

# Minsur S.A.'s Proposed Senior Unsecured Notes Of Up To \$500 Million Rated 'BB+'

October 18, 2021

MEXICO CITY (S&P Global Ratings) Oct. 18, 2021--S&P Global Ratings today assigned its 'BB+' issue-level rating to Minsur S.A.'s (BB+/Positive/--) proposed senior unsecured notes of up to \$500 million with an expected maturity of 10 years.

The company aims to use proceeds to refinance the existing \$300 senior unsecured term loan due 2026, which Minsur used to fund the cash tender for its senior notes due 2024 (around 58.6% of the total notes). The company also plans to use proceeds to refinance a portion of its senior unsecured notes due 2024 and about \$95 million in other short-term debt obligations. Therefore, we estimate an increase in existing debt of about \$55 million to fund working capital requirements and other general corporate purposes. The transaction aims to strengthen the company's capital structure and extend its weighted average maturity profile to 5.3 years from 3.3 years, while reducing financing costs and maintain the light covenant structure, related to the Marcobre project. We consider that this issuance is only for debt refinancing, well ahead of the final maturity of the company's existing notes.

The rating on the proposed notes is at the same level as our issuer credit rating on Minsur, reflecting our view that there's no significant subordination risk present in its capital structure. We still expect the company to maintain its prudent approach towards leverage, while it keeps an adequate liquidity position. We consider this transaction as debt neutral because the company will use the proceeds mainly to refinance its existing debt. Moreover, we expect strong credit metrics this year, in line with our previous base-case scenario, amid favorable prices for copper and tin and increased production mainly due to the ramp-up of its new copper mining unit, Mina Justa.

## Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013

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- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Minsur S.A. Outlook Revised To Positive From Stable On Increased Production and Higher Commodity Prices, 'BB+' Issuer Credit Ratings Affirmed , April 21, 2021
- Metal Price Assumptions: Demand Surges But COVID-19, Trade, And ESG Concerns Flatten Output, March 30, 2021

## Ratings List

### New Rating

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### Minsur S.A.

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Senior Unsecured BB+

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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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