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Ratings

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Enexis Holding N.V.

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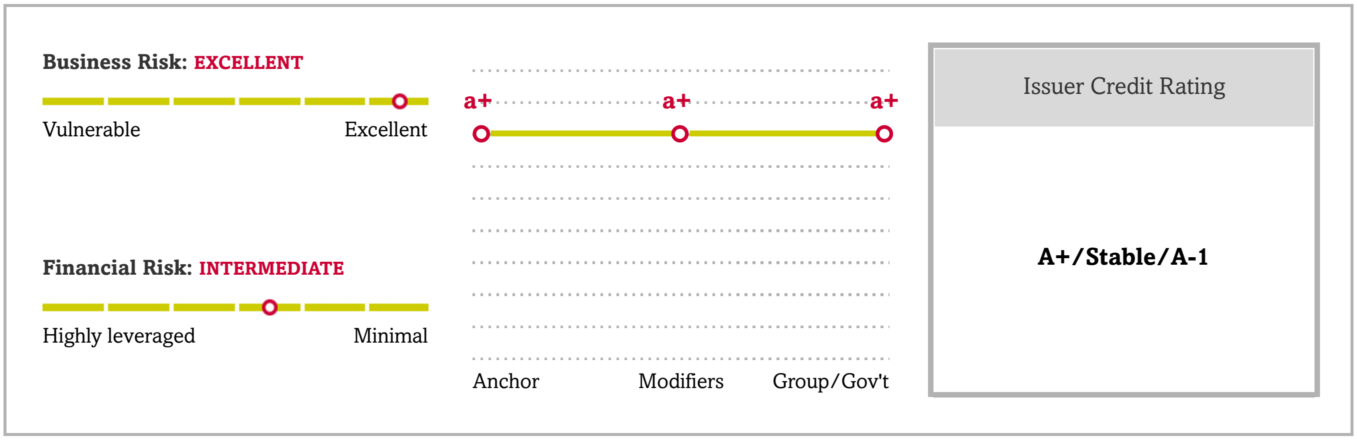
Enexis Holding N.V.



Credit Highlights

Overview

Key strengths	Key risks
Second-largest gas and electricity distributor in the Netherlands, with an EBITDA of €710 million.	Significant capital expenditure (capex) requirements over the near-term will result in higher funding needs and could strain credit metrics.
Credit-supportive operating environment, supported by Dutch regulatory framework.	Regulatory returns will continue to decline, putting additional pressure on EBITDA generation.
Majority of EBITDA coming from purely regulated activities, with a high degree of stability and predictability.	Technically skilled workforce to deal with the increasing workload remains a key operating challenge of the energy transition.

The Dutch regulatory framework continues to foster a credit-supportive operating environment for Enexis Holding N.V. (Enexis). S&P Global Ratings believes that operating under the Dutch regulatory framework enhances Enexis' credit quality because of the well-established remuneration mechanisms, which are transparent and predictable from one regulatory period to the next. We also believe that companies operating in the Dutch framework typically exhibit a stable credit metric trajectory due to the company's ability to recover its regulated costs in full, including capex, depreciation, and operating expenditures. In addition, we believe the Dutch regulator, the Authority for Consumers and Markets (ACM) has a good track record of balancing the interests of consumers with those of investors, which helps regulated utilities to earn a fair return and remain attractive in the capital markets over the longer term.

However, we see increasing pressure on regulatory remuneration from an ever-declining weighted-average cost of capital (WACC), as a result of the protracted low-interest rate environment. We expect WACC will decline to 2.83% in 2021 from 4.10% in 2017, marking the end of a five-year regulatory period. We believe that this will continue to pressure Enexis' EBITDA generation and credit metrics over the next two years, and most likely over the new regulatory period, beginning in 2022.

The energy transition, in line with new Dutch climate policy, drives higher capex needs and is another source of pressure. Dutch climate policy entails a strong increase in renewable energy production in order to achieve a target of 70% of total power produced by 2030. This is resulting in an increasing number of new solar and wind parks, which need to be connected to Enexis' grid. As such, capex increased by 16% in 2019, compared with 2018, and we expect it will increase by a further 10%-15% in 2020, remaining at above-average levels in 2021. In total, we forecast Enexis deploying close to 50% of its capex on its electricity grid, 25% on its gas networks, and the rest in smart metering deployment and other purposes.

