FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Geometrica Par's Senior Secured Notes at 'BB+'; Outlook Stable

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Fitch Ratings - São Paulo - 20 Jul 2026: Fitch Ratings has affirmed the rating of the fixed-rate USD350 million senior secured notes issued by Geometrica Par Investimentos S.A. (Geometrica Par) at 'BB+'. The Rating Outlook is Stable.

KEY RATING DRIVERS

The rating reflects Geometrica Par's strong cash flow stability, supported by dividend distributions from Ferroport Logística Comercial Exportadora S.A. (Ferroport). Ferroport's revenue base benefits from a long-term take-or-pay (ToP) contract with Anglo American Minério de Ferro Brasil S.A. (AAMFB), a subsidiary of Anglo American plc (BBB+/Stable), underlining counterparty strength and the strategic importance of the terminal as Anglo American's sole export outlet for iron ore from Minas Gerais. The asset's critical function and established operating track record underpin its essentiality.

Despite revenues and debt service being denominated in U.S. dollars (USD), revenue is collected in Brazilian reais (BRL). Operational expenses are also paid in BRL, exposing the transaction to the risk of transfer and convertibility. Furthermore, while the ToP agreement is robust, BRL-denominated operational expenses can pressure EBITDA margins in the event of BRL appreciation.

The notes carry a fixed rate and feature a balloon payment at maturity in 2031. In Fitch's scenarios, the refinancing risk is mitigated by a cash sweep mechanism that fully amortizes the debt, as well as an eight-year ToP tail. Under the rating case, the minimum project life coverage ratio (PLCR) is projected to be 1.8x for 2026. Although the metrics are consistent with a higher rating, the rating is constrained by Brazil's Country Ceiling due to exposure to transfer and convertibility risk.

Revenue Risk - Volume - High Midrange

Strategic, Single-User Asset with Demand Certainty but Limited Diversification

Ferroport is a dedicated export terminal, purpose-built to serve Anglo American's Minas-Rio mine via a proprietary slurry pipeline. Throughput volume is contractually secured under a long-term ToP arrangement through 2039, significantly reducing demand and volume volatility. In addition, Brazil's strengthened position as a leading supplier, combined with Minas-Rio's high-grade ore, reserves sufficient to support production above ToP annual volumes at least until 2068, and potential for further expansion following the recent incorporation of Serpentina, supports long-term demand certainty.

However, the single-user nature and reliance on a single upstream mine and transportation route limit demand diversification and introduce potential concentration risks if Anglo American's operations are disrupted. Historical performance since 2014 demonstrates operational reliability over the course of an economic cycle and the ToP mechanism insulates the project from volume fluctuations, while the oil segment remains more exposed to this risk.

The asset's demonstrated track record of uninterrupted performance across an economic cycle, together with a positive demand outlook in its reference market and its strategic role within the global iron ore supply chain, supports a High Midrange Volume Risk Assessment.

Revenue Risk - Price - Stronger

Predictable and Indexed Revenue Stream

Ferroport's primary revenue stream is a 25-year, USD-denominated ToP contract with AAMFB, guaranteeing export volumes of 26.6 million wet metric tons per year through June 2039. For volumes above the ToP commitment, Ferroport receives additional revenue based on a reduced tariff. The contract automatically renews for an additional 35 years upon expiration, with tariffs set at 115% of total costs including operating costs, capex, and SG&A.

The ToP agreement incorporates annual tariff adjustments indexed to two-thirds of the U.S. Producer Price Index for Industrial Commodities, providing a high degree of revenue predictability and inflation protection. The consistent implementation of these adjustments demonstrates contractual enforceability and reduces exposure to cost inflation. While revenue and debt are denominated in USD, operational costs and expenses are denominated in BRL, exposing the transaction to the risk of BRL appreciation.

In addition, Ferroport benefits from a port access agreement with Vast Infraestrutura S.A. (Açu Petroleo Luxembourg S.A.R.L.; BB+/Stable) which allows the terminal to handle crude oil, providing an additional revenue stream that represents approximately 10%-15% of Ferroport's total revenue over time.

Infrastructure Dev. & Renewal - Midrange

Modern Asset with Predictable Maintenance Needs

Ferroport's facilities are modern and well maintained, with no major renewal capex anticipated during the debt tenor. Maintenance planning is comprehensive and adequately budgeted, with planned investments primarily focused on channel dredging and incremental efficiency upgrades. The project benefits from robust asset management practices, supported by the long useful life of key equipment and ongoing technical assessments.

While expansion capex is contractually permitted, it is subject to additional tariffing or bondholder approval, which helps limit unexpected financial burdens. The main equipment at the Ferroport terminal is expected to have a useful life of approximately 25 years or more — extending to around 2050 — provided current maintenance strategies and procedures are consistently followed. After this period, significant investments may be required to modernize and upgrade the terminal's infrastructure.

Debt Structure - 1 - Midrange

Refinance Risk Mitigated by Cash Sweep

The debt carries a fixed interest rate and includes a balloon payment of up to 55.1% (USD177 million) due in 2031. The debt structure also features a target amortization schedule designed to fully amortize the debt within 12 years through a cash sweep mechanism. The evaluated debt is the only obligation to be serviced exclusively with dividend flows received by Geometrica Par. Ferroport dividends are upstreamed to the issuer every three months; given that Ferroport cash balances are held in BRL, this may result in foreign exchange volatility.

