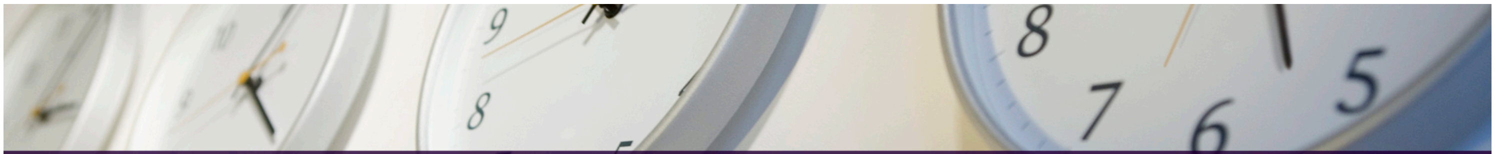

Credit Outlook

16 December 2021

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FIRST READS

Homeowners and commercial property insurers face losses from Quad-State Tornado

Originally published on 15 December 2021

On 10-11 December, a supercell of dozens of tornadoes caused a tragic loss of life as well as property damage in at least six states. The most destructive was the "Quad-State Tornado," which destroyed houses and commercial buildings across Arkansas, Missouri, Tennessee and Kentucky, and may have been the longest-lasting tornado in recorded US history. The tornadoes will increase catastrophe losses in the fourth quarter for US property insurers, particularly those with exposure to homeowners and commercial property in the affected regions.

It will likely take weeks or months to assess the full extent of insured losses, but early estimates are already in. Catastrophe modeling firm Karen Clark & Co. estimated that insured losses from the severe convective storm outbreak (which includes the tornadoes), damaging winds and hail will be around $3 billion, with most of the losses from the Quad-State Tornado. Aon plc ((P)Baa2 stable) said that the tornadoes caused multiple billions of dollars of insurance industry losses.

The Quad-State Tornado affected Arkansas, Missouri, Tennessee and Kentucky in four hours along a path that exceeded 200 miles in length, with the most significant damage in southwestern Kentucky, including Warren County, which includes Bowling Green. In Kentucky, the tornadoes destroyed hundreds of homes, a candle factory as well as the downtown in Mayfield, an automotive parts plant in Bowling Green, a country club in Princeton and numerous other businesses.

Exhibit 1 shows the top 10 homeowners insurance companies in Kentucky, while Exhibit 2 shows the top 10 commercial property insurers in the state. However, the limited footprint of tornadoes – even large tornado supercells like this one – make it difficult to determine which insurers will bear the brunt of insured losses.

Exhibit 1

Top 10 largest Kentucky homeowners insurers (2020)

	Kentucky Direct Premiums Written ($ millions)	US Direct Premiums Written ($ millions)	Premium Concentration in Kentucky	Surplus ($ millions)
Kentucky Farm	378	1,055	35.8%	1,983
State Farm	311	66,153	0.5%	126,079
Liberty Mutual	132	36,173	0.4%	22,830
Allstate	84	34,108	0.2%	20,929
USAA	69	24,621	0.3%	33,740
Travelers	53	28,787	0.2%	21,520
Auto-Owners	37	9,295	0.4%	13,820
Erie	34	7,614	0.5%	10,744
Nationwide	29	18,500	0.2%	16,484
State Auto	29	2,217	1.3%	1,305
Top 10	**1,157**	**228,523**	**0.5%**	**269,433**
Industry	**1,430**	**728,808**	**0.2%**	**929,932**

Sources: S&P Capital IQ (contains copyrighted and trade secret materials distributed under license from S&P Capital IQ. For recipient's internal use only) and Moody's Investors Service

Exhibit 2

Top 10 largest Kentucky commercial property insurers (2020)