In our opinion, such investments add to Enexis' regulatory asset base (RAB), and therefore to its regulated revenue, and will ultimately help the company cope with lower regulatory returns. However, we note that new investments in RAB are recognized only until the beginning of the next regulatory period (2022) and will only be incorporated into remuneration at that point. The delay in the recognition of new assets deployed represents a disadvantage compared with other jurisdictions where capex is recognized without a time lag, such as Germany, for example, as it increases an operator's short-term funding needs.

Enexis posted FFO to debt of 22.6% in 2019, which is in line with our expectations. We expect the company's FFO to debt will remain above our 18% trigger for the 'A+' rating over 2020 and 2021. However, if a substantially lower WACC were to materialize, we see a risk that Enexis' credit metrics headroom could erode progressively toward the next regulatory period beginning in 2022.

The new regulatory period will start in 2022. The consultation period towards the regulatory revision began in September 2019 and will be open until January 2021, when the ACM is due to publish the preliminary results regarding the method decision. After that window, we understand all players would have an allegation period between January and July 2021, when the regulator reaches a final decision. Although the final conditions are still under discussion, we believe that regulatory returns will continue to decline due to a protracted period of lower interest rates and therefore a lower regulatory cost of debt. In addition, we believe the regulatory period could span three years, down from five in the current regulatory period. Typically, this would reduce the level of visibility over a regulatory period; however, in this case, it would allow the company to prevent cost mismatches and better align the regulatory period with new energy legislation, which is unlikely to be approved before 2022.

Outlook: Stable

The stable outlook on Enexis reflects our expectation that the company will post FFO to debt of 18%-20% over the next two years. Although Enexis has incremental debt needs, due to an intensive capex program as part of the Dutch government's energy transition plan, the company's financial headroom should be sufficient to maintain this ratio above the 18% threshold for the rating. In addition, we expect the effects of higher transport tariffs will be on average neutral over time, since they will be recoverable in 2022.

We also expect that the effects of a declining regulatory WACC over the current regulatory period will be manageable due to Enexis' operating efficiencies. Although taking effect in the new regulatory period, a higher RAB should also partially contribute in mitigating these effects over the medium term.

Downside scenario

We could downgrade Enexis if the company's FFO to debt were to decline and remain below 18%. We believe this is unlikely in the next two years, given the company's headroom, but could occur due to substantially lower regulatory returns over the next regulatory period. In addition, although unlikely in our view, this could also happen if we see a higher-than-expected increase in debt and shareholder distributions.

Upside scenario

We could raise the rating if we thought Enexis could sustain adjusted FFO to debt comfortably above 23%, with no deterioration in business risk. This could be driven, for example, by favorable regulatory events coupled with management's commitment to a financial policy that supports credit metrics above that level.

Our Base-Case Scenario

Assumptions

- Regulatory WACC decreasing to 3.16% in 2020, and to 2.83% by the end of the regulatory period, due to a reduced cost of debt.
- We forecast flat revenue growth in 2020 and 2021, with declining profitability, mainly due to additional transportation costs.
- We expect net capex at €710 million in 2020, and remaining at those levels in 2021. This is compared to an average of €570 million over the past five years.
- We anticipate higher financing needs over our forecast scenario, as a result of higher capex. We

Key Metrics

	2019a	2020f	2021f
Debt to EBITDA (x)	3.7	4.1-4.4	4.5-4.7
FFO to debt (%)	22.6	19-20	18-19
DCF to debt (%)	(12.3)	(11-13)	(10-12)
Debt to debt plus equity (%)	39.3	40-42	41-43

a--actual. f--forecast. FFO--Funds from operations. DCF--Discretionary cash flow.

also forecast that the company will refinance maturities as and when they become due.

- Increase in investments should result in a higher RAB over the next regulatory period, partially mitigating WACC downward pressure.
- Lower headroom to over perform regulated cost of debt as allowed cost of debt continues to decline.
- Slightly declining interest expense trajectory, due to better refinancing conditions, in general.
- An annual dividend payout ratio of 50%.

Base-case projections

We forecast declining profitability over 2020 and 2021, mainly due to higher transport fees. This is partially mitigated by Enexis's cost cutting and operating efficiency measures. We forecast an EBITDA margin of 44%-46% in 2020 and 2021, down from 47.6% in 2019.

