

Alicorp S.A.A.'s Proposed Senior Unsecured Notes Of Up To \$500 Million Rated 'BBB-'

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MEXICO CITY (S&P Global Ratings) April 4, 2019--S&P Global Ratings assigned its 'BBB-' issue-level rating to Alicorp S.A.A.'s (BBB-/Stable/--) proposed Peruvian sol-denominated senior unsecured notes of up to \$500 million with intermediate maturity. Alicorp plans to use the proceeds to prepay its \$500 million bridge loan due 2020 that the company took out in January 2019 to fund the acquisition of Intradevco, a personal and home care products company. We believe the proposed issuance will increase Alicorp's financial flexibility, given that its debt maturity profile will improve to a weighted average term of around five years.

On a pro forma basis, Alicorp's debt will total about PEN4.7 billion, consisting of about PEN3.7 billion senior unsecured debt that Alicorp issued, PEN940 million that the subsidiaries issued on an unsecured basis, and about PEN60 million borrowed on a secured basis. Therefore, the rating on the proposed notes is at the same level as the issuer credit rating, given that the debt priority ratio represents less than 50% of total debt.

The rating on Alicorp continues to reflect its leading position in Peru and improving market shares in other Latin American countries, strong brand recognition of its portfolio of products, and its successful growth strategy through the launch of new products and formats. However, the company's revenue and EBITDA remain smaller than those of its global rated peers. In addition, Alicorp has a limited geographic diversification and moderate exposure to economies with a high-risk operating environment. The rating also incorporates

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