	Kentucky Direct Premiums Written ($ millions)	US Direct Premiums Written ($ millions)	Premium Concentration in Kentucky	Surplus ($ millions)
Liberty Mutual	79	36,173	0.2%	22,830
CNA	76	11,325	0.7%	10,708
Factory Mutual	67	5,134	1.3%	15,359
Kentucky Farm	58	1,055	5.5%	1,983
Travelers	46	28,787	0.2%	21,520
Cincinnati	46	5,549	0.8%	5,838
Auto-Owners	34	9,295	0.4%	13,820
Zurich	30	13,623	0.2%	7,181
ACE	29	24,200	0.1%	17,726
Nationwide	26	18,500	0.1%	16,484
Top 10	**490**	**153,641**	**0.3%**	**133,448**
Industry	**990**	**728,808**	**0.1%**	**929,932**

Includes fire, allied lines, inland marine, and commercial multiple peril – non-liability

A large portion of CNA's commercial property business is inland marine, which mainly comprises a cellphone warranty fronting arrangement, and is not considered catastrophe-exposed

Source: S&P Capital IQ (contains copyrighted and trade secret materials distributed under license from S&P Capital IQ. For recipient's internal use only) and Moody's Investors Service

The National Weather Service has initially rated the Quad-State Tornado at least EF-3 (136-165 mph) on the Enhanced Fujita Scale, a rating system based on damage assessments and their corresponding estimated wind speeds. As additional data comes in, the rating for this storm could increase to EF-4 (166-200 mph) or even EF-5 (over 200 mph), which is the highest level on the Enhanced Fujita Scale.

In southwestern Illinois, a tornado destroyed homes and businesses, including an Amazon.com, Inc. (A1 stable) warehouse in Edwardsville, resulting in the deaths of six employees. Although Kentucky sustained the greatest damage from the storms, other affected states include Arkansas, Illinois, Mississippi, Missouri and Tennessee.

Large outbreaks of tornadoes in December are rare, particularly for high-impact storms of EF3 or higher. Spring and summer are considered the prime tornado seasons in the US, but tornadoes occur any time of year. From January through November, there were 1,174 tornadoes in the US, according to the National Oceanic and Atmospheric Association preliminary estimate, compared with 1,057 US tornadoes in 2020 and 1,460 in 2019. Although the US has more tornados than any other country (followed by Canada), Central and Eastern Europe and parts of Asia, South America, Southern Africa and Australia are also prone to tornado losses. And, although the number of recorded tornadoes in the US has increased in recent years, it is unclear whether that is due to improved data-collecting methods or to climate change.

Despite the high annual number of tornadoes, only a small percentage cause insured losses of $25 million or more. According to Aon and the Insurance Information Institute, the largest convective storm events in US history in terms of insured losses were the April 2011 Super Outbreak (around $8.5 billion in 2020 US dollar terms), the August 2020 Midwest derecho ($8.3 billion), and the May 2011 Joplin, Missouri tornado ($8.0 billion). The 2011 Super Outbreak was the largest tornado outbreak on record, with about 360 confirmed tornadoes across 21 states. The 2020 Midwest derecho was a widespread, long-lived, straight-line wind storm (with associated thunderstorms, hail, and isolated tornadoes) that primarily hit Iowa and neighboring states.

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FIRST READS

Crown Holdings' $3 billion share repurchase plan is credit negative

Originally published on 13 December 2021

On 9 December, Crown Holdings, Inc. (Ba2 stable), a global manufacturer of steel and aluminum containers for food, beverage, and consumer products, announced that its board of directors authorized a share repurchase of up to $3 billion through the end of 2024.

The planned repurchase is credit negative because of its significant size, which is roughly 3x the Crown's 2019 and 2020 $1.2-$1.3 billion annual cash flow from operations. The total repurchase amount is also more than one third of the company's total debt, which was $7.98 billion at the end of September 2021.

However, we expect the buyback's negative effect on Crown's credit quality will be limited because the company plans to repurchase its shares in a controlled manner so that the total amount of share buybacks, capital spending, and dividend payments will fall largely in line with future cash flow from operations on an annual basis. If the company manages the annual amount of share repurchases and uses its free cash flow to fund a substantial portion, it will prevent a surge in total debt and leverage.

