



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

## Gol Linhas Aereas Inteligentes. (Brazil)

CREDIT SNAPSHOT

11/13/09

e-mail [darpa@zeroedge.com](mailto:darpa@zeroedge.com)  
blog [www.zeroedge.com](http://www.zeroedge.com)

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### GOLL4 BZ Equity

equity ticker: GOLL4 BZ

bond ticker: GOL

sector: Consumer, Cyclical

subgroup: Airlines

**company description:**

Gol - Linhas Aereas Inteligentes S.A. provides low-fare, non-stop passenger flight services through its fleet of next generation Boeing airplanes. The company provides domestic flights in Brazil.

Gol Linhas Aereas Inteligentes. has 17,678 employees.

**capitalisation (BRL in millions):**

stock price	BRL 20.94
shares outstanding (million)	<u>133.20</u>
market capitalisation (BRL mm)	5,578
total debt	1,720
cash + marketable securities	663
other capital	<u>0</u>
enterprise value (excl. cash)	6,635
current EV / TTM EBITDA	9.6x

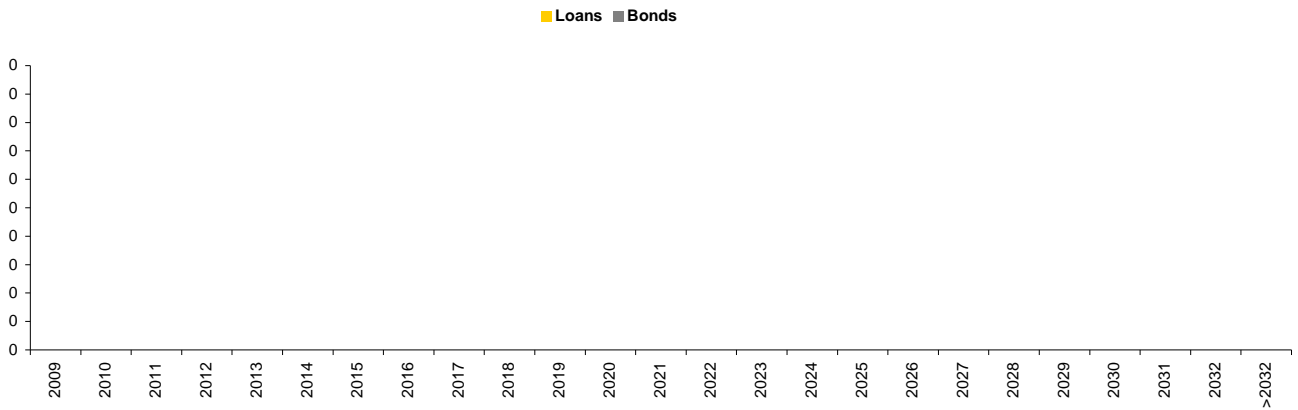
The company's next report is expected for 3/4/2010 (type: Estimated).

[www.voegol.com.br](http://www.voegol.com.br)

DEBT DISTRIBUTION

issuer	Rtg	debt type & details	coupon	mat	crncy	amount out (mm)	facility amount (mm)	issue date
VRG LINHAS AEREAS SA	NA	Bond, sinkable, debentures, floating		5/13/2011	BRL	400	-	5/13/2009
GOL FINANCE	B	Bond, callable, company guarnt, fixed	7.500%	4/3/2017	USD	4	-	3/22/2007
GOL FINANCE	B	Bond, callable, company guarnt, fixed	7.500%	4/3/2017	USD	221	-	10/19/2007
GOL FINANCE	B	Bond, perp/call, company guarnt, fixed	8.750%	#WERT!	USD	200	-	4/5/2006

Total amount out of instruments listed above (BRL in MM)	1,132	Cash (MM)	663
Total debt (MM)	1,720	Total Number of Debt Instruments (for the issuer and its subs)	4



Moody's Ratings		
Outlook	<b>NEG</b>	02/13/09
Issuer	N/A	
Senior Secured Debt	N/A	
LT Corp Family	<b>B1</b>	02/13/09
Bank Loan Debt	N/A	
Senior Unsecured Debt	N/A	
Subordinated Debt	N/A	
Short Term	N/A	

Standard & Poor's Ratings	
Outlook	N/A
LT Foreign Currency Issuer	N/A
LT Local Currency Issuer	N/A
ST Foreign Currency Issuer	N/A
ST Local Currency Issuer	N/A

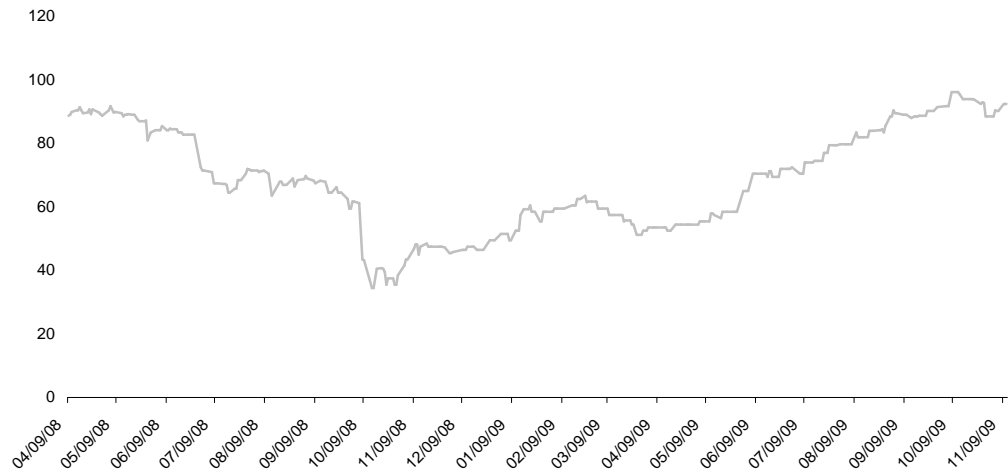
id	issuer	coupon	mat	outstanding	S&P	MDY	ask px	yield	spread*	px date	
38045UAC	GOL FINANCE	7.500	04/03/17	USD	221,300,000	#N/A N/A	B1	92.50	8.9	571	11/11/09