However, the issuer has historically managed a monthly hedge program, which helps to reduce short-term dividend volatility. In addition, the debt structure includes a six-month offshore debt service reserve account (DSRA) and lock-up provisions. These provisions require compliance with the target debt balance, among other conditions, in order for Geometrica Par to be permitted to distribute dividends.

PEER ANALYSIS

Geomtrica Par's closest peers are Dalrymple Bay Finance Pty Ltd (DBT; BBB-/Positive) and Mersin Uluslararasi Liman Isletmeciligi A.S. (Mersin; senior unsecured debt: BB-/Stable).

DBT is highly concentrated in coal exports and serves a relatively small number of users. However, DBT benefits from a robust cash flow profile, underpinned by long-term ToP contracts with creditworthy miners. These contracts provide cash flow stability and substantially reduce volume risk. DBT's net debt-to-EBITDA ratio stands at 6.4x. The terminal also benefits from a strong asset base and limited competition.

Although the Australian legal and regulatory framework is robust, refinancing risk is heightened for coal-concentrated terminals, which compounds the potential effect of energy transition risks. Nonetheless, DBT maintains an overall risk profile that supports an investment-grade rating, while the Positive Outlook reflects Fitch's expectation of continued deleveraging and an improving financial profile over the medium term.

Mersin is Turkey's largest export-import port and handles the highest volume of containerized throughput in the country. Unlike Geometrica Par, Mersin's volume mix is more diversified but also more volatile. Mersin has a single bullet debt structure, but its refinancing risk is largely mitigated by a moderate leverage ratio of 2.0x between 2025 and 2029, measured by net debt to EBITDA. Mersin's rating is also capped by Turkey's Country Ceiling of 'BB-' and is aligned with the sovereign rating due to the port's linkages to the country's economic and regulatory environment.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- A significant and sustained increase in costs that negatively affects cash flows and raises refinancing risk, resulting in the minimum PLCR falling close to 1.1x in Fitch's rating case scenario;
-- Deterioration on Fitch's view regarding Brazil's risk of imposing capital controls, affecting the ability to transfer currency;
-- Operational disruption that significantly affects ToP revenue collections.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- Improvement in Fitch's view regarding Brazil's risk of imposing capital controls, provided the issuer's financial profile is still consistent with a higher rating.

FINANCIAL PROFILE

In Fitch's rating case, Geometrica Par is projected to fully repay its debt at maturity. Refinancing risk is further mitigated by the PLCR, which is calculated based solely on the ToP period. This is a conservative approach, as Fitch considers it highly likely that AAMFB will extend the commercial use of the port due to the remaining useful life of the iron ore mine, the existing infrastructure and the longevity of the equipment. Under the rating case, the minimum PLCR is projected to be 1.8x in 2026, and the net debt-to-cash flow available for debt service (CFADS) is expected to peak at 6.4x in 2026. Fitch considers both ratios comfortable due to the eight-year ToP tail.

Geometrica Par's metrics align with higher ratings according to Fitch's "Transportation Rating Criteria"; however, its rating is constrained by Brazil's 'BB+' Country Ceiling Rating because the notes are denominated in USD while revenue is collected in local currency, making them subject to transfer and convertibility risk. Fitch's cases do not incorporate the recent increases in U.S. PPI, to which the concession's tariffs are indexed. A U.S. PPI that is higher than the CPI could provide some upside to projected cash flows.

SECURITY

The debt issued by Geometrica Par is the only obligation to be serviced exclusively with dividend flows received from Ferroport. The notes are USD-denominated, bear a fixed interest rate of 7.5% per year, are issued under Rule 144A/Reg S, and are senior secured. The security package includes Ferroport shares held by Geometrica Par, 100% of the shares of Gemometrica Par and the issuer's credit rights under its accounts.

The notes feature both legal and target amortization curves. The legal curve has a final maturity in 2031, with a 55.1% balloon payment at maturity, while the target curve is intended to fully amortize the debt at maturity through a cash sweep mechanism, providing an eight-year tail prior to the end of the ToP contract. The notes also include a six-month offshore DSRA and lock-up provisions.

Ferroport does not hold financial debt and additional indebtedness is limited to USD50 million, according to Ferroport's shareholders' agreement, which also requires that interim dividends of all cash flow available for distribution be paid within 30 business days after the end of each financial quarter.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

CLIMATE VULNERABILITY SIGNALS

The Climate.VS for 2035 for Geometrica Par Investimentos S.A. is 60. This score reflects the company's high exposure to physical risks, primarily due to its location which could be impacted by floods given its low altitude, resulting in higher exposure to extreme weather events. These risks are not considered to have a material impact on the rating given the mitigating effect of the company's insurance coverage.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING TYPE	RATING	RATING ACTION	PRIOR
Geometrica Par Investimentos S.A.				
Geometrica Par Investimentos S.A./Dividends & Intercompany Loan - Fist Lien/1 LT	LT	BB+ Rating Outlook Stable	Affirmed	BB+ Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Transportation Infrastructure Rating Criteria (pub. 07 Jan 2025) (including rating assumption sensitivity)

Infrastructure & Project Finance Rating Criteria (pub. 14 Nov 2025) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Third-party Model (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Geometrica Par Investimentos S.A.	EU Endorsed, UK Endorsed

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