Further, Crown redeemed €650 million (about $753 million) and $1 billion of senior notes in October, using the €1.9 billion ($2.3 billion) of proceeds from the sale of European Tinplate business completed in August 2021. The redemption reduced more than 20% of total debt at the end of September 2021, which had declined at the end of 2020 from $8.2 billion and created some cushion under the company's credit quality. The divested business manufactured food and aerosol cans and metal closures in Europe. The company retained 20% stake in the business.

Crown's leverage was 4.2x for the 12 months that ended September, falling within the range of 4.0x-4.6x we assume for its current rating. The debt repayment in October, on a pro forma basis, would have improved leverage to around 3.4x. We expect future leverage will be affected by the timing of share buybacks, which will also be driven by the market conditions and future share prices, posing some uncertainty. Nevertheless, if the company can execute the repurchase in a prudent manner and keep leverage at a restrained level, it will avoid any damage to its credit quality.

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Ocado's revenue will continue to rise, but constrained EBITDA margin limits scope for leverage improvement

Originally published on 14 December 2021

On 14 December, UK online grocer Ocado Group plc (B2 stable) said in its trading statement for the fourth quarter of fiscal 2021, which ended 28 November, that it expects its revenue to increase at the higher end of 10%-15% in fiscal 2022, driven by a massive increase in delivery capacity. As a result, Ocado will continue to take market share away from its competitors next year, a credit positive for Ocado and a negative for the UK grocery sector. However, the company's EBITDA margin will remain constrained by recent and ongoing investments, leaving limited room for improvement in leverage.

Ocado's fourth-quarter fiscal 2021 order volume rose 14% and revenue rose 31% compared with pre-pandemic fiscal 2019 levels. However, revenue was down 3.9% from the last quarter of fiscal 2020 to £547.8 million, reflecting smaller basket sizes. With three new warehouses (customer fulfilment centres or CFCs) opened in 2021, another site to go live in the second half of next year and four zoom sites due to open, Ocado's capacity will increase by 50% in 2022.

The capacity ramp-up makes Ocado's mid-teens revenue guidance either conservative or underwhelming. Nonetheless, clearly, Ocado will continue to chip away at the market share of other grocers, especially Tesco Plc (Baa3 stable) and Sainsbury's, which have a presence in the larger metropolitan areas that Ocado's vans serve. Ocado's UK grocery market share was around 1.8% in the 12 weeks that ended 28 November, according to Kantar Worldpanel, having peaked in February 2021 at 2.0%.

Rising revenue will not translate into any major improvement in profitability. Although EBITDA will improve from current low levels, recent, ongoing and future investments will constrain the company's ability to sell profitably for the foreseeable future. Management indicated £50 million of additional investment costs that will significantly affect the EBITDA margin for the retail business in fiscal 2022, with an expected recovery longer term. Ocado's EBITDA margin was 6.3% on a Moody's adjusted basis for the 12 months ended 30 May 2021, but its operating margin remained negative (though much improved compared with previous years) after depreciation and amortisation at minus 0.8%, compared with Tesco's 4.0% for the 12 months that ended August 2021.

Ocado's leverage, measured in terms of Moody's-adjusted gross debt to EBITDA, was 9x for the 12 months to 30 May 2021, down from 12x in fiscal 2020, driven by an uptick in retail EBITDA. We expect leverage to remain weak for the B2 rating over the next 12-18 months because of losses in its International Solutions division continuing as booked revenue fails to keep pace with higher costs, which are relatively front ended.

However, net of cash, the company entered the second half of fiscal 2021 in a debt-free position, leaving it well equipped to fund the ongoing high capital spending commitments in respect of CFCs. Capital spending will increase over the next couple of years, so that Ocado will remain significantly free cash flow negative. We forecast Moody's-adjusted negative free cash flow of around £800-£900 million a year in fiscal 2022 and 2023.

Despite the heavily negative free cash flow expected over the next 12-18 months, we anticipate the company's cash balances will exceed outstanding senior unsecured debt without further equity or debt issuance over the same time frame. Given its heavy investments, Ocado will need further equity or debt issuance in due course. The company's B2 rating is based on its continued good access to the capital markets.

