



## **Announcement: Moody's Ratings says Avianca's B1 ratings unaffected after proposed add-on global notes**

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New York, February 03, 2026 -- Moody's Ratings (Moody's) has said that Avianca MidCo 2 PLC, a fully owned subsidiary of Avianca Group International Limited ("Avianca") launched a \$150 million add-on to its recently issued \$600 million backed senior secured global notes maturing in 2031. The proposed add-on continues to align with Avianca's liability management strategy, with proceeds aimed at refinancing its senior secured notes maturing in 2028 and for general corporate purposes, including transaction fees and expenses. With the add-on, the 2031 backed senior secured global notes will amount \$750 million. This move will further reduce refinancing risk by extending maturities and will be largely debt neutral.

Following the refinancing, the majority of Avianca's notes will share terms aligned with its existing 2030 Notes, enhancing consistency across its capital structure. Notwithstanding this partial prepayment, Avianca's 2028 Notes will remain the governing instrument within the company's capital structure. The company's ratings are unaffected because of the proposed transaction, including Avianca's B1 corporate family rating (CFR) and the B1 ratings on the existing backed senior secured notes issued by Avianca MidCo, and stable outlook.

The add-on notes will also benefit from a first-priority lien on the assets of LifeMiles, which, along with recent appraisal value of the collateral package, result in strong collateral coverage of the rated debt. Recently performed appraisals estimate the collateral value at \$6.3 billion, well above the \$2.1 billion secured debt as of September 30, 2025. In a liquidation scenario, its value could be lower, given its reliance on assets that are more difficult to value, such as intangibles and LifeMiles' ties with the airline. However, liquidation risk is lower, given Avianca's strong credit profile.

Avianca's B1 rating reflects its sustained operational and financial improvements, strong liquidity, and effective execution of its post-restructuring business strategy. The rating also incorporates Avianca's solid competitive position in the Latin American airline sector and its favorable cost structure.

The rating is constrained by intensifying competition that may pressure fares, the inherent volatility of the airline industry, and macroeconomic risks across key Latin American markets.

Since emerging from bankruptcy, Avianca has delivered consistent performance. The third quarter of 2025 marked its fourth consecutive record quarter, with Moody's-adjusted EBITDA reaching \$1.5 billion and a 26% margin for the 12 months ended September 30, reducing leverage to 3.6x. With 2025 as the first full year of expanded capacity, leverage is expected to decline further to around 3.5x by year-end.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

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