

Bulletin:

A.I. Candelaria Spain's Planned \$50 Million Add-On To Its Senior Secured Notes Shouldn't Affect Issue-Level Rating

May 2, 2019

BUENOS AIRES (S&P Global Ratings) May 2, 2019--S&P Global Ratings said today that its 'BB-' issue-level rating on Spain-based holding company A.I. Candelaria Spain (Candelaria) is not affected following the proposed add-on to its senior secured notes due July 2028.

Candelaria intends to add \$50 million to its 7.50% \$650 million notes that we rated in October 2018. The company plans to use the proceeds from the add-on to fund the debt service reserve account required for the incremental amount, pay fees and expenses related to the issuance, and pay dividends to the company's shareholders.

We continue to expect stable and more than sufficient dividend flows from the underlying asset, OCENSA, to Candelaria to meet operating and financial expenses. These dividends should range between \$150 million and \$165 million this year and between \$155 million and \$175 million for 2020. Therefore, even considering the \$50 million add-on, Candelaria will still be able to maintain an interest coverage ratio at 3.0x-3.5x and net debt leverage at 3.5x-4.0x.

This report does not constitute a rating action.

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