Separately, Ocado reported that the International Trade Council, a joint agency of the World Trade Organization and the United Nations, had found in favour of the company in a patent infringement lawsuit filed by Autostore AS. As a result, Ocado will be able to continue developing its business in the US.

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Neptune Energy's planned dividend is credit negative

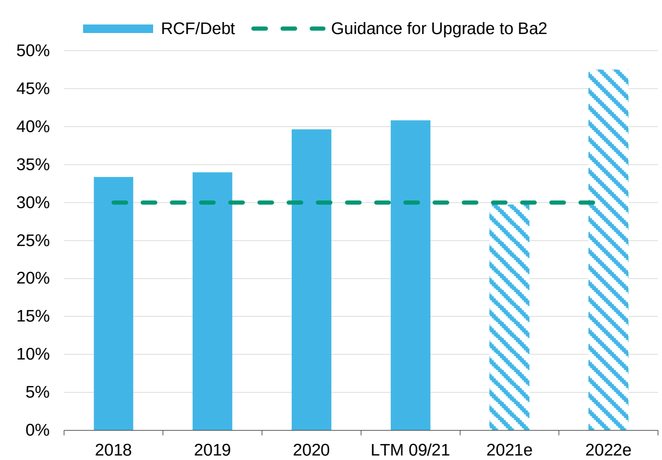
Originally published on 10 December 2021

On 9 December, Neptune Energy Group Midco Ltd. (Ba3 positive) announced an $800 million dividend to shareholders payable on 15 December. The dividend is credit negative because it increases shareholder remuneration for this year to a total of $1 billion (including the $200 million settlement of the 2019 dividend paid in the first quarter of this year). The 2021 dividends are materially higher than the cumulative $580 million returned to shareholders over 2018-19 and higher than our expectations for the year.

However, we recognize the one-off nature of the dividend payout. Based on public disclosure, the dividend stems from the company performing in line with its updated guidance for this year's operating cash flows to be higher than those of 2020 because of currently high commodity prices (particularly favorable hydrocarbon pricing environment). Neptune's EBITDA is also trending above our expectations for this year as well as the expectation of low leverage being maintained over the next 12-18 months.

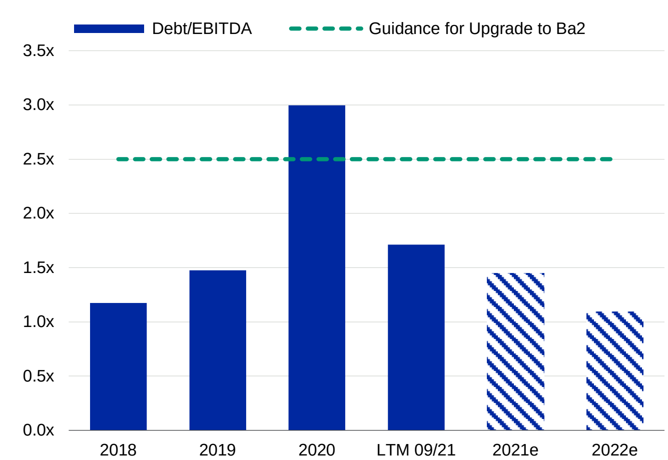
We estimate that around $400 million of the declared dividend will have to be debt-funded, and we project Neptune's Moody's-adjusted retained cash flow (RCF, defined as funds from operations after dividends) to debt will temporarily decline to 29.7% at year-end from 40.8% for the last 12 months to 30 September (Exhibit 1). However, Moody's-adjusted gross debt to EBITDA is should improve slightly to around 1.5x at year end from 1.7x at 30 September 2021 as fourth-quarter EBITDA growth is forecast to more than offset the higher debt (Exhibit 2). The company reports its leverage in terms of reported net debt to EBITDAX – earnings before interest depreciation, amortization and exploration – a metric that applies to exploration and production and is different from our metrics. The Ba3 Corporate Family Rating and the positive outlook are unchanged reflecting our expectation that its Moody's-adjusted debt to EBITDA is already strong for the rating while the RCF to debt ratio is well within our guidance with upside potential next year if lower dividends are paid.