\*interpol. swap spread

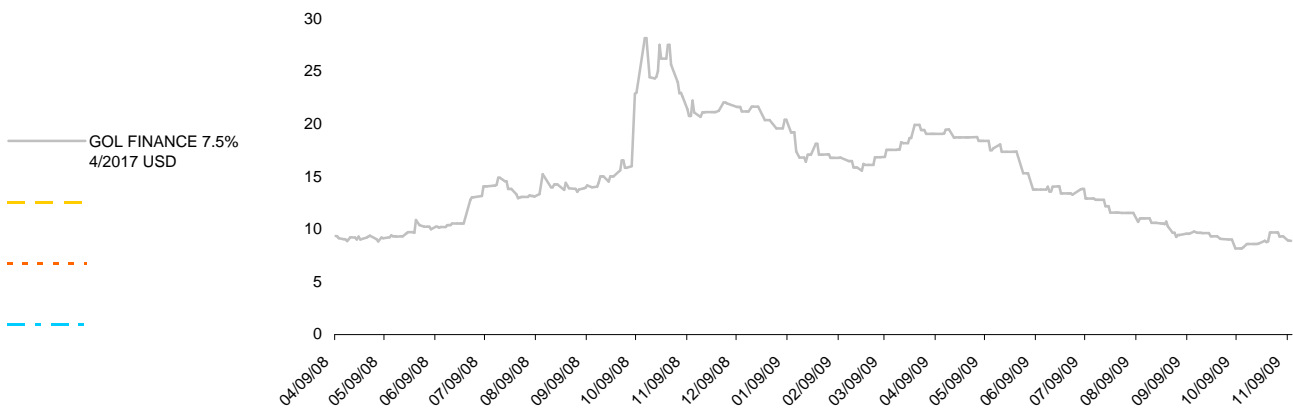
BONDS

Total Debt for the company currently stands at BRL 1,719mm.

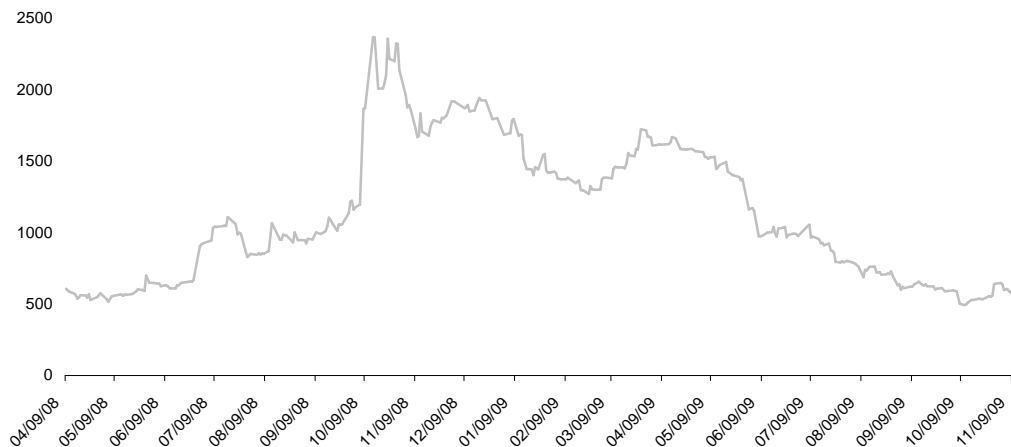
bond price



yield



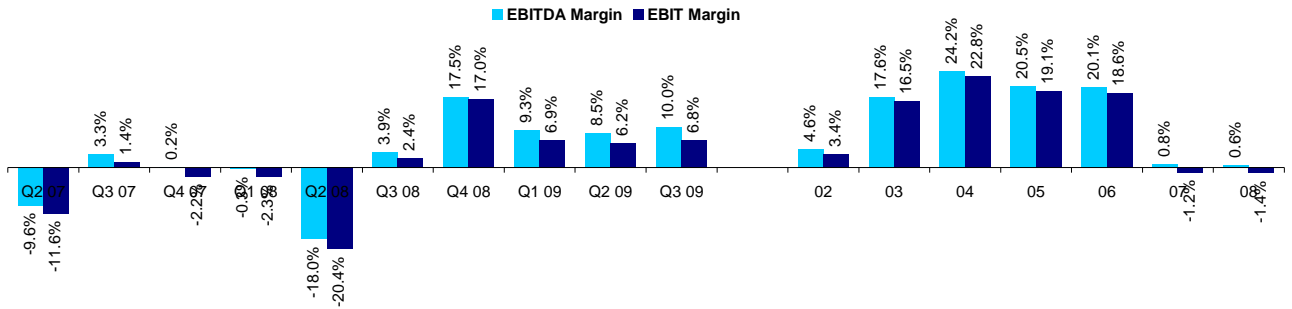
interpolated swap spread



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.

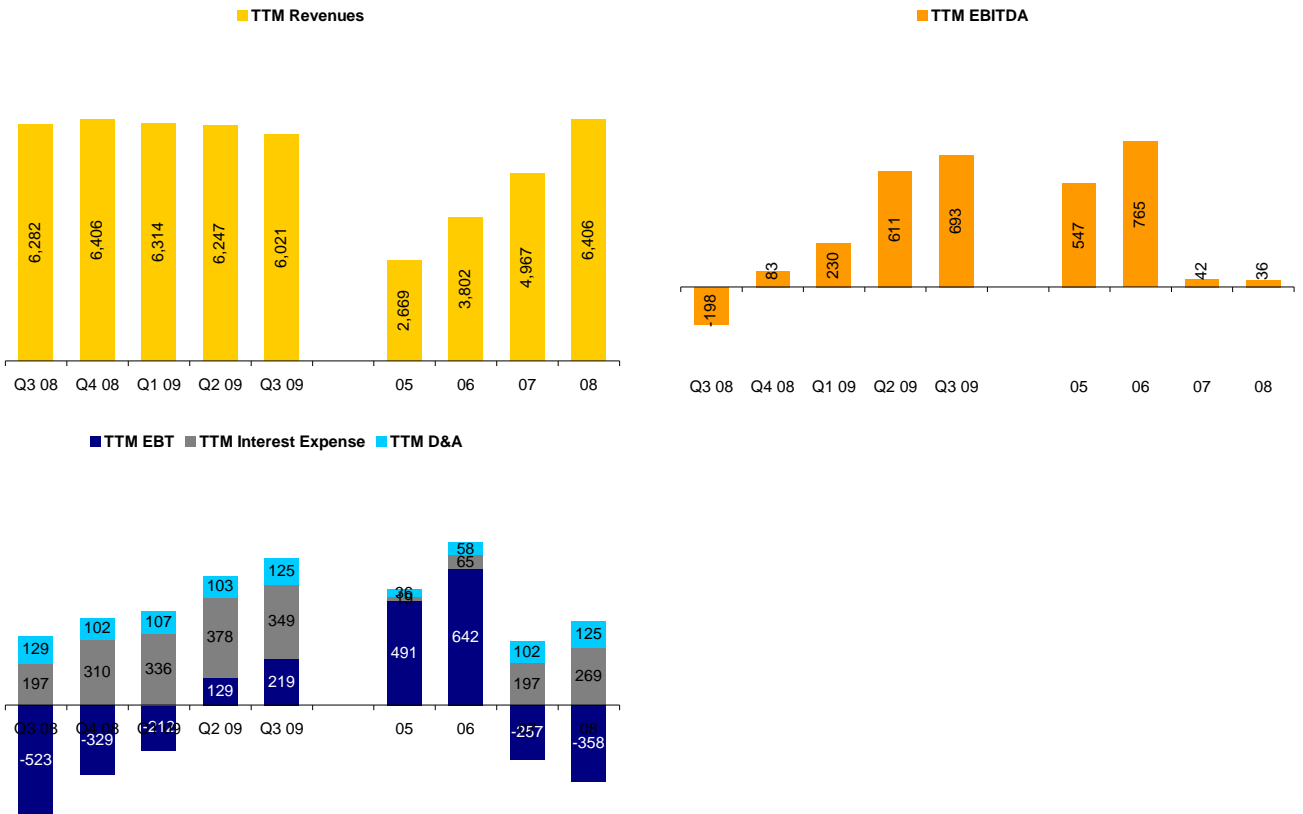
BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Revenues	1,726	1,614	1,517	1,390	1,500	2,669	3,802	4,967	6,406
COGS	1,368		1,129	1,063	1,168	1,746	2,577	4,403	422
COGS % of Revenues	79.3%		74.4%	76.5%	77.9%	65.4%	67.8%	88.6%	6.6%
SG&A	317	1,339	283	241	230	413	518	624	6,073
SG&A % of Revenues	18.3%	83.0%	18.7%	17.3%	15.3%	15.5%	13.6%	12.6%	94.8%
EBITDA	67	283	142	119	149	547	765	42	36
Interest Expense	83	131	80	84	54	19	65	197	269
EBT	-43	144	25	2	48	491	642	-257	-358
Net Income	-570	-474	61	341	80	425	684	269	-1,239
EBITDA Margin	3.9%	17.5%	9.3%	8.5%	10.0%	20.5%	20.1%	0.8%	0.6%
EBIT Margin	2.4%	17.0%	6.9%	6.2%	6.8%	19.1%	18.6%	-1.2%	-1.4%

