

Sign up for our free Newsletter and learn about a strong performing US dollar bond yielding over 9 % with a maturity under 2 years.

See our high yielding, short fixed income portfolios [FX1](#), [FX2](#) and [FX3](#).

8.45% Yields from Camposol S.A. Yankee bonds, mat. Feb. 2017 | Bond-Yields.com

POSTED BY [DURIGCOM](#) / NOVEMBER 12, 2013 / [LEAVE A COMMENT](#)



Each week we strive to find what we believe are currently the best corporate bonds for investors needing or seeking good cash flow and high yields with the least amount of risk possible relative to the projected returns. This week, we look at short 3¼ year Yankee bonds (in US dollars) from Camposol, the leading agro industrial company in Peru, the largest exporter of asparagus in the world, and soon to be the leading producer of avocados in the planet. Although the approximately 8.45% yields currently indicated with this bond only carries a B rating from Standard & Poor's, the following review shows why we see these 39 month high yield notes are a good choice to both increase cash flow and preserve capital. We also believe this debt instrument offers sound diversification away from the financial services sector of the global

economy. Consequently, we think these bonds are a savvy choice for two of our high yield managed income portfolios, [Fixed-Income1.com](#) and [Fixed-Income2.com](#).

A look at the issuer

CAMPOSOL began operating in 1997 when it purchased the first land in the La Libertad region located in the north of Peru 600 km from Lima. In that same year more land was acquired in the Chavimochic Special Project by means of a public auction. In 2009, Camposol worked successfully on the revision of its plans and strategies with the objective of adapting to the new market conditions. As a result, the Company decided to concentrate on increasing its avocado crop and introduced new products such as the red table grape, mandarin oranges and other fruit. Today, Camposol is the leading agro industrial company in Peru, involved in the cultivation, processing and commercialization of agricultural products such as asparagus, peppers, avocados, mangos, grapes and easy peelers. These are exported as fresh, preserved or frozen products mainly to markets in Europe and the United States of America. Camposol encompasses a totally integrated business from the production of raw material in the fields to processing in the industrial plant and subsequent commercialization in Europe and the United States. The Company owns 24,216 hectares, of which about 6,440 are already used for agricultural purposes, operates in 2 different locations in the Peruvian coast, and has one fully owned processing plant for fresh, preserved and frozen products. The Company has on average 10,000 part and full time employees.

With its 2,634 hectares of asparagus and 2454 hectares of avocado, Camposol is presently the largest exporter of asparagus in the world and is heading to become the largest producer of avocado on the planet. The company has also planted 531 hectares of sweet pepper, 451 hectares of grapes, 415 hectares of mangos and 101 hectares of mandarin oranges. Camposol also successfully finalized the Yakuy Minka Project (7-A), the largest private irrigation program in Peru, that will permit the irrigation of 1,500 hectares in the first stage and 2,000 more in a second stage.

As a more mature company, Camposol is orienting its efforts towards innovation and biotechnological research. At the same time, Camposol is looking to increasing its skills in the marketing programs by means of an ever greater international presence as well as alliances with companies that have great experience, leadership and coverage in important markets around the world. Given the performance it has had in the last decade and the growing preference of consumers for quality food that contributes to good health, we believe the company has positioned itself well for the future.

Incorporated in Cyprus, the parent company Camposol Holding, is listed and trades primarily on the Norwegian stock exchange. However, Dyer Coriat Holding S.L. recently closed on its offer to purchase (for NOK 25) all outstanding shares not already owned by the company and now effectively holds 86.71% of all the issued shares of the Company.

Search



Sign Up Now:

Share



Give us a Skype call!



Or, make a Skype call to
Durig.Capital

Categories

- [Argentine Bond Rates](#)
- [Asian Bonds Rates](#)
- [Australian Bond Rates](#)
- [Bank Bond Rates](#)
- [Bond Rates](#)

We like companies that are profitable

During 2012 Camposol’s products were exported to 39 countries, with Europe and the US accounting for 56% and 27% of sales, respectively. Total sales amounted to USD 183.2 million, a 9% increase from 2011, with an EBITDA of USD 17 million vs. USD 30.8 million in 2011. The main reasons for the decreased gross profit and margin were due to the unfavorable climatic conditions that affected volumes and thus unitary costs, especially asparagus, avocado and grapes. At the beginning of 2012, the Company was able to restructure its long term debt by the successful issuance of a USD 125 million 9.875% senior unsecured notes due 2017, thus ensuring a sound financial structure and the possibility to continue investing in the Company’s growth in the short and medium term. The goal of the Company is to achieve USD 500 million of sales and 20%f EBIT margin in 2017.

