
Adjusted Tangible Net Worth	-300	-402	-555	-371	-703	-291	-239	-356	-555

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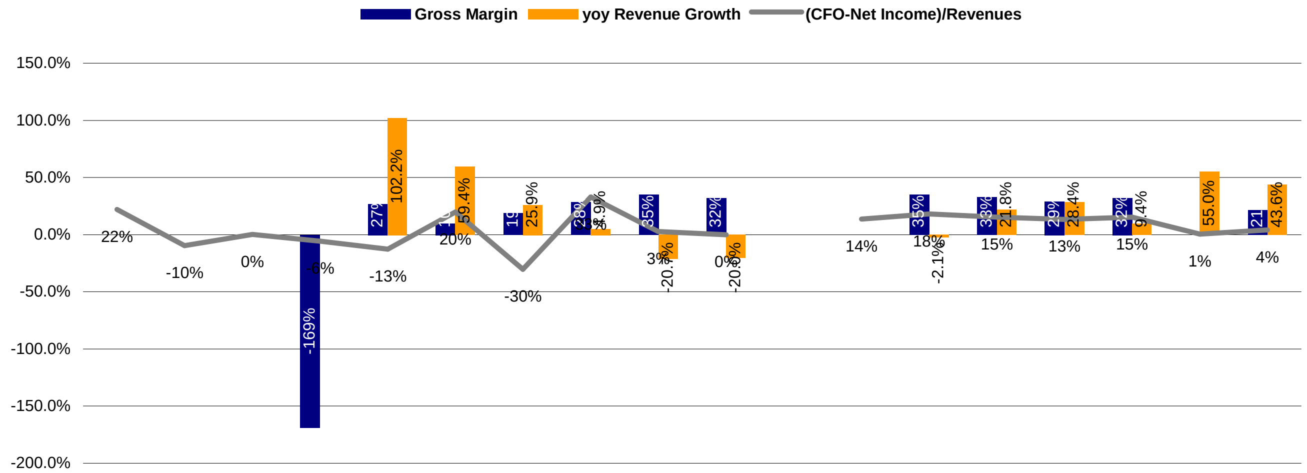
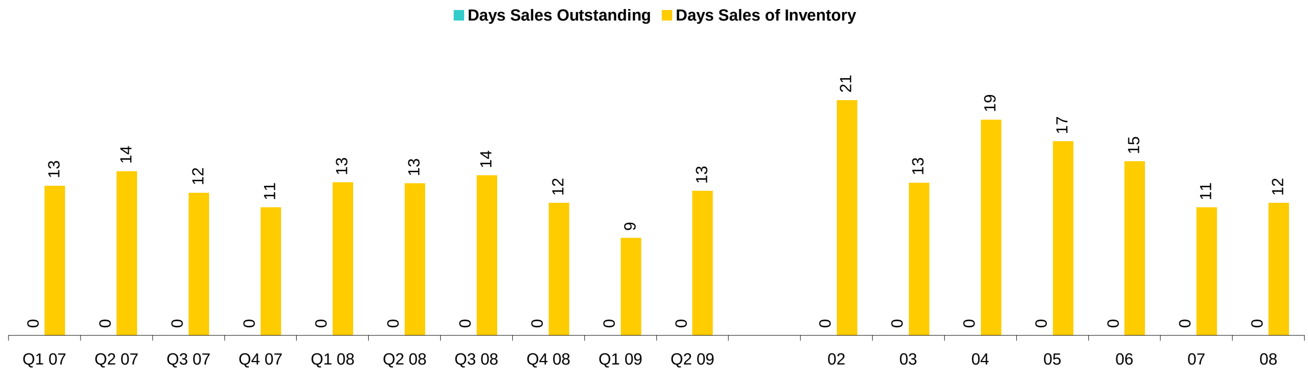
ACCOUNTING RED FLAGS

USD in millions	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	05	06	07	08
					06/30/09				12/31/08
(CFO-Net Income)/Revenues	19.9%	-30.4%	33.0%	2.6%		13.3%	15.4%	0.5%	4.1%
yoy Revenue Growth	59.4%	25.9%	4.9%	-20.7%	-20.0%	28.4%	9.4%	55.0%	43.6%
Gross Margin	9.7%	18.8%	28.4%	34.9%	32.0%	28.9%	32.1%		21.4%
Days Sales Outstanding	43	41	41	52	83	38	42	75	41
Days Sales of Inventory	13	14	12	9	13	17	15	11	12
Soft Assets	778	656	619	643	412	391	478	539	619
Unbilled Receivables	-	-	-	-	-	-	-	-	-
Deferred / Unearned Revenue	-	-	-	-	-	-	-	-	-
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-
TTM Dividends Paid	57	57	54	51	-	39	97	45	54
TTM Preferred Dividends	-	-	-	-	-	-	-	-	-
Net Change in Capital Stock	285	9	4	254	0	0	0	0	275
Non-Capex CFI (CFI less Capex)	-1	56	-7	48		-19	-31	23	55





Auditor Information:	
Current auditor	ERNST & YOUNG (as of 23.2.2009)
Auditor's opinion	Unqualified
Auditor's opinion - Definitions	
Not Audited / Unaudited	No tests were performed to verify amounts in financial statements. Typically applied to interim statement.
Partially audited	Not all statements were audited. Auditor may specifically give opinion on one or two statements.
Unqualified	Auditor declares, without reservation, that the financial statements fairly represent the company's financial position at a point in time and that the statements conform in all material respects to GAAP.
Qualified: Limited Scope	An aspect of the company's financial statements could not be verified, such as a portion of inventory not counted.
Qualified: Inconsistent Standards	Accounting standards were not applied consistently between periods.
Qualified: not GAAP	Standard accounting principles for the country were not followed. Typically related to a unique line item and uses the phrase 'except for.'
Qualified: uncertainty	Doubt exists related to a material balance sheet item, such as value of investment or collectability of major receivable; or auditor doubts going concern ability of company. This opinion usually employs the phrase 'subject to.'
Disclaimer	Auditor refuses to state opinion on financial statements, typically due to lack of sufficient documentation provided by company and/or subsidiaries.

Quarterly Report (Form Type 10-Q) end of period

Annual Report (Form Type 10-K) end of period

Special Events & Material News (Form Type 8-K) filing date

Prospectus (Form Type 42..) filing date

Zero Hedge | On a long enough timeline the survival rate for everyone drops to zero.

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