INCOME STATEMENT

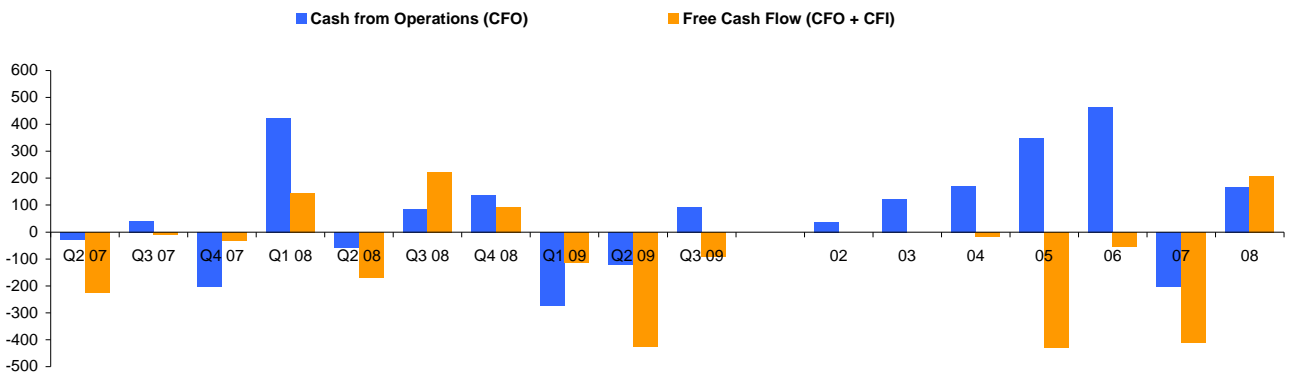


BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
TTM Revenues	6,282	6,406	6,314	6,247	6,021	2,669	3,802	4,967	6,406
TTM EBITDA	-198	83	230	611	693	547	765	42	36
TTM D&A	129	102	107	103	125	36	58	102	125
TTM EBIT	-326	-19	123	507	568	510	707	-60	-89
TTM Interest Expense	197	310	336	378	349	19	65	197	269
TTM EBT	-523	-329	-212	129	219	491	642	-257	-358
TTM Net Income	-890	-1,335	-1,199	-642	8	425	684	269	-1,239

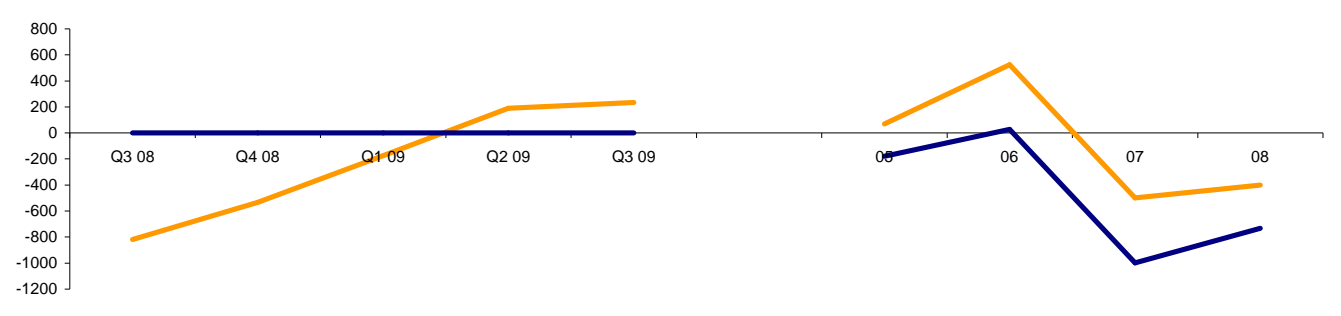
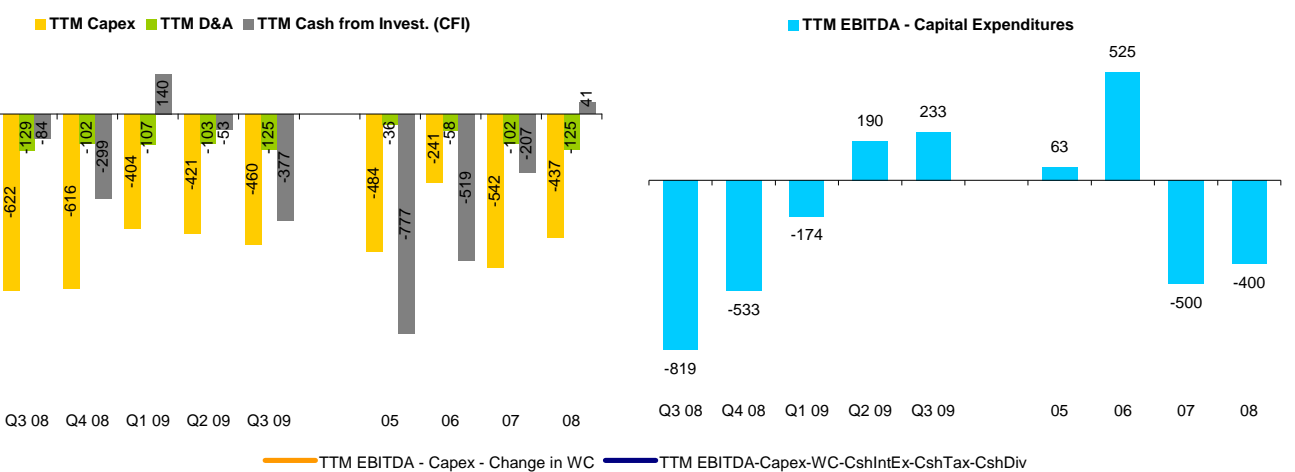
TTM INCOME STATEMENT