Exhibit 1
High dividend payout in 2021 to temporarily weigh on cash flow coverage of debt
Historic and projected evolution of (Moody's-adjusted) RCF/debt



Source: Company reports, Moody's Investors Service

Exhibit 2
Favourable commodity price environment supports gradual reduction in Neptune Energy's leverage
Historic and projected evolution of (Moody's-adjusted) gross debt/EBITDA



Sources: Company reports and Moody's Investors Service

Headquartered in London (UK), Neptune Energy Group Midco Ltd is an oil and gas exploration and production company incorporated in May 2017. The company is owned by three main shareholders namely China Investment Corporation (49.0%), Carlyle Group (30.6%) and CVC Capital Partners (20.4%), while management holds the remaining 1%. In the last 12 months that ended September 2021 the company reported average production of 125 kboepd (excluding loss of production insurance) split between natural gas (including LNG) for 75% and oil for 25%. It generated revenue of around $2 billion and Moody's-adjusted EBITDA of $1.3 billion.

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Planned equity issuance will allow PureGym to accelerate business growth

Originally published on 14 December 2021

On 14 December, Pinnacle Bidco Plc (PureGym, B3 stable) announced that KKR will make £300 million investment in the company's convertible preference shares at the Pinnacle Topco level. PureGym intends to use the proceeds to expand its gyms network in the UK and other countries, a credit positive because it will be able to strengthen its market position, increase EBITDA and reduce leverage while keeping the funded debt stable. The new equity will provide substantial liquidity allowing the company to comfortably withstand any future disruptions should COVID restrictions be tightened again.

The preference share will be issued at the Pinnacle Topco level above the restricted group and will be pushed down to the Pinnacle Bidco level in form of common equity. The dividends on the preference shares are non-cash and payable only at PureGym's discretion. The potential cash outflow is also restricted by the covenants at the restricted group perimeter and absence of the mandatory redemption for the new shares. The transaction will create a degree of additional group complexity since the new shareholders will be represented on the board, but with fewer rights than the common equity holders.

PureGym's operating performance has continued to recover in 2021 with total revenue in third quarter slightly exceeding 2019 levels. However, this was driven by approximately 11% more gyms as well as a higher average price per member, while like-for-like numbers of members remained at 88% in the UK and 85% in Denmark, the company's two key markets. The company-adjusted EBITDA was £25 million in third-quarter 2021, still behind the £31 million in third-quarter 2019 because of a combination of higher cleaning costs and “coronapass” requirements in Denmark and a lower average number of members per gym.

We expect that PureGym's membership base will continue to recover and that the company will be able to increase average price, reflecting its dynamic pricing model and higher inflation. Our base case does not anticipate any significant and prolonged restrictions for gyms in light of spread of the coronavirus Omicron variant. We expect the company's Moody's-adjusted debt/EBITDA to decrease to around 7x in 2022.

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Reduced EBITDA and debt-funded acquisition reverse Galderma's recent deleveraging

Originally published on 14 December 2021

On 9 December, Sunshine Luxembourg VII SARL (Galderma, B3 stable) held its third quarter (Q3) results call and provided details on its recently announced acquisition of premium skincare company Alastin. The sharp drop in EBITDA in the third quarter of 2021 versus a record quarter last year and the incremental debt required to fund the Alastin deal are credit negative because they reverse the reduction in leverage which Galderma had achieved in recent quarters.

Galderma's Moody's-adjusted EBITDA in Q3 2021 is approximately half that of the same quarter last year, when it was abnormally high because of a strong pick up in revenue, particularly in Aesthetics, whose volumes had declined the most at the onset of the pandemic, while costs remained low. In Q3 2021, sales performance was slightly above last year but costs were significantly higher. In particular, R&D expenses to support the development of nemolizumab and recent launches in Prescription, including Alkief and Twyneo, reduced earnings year-on-year. Galderma continues to aim for earnings growth per its syndicated plan. While Galderma's revenue growth prospects are solid and its future EBITDA growth will benefit from continued cost savings from its ongoing transformation, investment needs in development and marketing will remain and could somewhat constrain earnings growth in the future.