Last week, Camposol reported that favorable weather conditions and the rising productivity of young avocado fields helped drive a 265.6% year-on-year increase in EBITDA to USD 16.1 million in the third quarter. With more than a doubling of volume and a 52.9% gross margin, the company’s avocado segment accounted for more than half of gross revenue even though it only made up 40% of production. Performance was also positive for asparagus, the crop on which the company was founded, with price rises helping to partially offset production declines and maintain a gross margin of 23.9%. EBITDA for the first nine months of 2013 was reported at USD 26.25 million vs. USD 11.53 million for the same period 2012.

Interest Coverage Ratios

Finance costs for the period ending Sept. 30 2013 were USD 15.25 million, putting Camposol’s interest rate coverage at about 1.7 x’s.

We like companies with lower debt to cash ratio

As of September 30th 2013, the Company’s long term debt was USD 134.25 million, and cash balances were reported at USD 19.7 million. While this is higher that we normally prefer to see, the recent bid for all outstanding shares by majority shareholder Dyer Coriat Holding S.L. (DCH) inclines us to believe that the future prospects for sufficient cash flow and/or additional equity capital are well grounded.

We like companies that have good balance sheets

The total market capitalization of Camposol has improved nicely (up over 30%) from the end of 2012, undoubtedly a result of excellent 3rd quarter earnings and DCH’s recent buyout offer, and its current enterprise value appears to be about USD 259 million. From this its net debt to equity appears to be about 45%. As mentioned once already, we see the recent bid for all outstanding shares by current majority owner Dyer Coriat Holding S.L. (DCH) as a sound indicator of positive short to medium term results and a ready source of additional funding should it be needed going forward.

We like higher yields

This five year \$125 million US dollar denominated debt of Camposol was issued in January of 2012 at the coupon rate of 9.875%, payable semi-annually, to restructure previous debt. The principal of this only callable at a substantial premium prior to Feb. 2015 (excepting certain specific events relating to Peruvian or Cypriot tax law), and at 104.938 after Feb. 2015 or at 102.469 after Feb. 2016. Considering recent events and revenue improvements, as well as the sound fundamentals of this company, we believe that acquiring this bond slightly above par and indicated yield to maturity of about 8.45% represents a strong addition to the high cash flow instruments in our client’s foreign and world fixed income holdings.

When comparing the yield, maturity, and expenses of both the iShares Emerging Markets Corporate Bond (CEMB) and the iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB) to these Camposol Feb 2017 bonds, the iShares instruments appear to have lower yields, longer average maturities, higher expenses, while offering only a slightly better average credit rating. In an environment of rising interest rates, we think there are notable advantages to shorter, maturity certain, bonds. However, we acknowledge that a widely diversified bond portfolio does mitigates the default risk of any one issue, and we offer the following chart for comparison purposes only.

Name	Yield	Expenses	Maturity	Average ratings
iShares Emerging Markets Corporate Bond (CEMB)	4.62%	0.60%	5.38 years	BB
iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB)	5.04%	0.60%	11.47 years	BB-f
Camposol S.A.I Feb 2 2017 Bonds	8.45%	0.50%*	3.25 years	B
Camposol to best ETF in the same category.	The Camposol bond offers a 67% higher boost in yielding than the J.P. Morgan ETF.	The Camposol bond cost 16% less to own then either ETF.	The Camposol bond is 39% shorter than the short CEMB ETF.	The Camposol bond is rated a whole grade lower than CEMB.

*This is a proposed cost only.

Risk Considerations

Brazil Bond Rates
Canadian Bond Rates
Convertible Bond Rates
Corporate Bond Rates
Euro Bond Rates
Foreign Bond Rates
Foreign Currency Bond Rates
Global Bond Rates
Government Bonds
High Bond Rates
High Yield Bond Rates
Hungarian Bond Rates
India Bond Rates
Indian Bond Rates
Indonesian Bond Rates
Investment Grade Bond Rates
Junk Bond Rates
Latin America – South America Bond Rates
Mexican Bond Rates
Mongolia Bond Rates
Municipal Tax Free Bond Rates
New Zealand Bond Rates
Norway Bond Rates
Rates
Resource Bond Rates
Russian Bonds Rates
Short Term Bond Rates
South African Bond Rates
Sovereign Bond Rates
Stocks
Swiss Bond Rates
This Weeks Best Bond
Turkish Bond Rates
Ukraine Bond Rates
Venezuela Bond Rates
World Bond Rates
Yankee Bond Rates

The default risk is Camposol's ability to perform. After considering its historical and recent performance, its balance sheet, its cash position, and sound cash flow that's projected to service their interest bearing debt, as outlined above, it is our opinion that the default risk for this short to medium term bond is minimal relative to its more favorable return potential.

A harder risk for us to identify is the geopolitical risk. Since we find it hard to understand many of the political changes even in our own country, perhaps the uncertainties of changes on a foreign soil become less formidable. With that said, it is our opinion that diversification into other forms often serves to reduce risk. Our strategy here, as with other Yankee bonds, is to focus on unique or vital services that can be seen as adding key economic value to the society it's associated with. Camposol's agricultural products have a global appeal, and it is regarded as a world class leader in its two most prominent crops.