BRL in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
<b>CASH FLOW</b>						09/30/09				12/31/08
	Cash from Operations (CFO)	86	137	-273	-118	92	348	465	-203	167
	Cash from Investing (CFI)	139	-45	160	-307	-184	-777	-519	-207	41
	Free Cash Flow (CFO + CFI)	225	92	-113	-425	-93	-430	-54	-410	208
	Cash from Financing Activities	11	-166	109	427	68	153	624	626	-611



BRL in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
<b>TTM CASH FLOW</b>						09/30/09				12/31/08
	TTM Cash from Operations (CFO)	251	589	-106	-168	-162	348	465	-203	167
	TTM Cash from Invest. (CFI)	-84	-299	140	-53	-377	-777	-519	-207	41
	TTM Capex	-622	-616	-404	-421	-460	-484	-241	-542	-437
	TTM D&A	-129	-102	-107	-103	-125	-36	-58	-102	-125
	TTM Free Cash Flow (CFO + CFI)	167	290	34	-221	-538	-430	-54	-410	208
	TTM Cash from Financing Activities	-426	-689	-158	381	439	153	624	626	-611
	TTM CFO - Capital Expenditures	-371	-27	-510	-588	-622	-137	225	-744	-270
	TTM EBITDA - Capital Expenditures	-819	-533	-174	190	233	63	525	-500	-400
	TTM EBITDA - Capex - Change in WC	-819	-534	-174	190	233	70	525	-500	-400
	TTM EBITDA-Capex-WC-CshIntEx-CshTax-CshDiv						-179	27	-999	-734
	TTM CFO/Total Debt	15.5%	17.3%	-3.2%	-9.1%	-9.4%	643.5%	53.6%	-10.7%	4.9%
TTM FCF/Total Debt	10.3%	8.5%	1.0%	-12.0%	-31.3%	-795.2%	-6.2%	-21.7%	6.1%	



BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Cash	586	149	395	189	164	26	700	916	149
Marketable Securities / ST Investments	138	21		425	498	843	1,006	517	21
Accounts & Notes Receivable	379	345		534	553	577	733	916	345
Inventories & Unbilled Receivables	160	201	182	237	201	41	75	216	201
Net Fixed Assets	1,501	2,999	2,999	3,096	3,142	580	795	1,251	2,999
75% of Accounts Receivable	284	259		400	415	433	550	687	259
30% of Inventories & Unbill. Rec.	48	60	55	71	60	12	23	65	60
10% of Net Fixed Assets	150	300	300	310	314	58	80	125	300
Collateral (Liquidation) Asset Value	1,206	788	749	1,395	1,452	1,372	2,358	2,310	788
Working Capital	-276	-921	-835	-435	-509	893	1,769	905	-921
Cash Conversion Cycle	27.1					61.1	57.2	54.5	-57.9
Total Borrowings (includes ST Borrowings)	1,617	3,406	3,331	1,837	1,720	54	868	1,890	3,406
Net Debt	893	3,237	2,936	1,223	1,057	-815	-839	457	3,237
Collateral Asset Value / Total Borrowings	74.6%	23.1%	22.5%	76.0%	84.4%	2540.1%	271.8%	122.2%	23.1%

BALANCE SHEET

explanations and definitions:

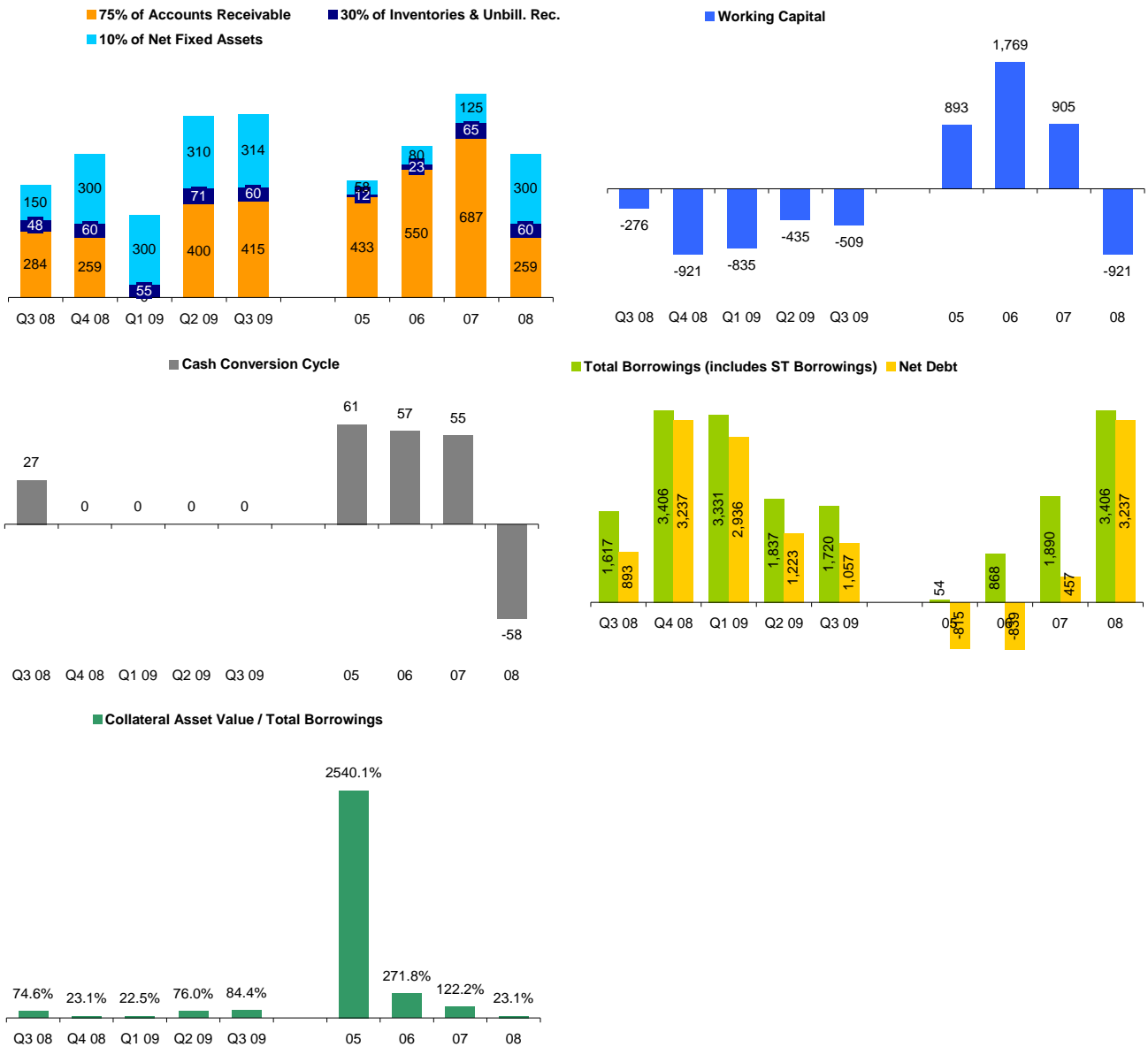
The approximation we use to calculate a company's total **Collateral (Liquidation) Asset Value** (for an asset based liquidation scenario) is calculated as the sum of Cash plus Marketable Securities / Short-Term Investments plus assets with the following valuation rates applied:

75% of stated Accounts Receivable

30% of stated Inventory

10% of stated Net Fixed Assets.

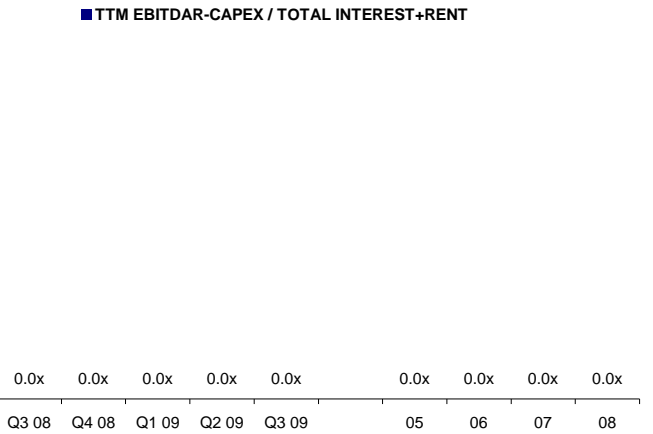
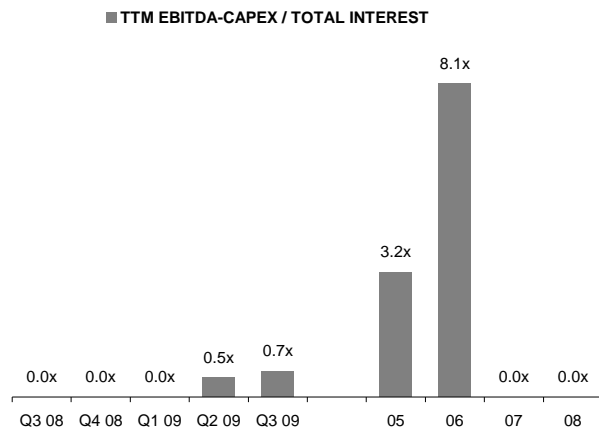
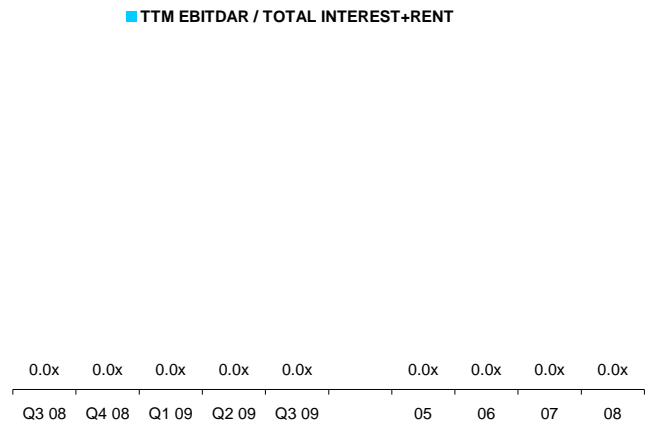
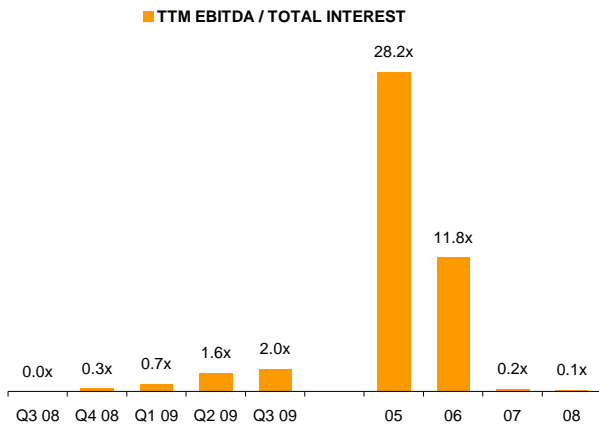
Although we acknowledge that some industries and individual situations demand clearly different assumptions we nevertheless think this is a useful approximation across all industries covered, if only as a starting point for further individual in-depth analysis.



COVERAGE RATIOS	BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
						09/30/09				12/31/08
TTM EBITDA / TOTAL INTEREST		NM	0.3x	0.7x	1.6x	2.0x	28.2x	11.8x	0.2x	0.1x
TTM EBITDAR / TOTAL INTEREST+RENT		-	-	-	-	-	-	-	-	-
TTM EBITDA-CAPEX / TOTAL INTEREST		NM	NM	NM	0.5x	0.7x	3.2x	8.1x	NM	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.