The Q3 2021 EBITDA decline prompted Moody's-adjusted gross debt/EBITDA of 8.8x at the end of September 2021, a return to around its March 2021 level, while adjusted leverage declined to below 7.5x as of June 2021 because EBITDA more than doubled year on year in Q2 2021. Moody's-adjusted EBITDA only includes a limited number of add-backs from management-reported EBITDA, mainly gains and losses on disposals, litigation and transformation-related items, although it is unlikely we will add back transformation costs to EBITDA beyond 2021, more than two years after the LBO.

Galderma will draw around $350 million on its revolving credit facility (RCF) to fund the acquisition of premium consumer skincare products company Alastin. Management has guided to an upfront valuation in the region of $400 million, implying that about $50 million of cash will be used in the transaction in addition to the debt drawings. Galderma's liquidity profile will remain adequate as a result, with a pro forma cash balance of around $270 million and around $90 million RCF still undrawn. The company has also guided to revenue of around $50 million for Alastin in 2021 and stated it was accretive to EBITDA. We estimate, however, that Alastin's EBITDA is currently immaterial. The valuation multiple is therefore very elevated despite the double digit percentage revenue growth that Alastin reportedly generates. As a result, the acquisition relevers Galderma further, to about 9.2x on a pro forma basis at the end of September 2021.

We expect that Galderma's leverage will come back down relatively quickly to below 8.0x in 2022 as EBITDA growth will continue. Although we expect revenue growth to slow next year, management reported that Galderma had $57 million of cost savings it planned to achieve in the next 18 months.

Following large outflows in 2019, the company has been free cash flow (FCF) positive since 2020 and we expect that cash generation will improve from 2022. It could accelerate deleveraging if the company decides to use its FCF to repay RCF drawings. However, Moody's-adjusted cash flow from operations/debt may not be sustainably above 5% for several quarters. In the next 12 months, we also expect that Moody's-adjusted leverage for Galderma will remain well above the 6.5x level required for upward rating movement.

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Marcolin's disposal of Thélios stake increases financial flexibility, a credit positive

Originally published on 14 December 2021

On 10 December, Italian eyewear manufacturer Marcolin S.p.A. (B3 negative) announced an agreement with LVMH Moet Hennessy Louis Vuitton SE (LVMH, A1 stable) to sell its stake in Thélios, the joint venture established in 2017 for the design and production of eyewear for some brands of the LVMH group. Thélios is currently 49% owned by Marcolin and 51% by LVMH. In addition, Marcolin will buy back the 10% stake that LVMH owns in Marcolin, and which was acquired by LVMH when Thélios was founded. The transaction will provide Marcolin with net cash proceeds of €128 million and is expected to be completed before year end.

The transaction is credit positive for Marcolin as it will provide additional liquidity and materially increase the company's financial flexibility. However, Marcolin has not yet disclosed the use of proceeds from this disposal.

Marcolin's operating performance has recovered in 2021 faster than our initial expectation, with revenue growing by almost 43% in the first nine months of the year compared to the same period in 2020 and its reported EBITDA increasing to €36 million from €8.5 million in the same period of 2020 (€31.5 million in 2019).

However, gross leverage remains high, with Moody's-adjusted debt/EBITDA at 12.4x as of the 12 months to September 2021. Leverage reduction beyond 2021 remains subject to a significant improvement in Marcolin's operating performance well above the pre-pandemic levels, implying sustained top-line growth, and maintaining its EBITDA margin at peak historical levels.

This structural improvement remains subject to execution risks. We estimate that Marcolin's Moody's adjusted EBITDA in 2022 will improve towards €60 million and its gross leverage would reduce to 6.7x, which would be still high for the current B3 rating. However, should the proceeds from the Thélios stake disposal be mostly applied to reduce debt, the company would restore a more sustainable capital structure, a credit positive.

Marcolin has invested significantly in Thélios over the past three years, with over €50 million contribution (shareholder loan and equity injection), which has drained its cash flow. Marcolin consolidates the JV with the equity method and we did not expect it would have contributed significantly to Marcolin's cash flow over the next 12 months through dividend payments.