Seasonal weather may have a material impact on the quantity and quality of product and on the margins that Camposol is able to achieve, both of which may significantly reduce the Company's overall revenues and operating profits. However, the Company appears to be sufficiently capitalized to withstand any short term fluctuations in profitability.

We believe that these Camposol US dollar bonds have similar risks and maturities to other foreign agricultural based Yankees bonds we have previously reviewed, such as the [10.76 % Yields, Myria Agro, Yankee Bonds maturing March 2016](#), or the [8.5% Yields, Avangardco Holdings, Yankee Bonds maturing Oct 2015](#). These reviews can be read on our [Bond-Yields.com](#) blog.

Summary and Conclusion

Camposol appears to be positioned well for the future with its expansion and growth initiatives, and we are impressed that its management has demonstrated strong confidence in the future with a buyout offer of all the outstanding shares of the company. Furthermore, we think the macro economic conditions are conducive for sustained growth in this segment of the agricultural industry going forward, and see this as very sound diversification away from potential overexposure to the financial industry and other potential global economic weakness. In light of this and its fundamentally sound metrics, we believe these relatively short 39 month Camposol Yankee bonds offer extremely attractive cash flow and an exceptionally high yield relative to the financial risks that we can identify, and have selected these bonds for our managed income portfolio's, [Fixed-Income1.com](#) and [Fixed-Income2.com](#)

Issuer: Camposol S.A.

Coupon: 9.875%

Ratings: B

Maturity: 02/02/2017

Pays: Semi-Annual

Price: 104

Yield to Maturity: ~8.45%

Disclosure: Durig Capital and certain clients may have positions in Camposol 2017 bonds.

Please note that all yield and price indications are shown from the time of our research. Our reports are never an offer to buy or sell any security. We are not a broker/dealer, and reports are intended for distribution to our clients. As a result of our institutional association, we frequently obtain better yield/price executions for our clients than is initially indicated in our reports. If you intend to use our research efforts to make an investment decision, we kindly ask that you respect our fiduciary business model and allow us the opportunity to assist in your equity acquisition. We sincerely appreciate your courtesy and understanding.

You may also like ...



[8.25% Yields, Gajah Tunggal, Yankee bond, mat. Feb. 2018 | Bond-Yields.com](#)



[9.85% Yields – Alto Palermo's Yankee bond due May 2017 | Bond-Yields.com](#)



[8.25% Yields With HudBay Yankee Bonds, B3/B- rated, mat. Oct. 2020 | Bond-Yields.com](#)



[9.66% Yields With a 47 month Dana Gas Sukuk | Bond-Yields.com](#)



[12.95% Yields, Bio PAPPEL bonds, rated B by Fitch, matures Aug. 2016](#)



[10.76 % Yields, Myria Agro, Yankee bonds March 2016 | Bond-Yields.com](#)



7.4% Yields with Ferrexpo USD (Yankee) bonds, B+/B2/B rated, Matures April 2016



7.84% Yields, Hapag-Lloyd, Yankee bonds, B- rated, matures October 2017



8.8% Yields, Avangardco Holdings, Yankee bonds, matures Oct. 2015 | Bond-Yields.com



8.9 % Yields, Berau Coal, Yankee bond, B1/BB- rated, mat. Mar. 2017



Leave a comment

Add Comment

See our high yielding, short fixed income portfolios [FX1](#), [FX2](#) and [FX3](#).

Newsletter Investment E-mail

This free service includes:

1. Top performing High Cash Stock Picks
2. This Weeks Best Bond Review
3. Latest Fixed Income rates
4. Current Economic News



Your Name

Your Phone Number

Your Email

Send it!

Account Access

PROVIDE A HIGHER LEVEL of service, transparency, and accountability for our investors we selected the following market leading high performance low cost platforms as the custodian holding the investments.

TO ACCESS your Durig Investment Account just click the proper custodian partner.



To set up a **NEW ACCOUNT** or work with an **EXISTING BROKERAGE** account at any of the firm below, call **971-327-8847**, it's all very easy!



Bond Quote Requests

Contact one of Durig Capital's experienced advisers for a free bond quote today!

Three convenient ways:

Email accounts@investment-income.net

Call 1-877-720-3010

[Click here](#)



Providing High Quality Fiduciary Services at Very Low Prices
Bond-Yields.com | 11600 SW 69th Avenue | Tigard, Oregon 97223
971-732-5119 Direct | 877-720-3010 Toll Free | 971-732-5121 Fax

Durig Capital has the highest A+ Rating with the BBB | The Disclaimer
*This site is owned by Durig Capital, LLC (Durig.com), a Registered Investment Advisor.