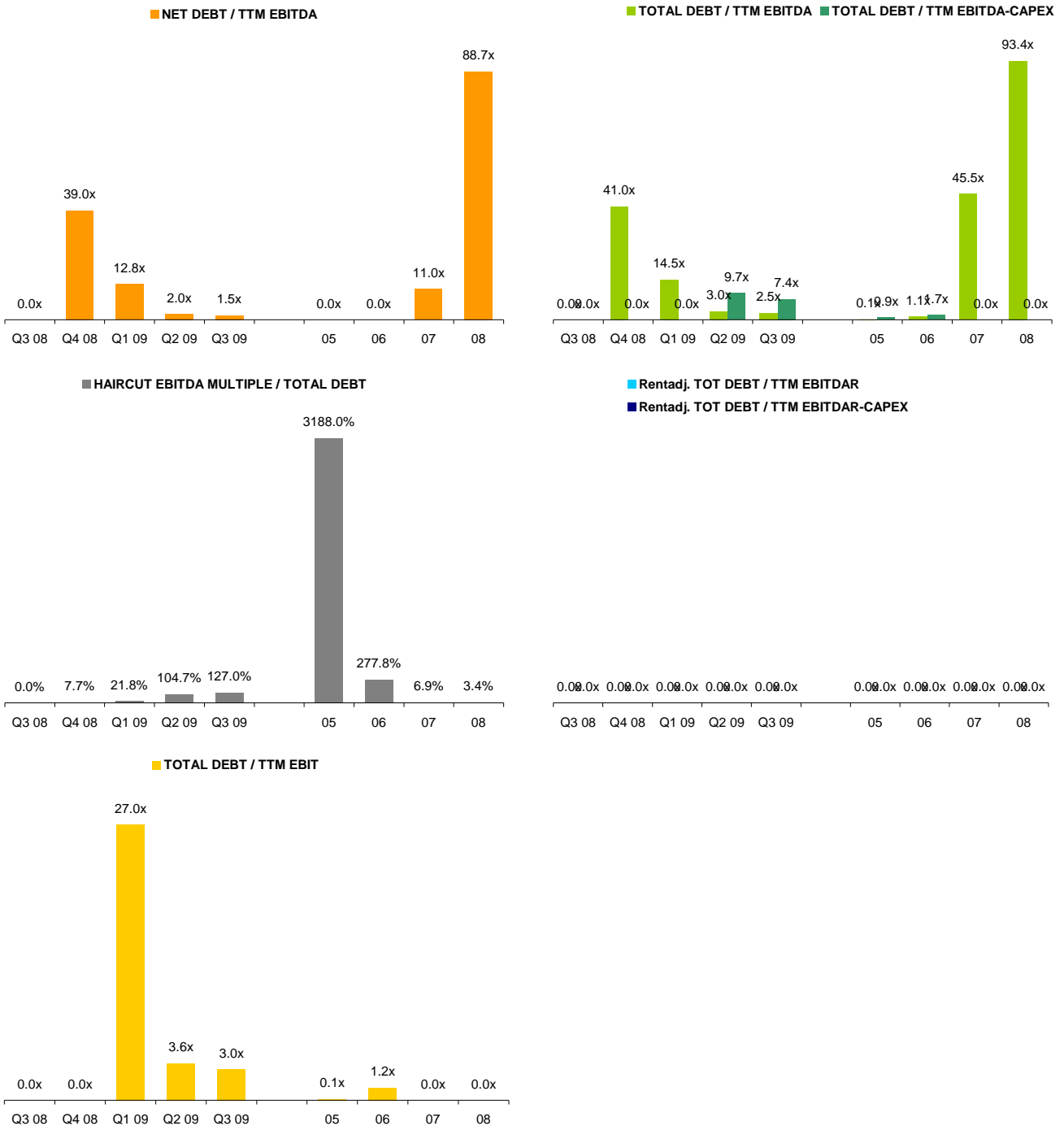


BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
<b>NET DEBT / TTM EBITDA</b>	NM	39.0x	12.8x	2.0x	1.5x	NM	NM	11.0x	88.7x
<b>TOTAL DEBT / TTM EBITDA</b>	NM	41.0x	14.5x	3.0x	2.5x	0.1x	1.1x	45.5x	93.4x
<b>TOTAL DEBT / TTM EBITDA-CAPEX</b>	NM	NM	NM	9.7x	7.4x	0.9x	1.7x	NM	NM
<b>Rentadj. TOT DEBT / TTM EBITDAR</b>									
<b>Rentadj. TOT DEBT / TTM EBITDAR-CAPEX</b>									
<b>HAIRCUT EBITDA MULTIPLE / TOTAL DEBT</b>	NM	7.7%	21.8%	104.7%	127.0%	3188.0%	277.8%	6.9%	3.4%
<b>TOTAL DEBT / TTM EBIT</b>	NM	NM	27.0x	3.6x	3.0x	0.1x	1.2x	NM	NM

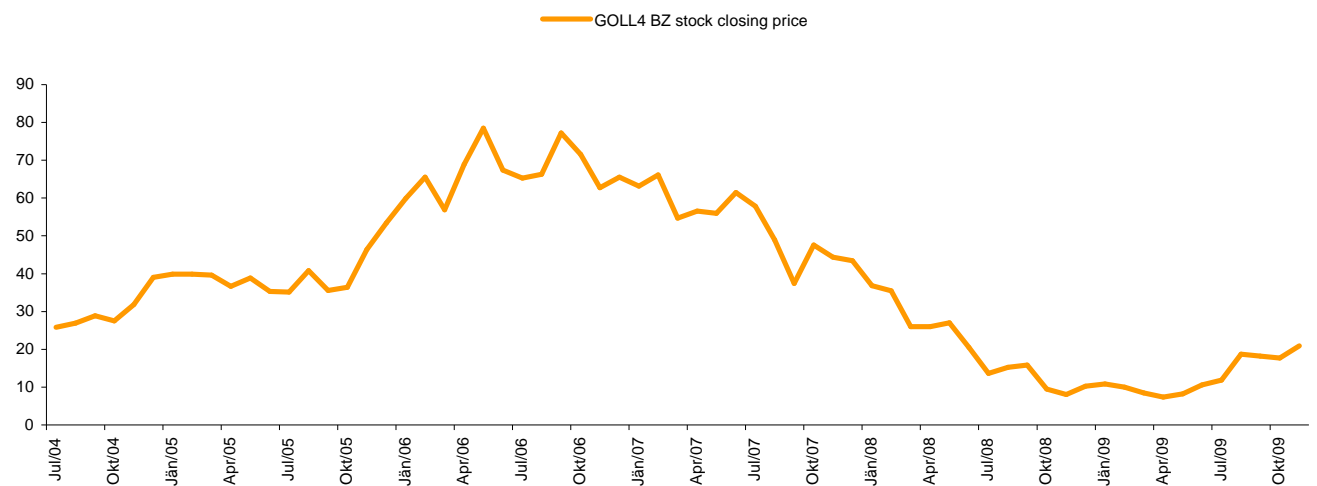
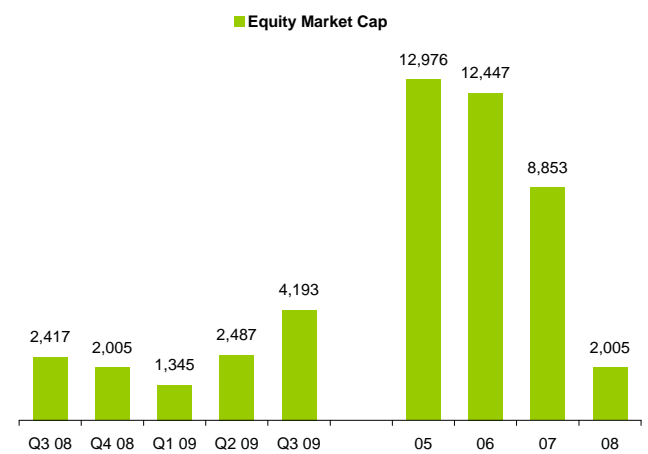
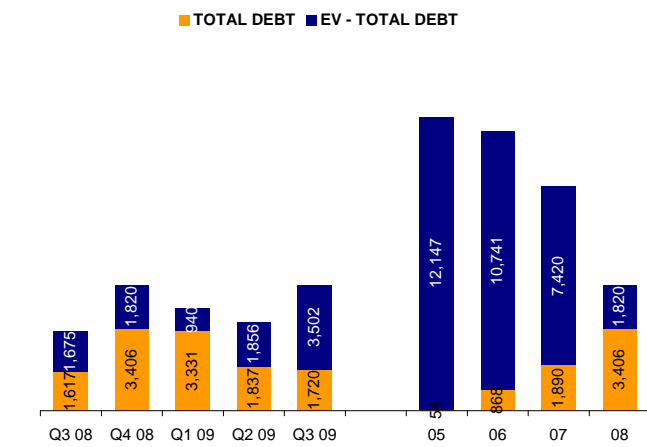
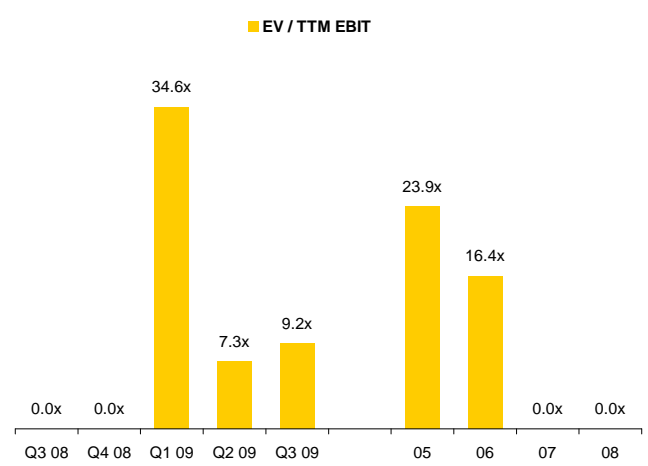
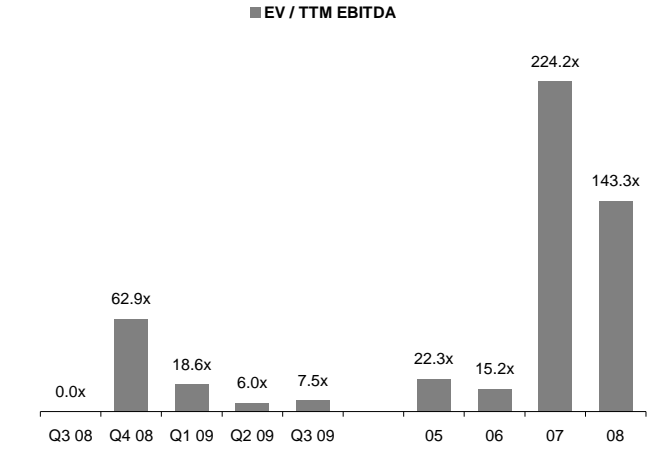
explanations and definitions:

**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.



BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
EV / TTM EBITDA		62.9x	18.6x	6.0x	7.5x	22.3x	15.2x	224.2x	143.3x
EV / TTM EBIT		NM	NM	34.6x	7.3x	9.2x	23.9x	16.4x	NM
Enterprise Value	3,292	5,226	4,271	3,693	5,221	12,201	11,609	9,310	5,226
TOTAL DEBT	1,617	3,406	3,331	1,837	1,720	54	868	1,890	3,406
Equity Market Cap	2,417	2,005	1,345	2,487	4,193	12,976	12,447	8,853	2,005



BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
<b>Adjusted Cap Rate</b>	-5.55%	0.33%	0	9.72%	7.64%	3.29%	4.56%	0.32%	0.22%
<b>Tangible Capital</b>	2,461	3,111	2,963	2,143	2,062	745	1,229	2,868	3,111
<b>Total Intangibles</b>	0	1,198	1,195	1,026	1,039	13	0	0	1,198
<b>Pre-tax ROIC</b>	-13.3%	-0.6%	4.2%	23.7%	27.6%	68.5%	57.5%	-2.1%	-2.8%
<b>After-tax ROIC (effective tax rate)</b>	-13.9%		2.8%	17.7%	13.7%	49.2%	40.4%		-3.0%
<b>After-tax ROIC (assumed tax rate)</b>	-8.6%	-0.4%	2.7%	15.4%	17.9%	44.5%	37.4%	-1.4%	-1.9%
<b>WACD (Pre-tax)</b>	12.2%	9.1%	10.1%	20.6%	20.3%	35.9%	7.5%	10.4%	7.9%

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:

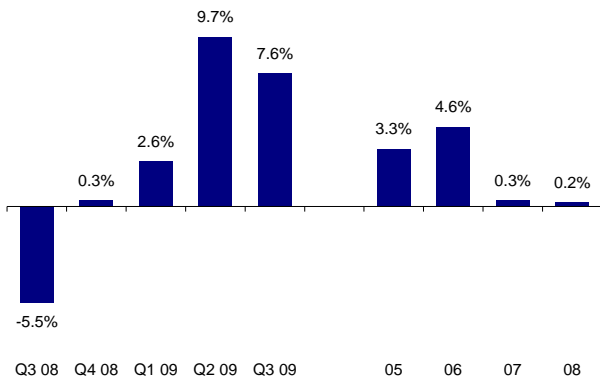
**Pre-Tax ROIC:** this ratio relates the trailing twelve months (TTM) EBIT to Tangible Capital as defined above.

**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.

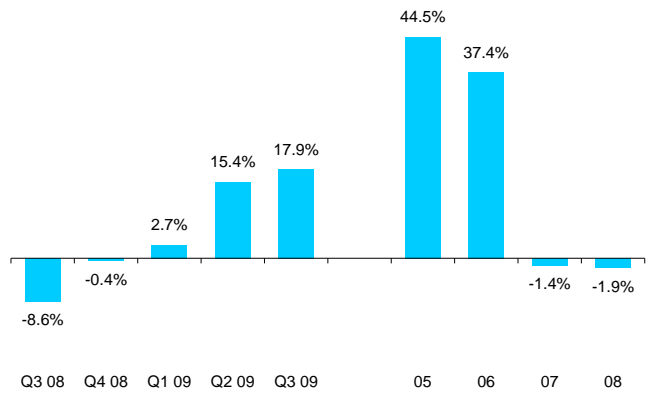
**After-tax ROIC (assumed tax rate):** here EBIT is corrected by an assumed tax rate of 35%, giving a modified after-tax ROIC rate.