However, we considered the partnership with LVMH a credit positive, because the indirect access to LVMH's brands translated into higher revenue visibility (although in the form of a prospective dividend inflow) and partly offset the group's high concentration on third-party licences.

Marcolin's credit profile is supported by the company's solid market position in the global eyewear market, with a well-balanced product and geographic diversification. The rating also factors in the company's modest size and the risk of licenses not being renewed, owing to the lack of significant proprietary brands and the high concentration of sales in a few brands.

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Australian High Court rules in Port of Newcastle's favour in access dispute, strengthening its revenue visibility

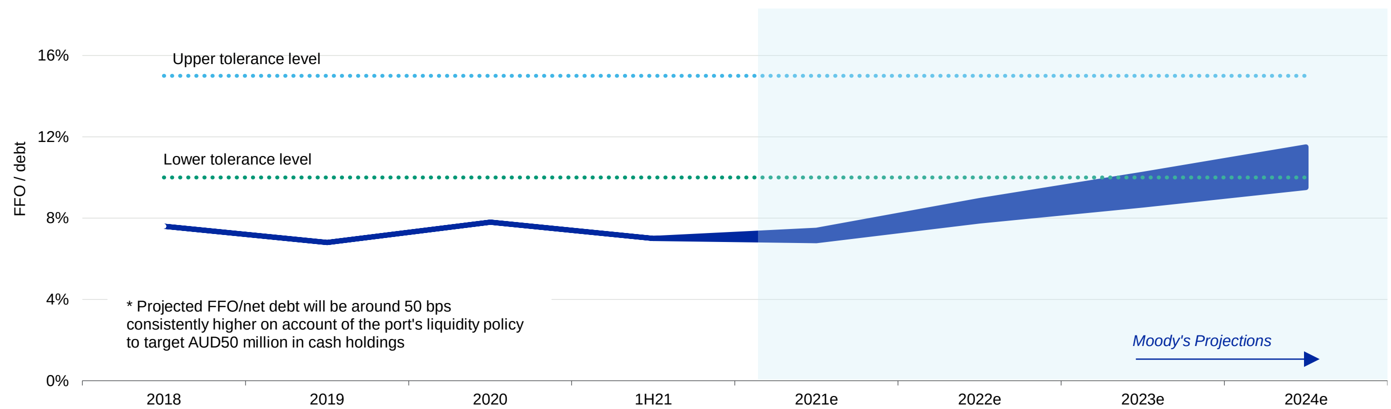
Originally published on 13 December 2021

On 8 December, the High Court of Australia ruled in Port of Newcastle Invt (Financing) Pty Ltd's (PON, Baa3 stable) favour in its long-standing dispute with Glencore Coal Assets Australia Pty Ltd (Glencore plc, Baa1 stable). The dispute centred on the port's coal navigation service charges levied on Glencore's coal volumes shipped through the port. These volumes represent just under a quarter of the port's current revenue and are therefore a driver of its credit profile.

The judgement is credit positive for PON because it removes a key risk to the port's ongoing revenue; improves revenue visibility because the ruling reinforces the appropriateness of the port's pricing practices; and removes the prospect of a liability relating to past charging practices. The outcome is consistent with our central scenario as factored into PON's Baa3 rating.

This bolstering of revenue visibility also imparts greater confidence that the port's credit metrics, as measured by funds from operations (FFO)/debt, will strengthen into Baa3 rating parameters (see exhibit), and provides a buffer to manage rising environmental, social and governance (ESG) challenges associated with PON's coal trade and execution risks on its diversification strategy to further expand into non-coal cargoes. The strengthening in metrics will be largely driven by retained earnings that will be reinvested into the port and generate earnings growth.

