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Codelco's \$500 Million Notes Rated 'A-'

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BUENOS AIRES (Standard & Poor's) Oct. 6, 2003--Standard & Poor's Ratings Services today assigned its 'A-' rating to Chilean copper producer Corporacion Nacional del Cobre de Chile's (Coldeco) upcoming \$500 million note issue due October 2013.

The foreign currency and local currency corporate credit ratings were affirmed at A-/Positive/-- and A+/Stable/--, respectively. Total debt as of June 2003 is \$2.2 billion.

"The rating affirmation does not incorporate any impact from the potential acquisition of Enami's smelter 'Ventanas', as given timing and undergoing political discussions that need to be resolved before the actual transaction occur, this would be too premature," said Standard & Poor's credit analyst Silvina Aldeco-Martinez.

"The stable local currency outlook reflects the expectation that Codelco will maintain its strong business position and prudent financial profile, even as it continues to analyze new national and international business development opportunities," Ms. Aldeco-Martinez said. "The positive foreign currency outlook reflects the outlook on the ratings of the Republic of Chile."

The ratings on Coldeco, Chile's leading copper producer, reflect the company's position as the world's largest copper mining company with ample high-grade ore reserves, a low cost structure, a well-diversified client base, a moderate financial risk profile, and the direct ownership and strategic importance to its owner, the Republic of Chile. These factors are balanced by the inherent cyclicity of the industry, volatile metal prices, a lack of geographic diversification in the production side, and the high tax and dividend burden imposed by the Chilean government, which owns 100% of Codelco.

The foreign currency corporate credit rating is the same as the sovereign rating on the Republic of Chile.

Codelco is the world's largest integrated copper producer, accounting for an approximately 15% share of Western market copper production, which is sold to a relatively well regionally diversified client base. The company's ample high-grade copper ore reserves account for approximately 17% of global proven, probable, and possible reserves.

In spite of the persistence of unfavorable prices during 2002, Codelco's performance for the same period presented some mild improvements against 2001. In the first half of 2003, the maintenance of a low cost structure added to a mild recovery of prices allowed for the maintenance of an adequate 30% EBITDA margin. The company's expansion plan and investments in efficiency improvements are expected to result in further improvements on profitability over the medium term, even under a relatively unfavorable pricing scenario (averaging a 30%-35% EBITDA margin at 75c/lb).

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Credit Ratings Actions.

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