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

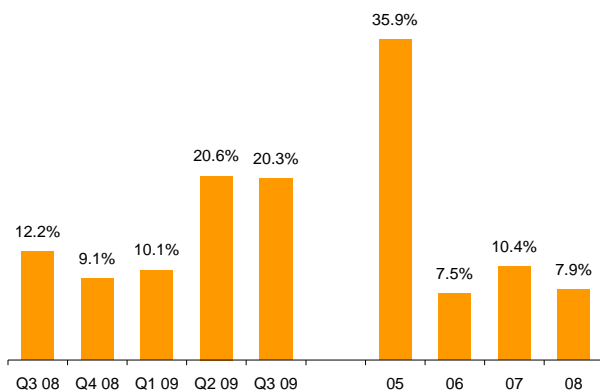
■ Adjusted Cap Rate



■ After-tax ROIC (assumed tax rate)



■ WACD (Pre-tax)



Average Bond Spread (in BPoints (1))	571
Estimated Bond Recovery Rate (2)	100.0%
Resulting Tolerable Default Rate (3)	NM

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.

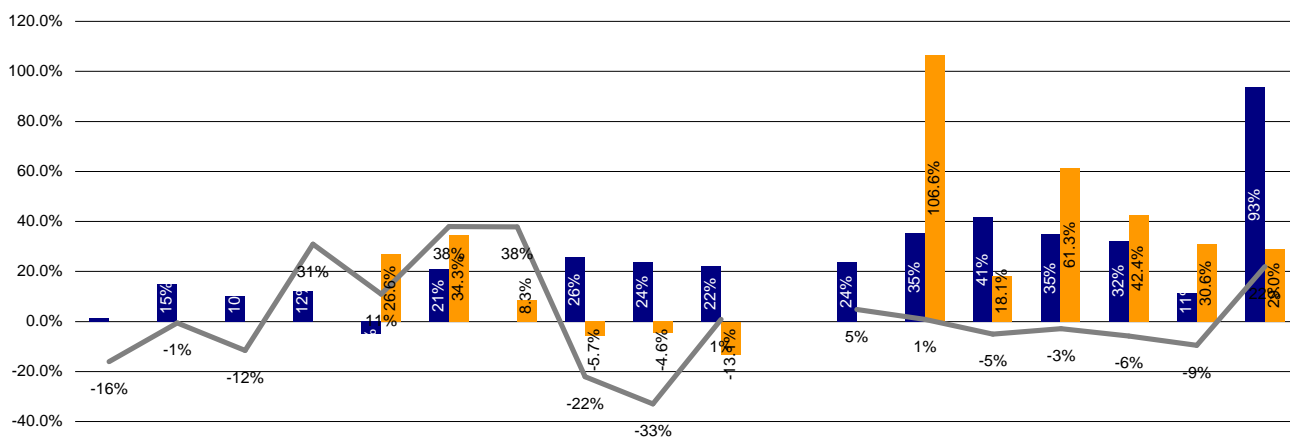
Although we acknowledge that the calculated results are by no means exact, we think they make for a good estimate in the valuation of credit structures when individual default and recovery rates for single issuers are to be used.

BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
<b>Total Assets</b>	4,624	7,259	6,951	7,345	7,379	2,256	3,780	5,765	7,259
<b>Total Liabilities</b>	3,057	6,187	5,730	5,399	5,335	683	1,712	3,354	6,187
<b>Total Intangibles</b>		1,198	1,195	1,026	1,039	13			1,198
<b>Tangible Net Worth</b>	1,567	-126	26	920	1,005	1,560	2,068	2,411	-126
<b>Rent Debt (8x Annual Rental Expense)</b>									
<b>Underfunded Pension &amp; Post Ret. Liab.</b>									
<b>Discount on Hard Assets</b>	1,558	2,925	2,826	3,086	3,107	695	952	1,506	2,925
<b>Adjusted Tangible Net Worth</b>	10	-3,052	-2,800	-2,166	-2,102	865	1,116	905	-3,052

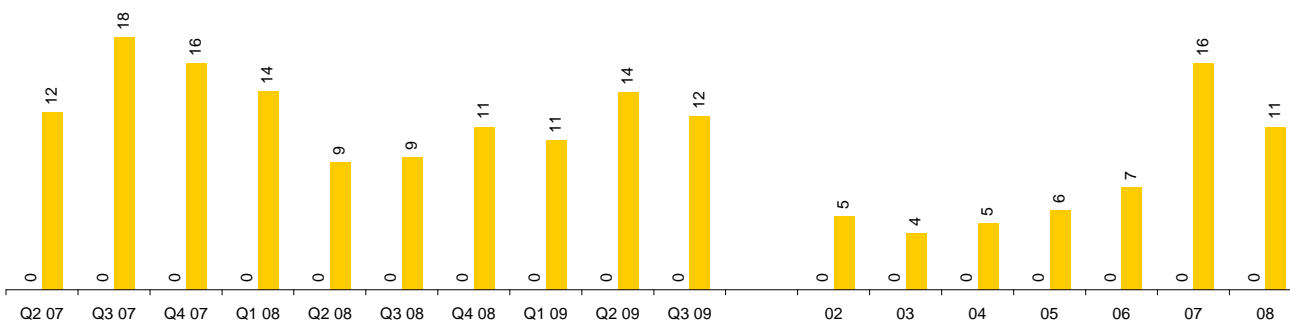
BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
(CFO-Net Income)/Revenues	38.0%	37.9%	-22.0%	-33.0%	0.8%	-2.9%	-5.8%	-9.5%	22.0%
yoy Revenue Growth	34.3%	8.3%	-5.7%	-4.6%	-13.1%	61.3%	42.4%	30.6%	29.0%
Gross Margin	20.7%		25.6%	23.5%	22.1%	34.6%	32.2%	11.4%	93.4%
Days Sales Outstanding	22	20		31	34	79	70	67	20
Days Sales of Inventory	9	11	11	14	12	6	7	16	11
Soft Assets	1,356	3,545	3,376	2,150	1,520	158	404	533	3,545
Unbilled Receivables	-	-	-	-	-	-	-	-	-
Deferred / Unearned Revenue	1,015.4	-	-	0.0	0.0	7.7	48.0	24.5	-
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-
TTM Dividends Paid	-	-	-	-	-	61	181	251	36
TTM Preferred Dividends	0	0	0	0	0	-	0	0	0
Net Change in Capital Stock	0	-41	100	103	0	272	2	2	-41
Non-Capex CFI (CFI less Capex)	188	204	196	-221	-96	-293	-278	334	478

ACCOUNTING RED FLAGS

Gross Margin yoy Revenue Growth (CFO-Net Income)/Revenues



Days Sales Outstanding Days Sales of Inventory



Auditor Information:	
<b>Current auditor</b>	ERNST & YOUNG AUDITORES INDEPE (as of 19.3.2009)
<b>Auditor's opinion</b>	Unqualified
<b>Auditor's opinion - Definitions</b>	
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.

LATEST SEC FILINGS

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



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

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