

Despite the event of default, no bondholders have requested early repayment of any bonds in their possession

Canal de Isabel II reaffirms its financial solvency after Moody's rating downgrade

10JUN2019 - With respect to the rating downgrade by Moody's dated 7 June 2019, Canal de Isabel II wishes to make the following points:

1. With respect to the bond issue of February 2015 in the amount of 500 million euros, an event of default was triggered, in accordance with point 11.11 of the prospectus, as a result of the precautionary measure taken by the Colombian Office of the Public Prosecutor on 4 October 2018 to seize the shares that Inassa holds in Triple A de Barranquilla.

This situation is reflected in the annual financial statements for 2018, approved at the General Meeting of Shareholders on 8 May 2019, and was reported as relevant information to the National Securities Market Commission at the end of 2018.

2. As of 8 months since the announcement of the event of default, Canal de Isabel II has received no demands from bondholders for early repayment of any bonds in their possession.
3. Canal de Isabel II again confirms that it has sufficient liquidity to deal with the early redemption of the entire bond issue, given its financial solvency.

In this regard, the company has a contingency plan in place to cover the repayment of the bond issue, which is structured as follows:

- cash and cash equivalents in the amount of 250 million euros;
- undrawn credit facilities in the amount of 122 million euros;
- additional uncommitted credit facilities approved by the company's Board of Directors in the amount of 170 million euros.

4. Canal de Isabel II understands that the reasons for Moody's rating downgrade are as follows:

- Not considering the approved uncommitted additional credit facilities as part of Canal's liquidity resources, despite the credit institutions' reiteration of their readiness to renew them. The reason that the credit facilities have not been committed is to avoid incurring commission for availability for a scenario that, on the basis of the events of the past 8 months, seems unlikely.
- Following approval of the contingency plan, Canal then distributed the 128-million-euro dividend approved by the Board of Directors to its shareholders.