The High Court ruling increases the likelihood that PON's credit metrics will strengthen into Baa3 rating parameters



Tolerance bands outline the assigned range of credit metrics for the issuer that accord for its rating given its business profile. Credit metrics that are sustained below (or above) this range signify downward (upward) ratings pressure.
Source: Port of Newcastle and Moody's Investors Service

A key aspect of the dispute centred on whether the port is allowed to recover from current port users the costs for dredging the port's shipping channel, including those relating to parts of the shipping channel that were partially funded by user contributions before privatisation in 2014. The High Court ruling effectively upheld an earlier determination of the Australian Competition Tribunal in 2019, which allowed for coal navigation service charges payable by Glencore to the port to be set at just over AUD1 per gross tonne in 2018 terms. If costs relating to the parts of the channel originally funded by user contributions had been excluded, this determination would have fallen to around AUD0.61 per gross tonne.

PON's existing charging regime under 10-year bilateral agreements is currently around AUD0.84 per gross tonne (and escalates by at least the rate of inflation). Such charges are below the AUD1 per tonne level set in the 2019 determination by the Tribunal, and consistent with the High Court's ruling.

Had the High Court ruled against PON, coal navigation service charges could have declined by over 20 cents per gross tonne from the rate currently levied for Glencore's shipped volumes from around 2016 up to 2031. Through this decision, PON avoids negative pressure on its credit metrics by up to 150 basis points in this worst case scenario, a credit positive.

Still, the Australian Competition and Consumer Commission (ACCC) has indicated its concern that the High Court's decision means PON will receive a return on assets that it did not invest in and some port users could end up paying twice. As such, the ACCC is forming its own views on what legislative measures may be necessary to address this situation. Given the uncertainties around the timing and scope of such measures, PON's rating does not currently factor in any future adjustments to the charges.

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Podcasts and Videos

Focus on Finance - Podcast: Global banks' 2022 outlook is stable on strong capital, low credit losses, 15 December 2021

Banking analysts Michael Rohr and Donald Robertson explain how our outlook has improved for banks worldwide. Plus, Banking team analyst Svetlana Pavlova discusses how demographic trends in emerging markets are driving a divergence in banks' growth and profitability prospects.

Related reports: *Banks – Emerging Markets: Demographic trends will drive divergence of growth and profitability prospects* and *Banks – Global: 2022 outlook stable, reflecting sound capital and liquidity, with low credit losses (Slides)*

Outlook Connections - Podcast: COVID-19 is reshaping the future of work and travel, 14 December 2021

Ranjini Venkatesan and Jacintha Poh of the Corporates team and Andrew Blease of the Infrastructure Finance team discuss remote work, office space, business travel and commuting in Europe, Asia-Pacific and the Americas in light of the pandemic.

Related reports: *Airports – US: 2022 outlook remains positive as domestic travel recovery continues* and *REITs and REOCs – Global: 2022 Outlook mostly stable on improving economic outlook, greater mobility (Slides)*

The Big Picture - Podcast: COVID-19 and inequality: same storm, different boats, 14 December 2021

Susan Fitzgerald of the US Public Finance team and Gabriel Torres of the Sovereign team join host Sarah Carlson to discuss how the pandemic crisis has led to a rising focus on income inequality and disparities in access to education, healthcare and housing.

Related reports: *ESG – Emerging Markets: Environmental and social risk will curb growth potential from rise in urbanization* and *Regional and Local Governments – Emerging Markets: Infrastructure gap, inequality, weak labor markets underpin exposure to social risks*

Outlook Connections - Podcast: Supply chain disruptions will shape credit conditions in 2022, contribute to production shifts, 13 December 2021

In this episode of Moody's Talks – Outlook Connections, Anushka Shah from the Sovereign team and Daniel Harlid and Christina Boni from the Corporates team join host Natasha Brereton-Fukui to discuss how the supply chain weaknesses exposed by the pandemic will influence the credit outlook for governments and businesses in 2022 and beyond.

Related reports: *Trade – Global: Congestion at US West Coast ports exacerbates global supply chain woes* and *Retail and Apparel – US: 2022 Outlook is stable as outsized demand wanes and costs rise (Slides)*

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- Yili Industrial Group's equity placement is credit positive

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- Removal of supervisory board members clouds Aareal Bank's strategic direction, a credit negative

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- US insurers better match rate to risk as telematics gain consumer acceptance

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- Fed's December rate decision will balance inflation risks and COVID uncertainty

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REPORT NUMBER 1314234