

## Mexichem S.A.B. de C.V.'s Proposed Up To \$1 Billion Senior Unsecured Notes Rated 'BBB-'

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MEXICO CITY (S&P Global Ratings) Sept. 27, 2017--S&P Global Ratings today assigned its 'BBB-' issue-level rating on Mexican chemicals and petrochemicals producer Mexichem S.A.B. de C.V.'s (Mexichem; GS: BBB-/Stable/--; NS: mxAA/Stable/mxA-1+) up to \$1 billion senior unsecured notes bearing a fixed interest rate in two tranches due in 2027 and 2047.

Mexichem plans to use the proceeds to finance its 80% stake acquisition in Netafim Ltd. The transaction is likely to close at the end of the year, subject to regulatory approvals.

The rating on the notes are at the same level as our corporate credit rating on Mexichem, reflecting the fact that the company's priority liabilities represent less than 20% of its total assets. Additionally, Mexichem's debt instruments are fully and unconditionally guaranteed on a senior unsecured basis by its most important subsidiaries, which account for more than 50% of its consolidated assets.

The ratings on Mexichem reflects our expectation that despite taking on additional debt to fund Netafim's acquisition, Mexichem's leverage ratios will remain below 3.0x at the end of 2018. In our view, Mexichem's target leverage will continue to support our investment-grade ratings on the company.

**RELATED CRITERIA**

- General Criteria: S&P Global Ratings' National And Regional Scale Mapping

Tables, Aug. 14, 2017

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: National And Regional Scale Credit Ratings, Sept. 22, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Commodity Chemicals Industry, Dec. 31, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

#### RATINGS LIST

Mexichem S.A.B. de C.V.

Corporate Credit Rating

Global Scale

BBB-/Stable/--

CaVal (Mexico) National Scale

mxAA/Stable/mxA-1+

Ratings Assigned

Mexichem S.A.B. de C.V.

New Ratings

Senior Unsecured

BBB-

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.globalcreditportal.com](http://www.globalcreditportal.com) and at [www.spcapitaliq.com](http://www.spcapitaliq.com). All ratings affected by this rating action can be found on the 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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