Any negative effect on credit metrics caused by the Tennet fee will be fully compensated for in tariffs from 2022. Starting in 2020, all distribution system operators (DSOs) in the Netherlands will have to pay a higher tariff for high and ultra-high-voltage transmission to Tennet, which will be recoverable in two years, when the DSOs will be able to pass through these tariffs to households. We estimate that this fee translates into approximately €50 million annual increase in costs for Enexis, which is about 200-210 basis points in terms of FFO to debt. Since this will be recovered with a lag, we believe that the effect should be, on average, neutral, despite near-term cash flow mismatches.

Higher capex, lower returns, and cash mismatches will result in higher funding needs. We forecast that Enexis' capex and lower returns, coupled with cash flow mismatches resulting from the additional Tennet fee and lag in RAB recognition, will result in additional gross debt of €250 million-€260 million in both 2020 and 2021.

Company Description

Enexis engages in the installation, maintenance, operation, and development of distribution grids for electricity and gas in the Netherlands. Through its main subsidiary, Enexis Netbeheer B.V., the company's electricity grid covers 139,900 kilometers (km) with 2.8 million connection points, while its gas grid covers 46,400 km with 2.3 million connection points, making it the second-largest Dutch DSO, only behind Alliander. Through its network, the company provides electricity and gas in the Dutch provinces of Groningen, Drenthe, Overijssel, Noord-Brabant, and Limburg.

Enexis is owned by the Provinces of Noord-Brabant (30.8%), Overijssel (19.7%), Limburg (16.1%), Groningen and Drenthe (9%), and the rest is owned by other smaller 88 municipalities.

Business Risk: Excellent

The Dutch regulatory framework is a key business risk strength for Enexis. The low-risk regulated operating environment for Enexis' electricity and gas network business, and the company's high-quality assets focused on the Dutch market, represent a key strength. We assume that Enexis will continue to generate more than 95% of its EBITDA from regulated activities in the near term under our base-case scenario.

Enexis is one of the best in terms of grid operational performance. Enexis continues to outperform the sector in terms of the average electricity outage time. In 2019, the company achieved an annualized electricity outage time of 14.2 minutes, down from 16 minutes in 2018, which compares well to an industry average of 23-25 minutes. Under the Dutch methodology, DSOs with lower outage times receive higher remuneration. This means that Enexis is entitled to more remuneration than peers with higher outage times on this specific component.

We believe that the energy transition provides stimulus for the Dutch DSOs, including Enexis. We believe that investments related to the energy transition will increase the sector's asset base, yielding long-term cash flows, particularly in the electricity grid. In addition, we believe that the role of DSOs will become increasingly relevant as thermal capacity is phased out, and power in the Netherlands migrates toward decentralized generation.

However, we see lower prospects for gas infrastructure. Even if there is still room for investments in gas networks, we believe that deployment will be increasingly more selective. In addition, the Netherlands has already banned new connection points in new houses, and has a policy of phasing out gas by 2050. Biogas and hydrogen development is still in the experimental phase, and the future for these energy avenues remains uncertain. However, we understand that Enexis' gas grid will be 100% compatible with gas, biogas, and hydrogen by 2022, which already provides some protection against stranded asset risks.

The technically skilled workforce required to deal with the increasing workload remains an operating burden for the industry, including Enexis. We understand that the new decentralized capacity is an increasing challenge for the sector. Government incentives for renewables are currently allowing for scattered projects inland, which are both difficult to reach for DSOs, and to connect to the network. This adds to the limited transmission capacity in such areas.

Because all DSOs in the Netherlands have an 18-week mandate to connect a project, the resulting increase in work volume and lack of technically skilled labor are becoming issues. We understand that Enexis faced some delay in capex due to these factors in 2019, particularly for high-volume customers. This remains one of the most relevant operating challenges of the industry and for the energy transition in the Netherlands.

Over the medium term, district heating could represent an additional source of growth. The VEt act that came into effect in 2018 allows Enexis to experiment with alternative infrastructures other than its gas and electricity distribution activities. As a result, Enexis is exploring the possibility of participating in district heating infrastructure through its subsidiary Enplus. Dutch legislation appears to be trending toward merging the gas and electricity acts, and merging those two with the heat act later on. This would give Enexis the opportunity to expand its business without eroding its share of regulated activities, if district heating became a fully regulated activity.

Peer comparison

Table 1

Dutch Utility Companies-- Rating Factors

	Enexis Holding N.V.	Stedin Holding N.V.	Alliander N.V.	TenneT Holding B.V.	N.V. Nederlandse Gasunie
As of March 6, 2020					
Issuer credit rating	A+/Stable/A-1	A-/Stable/A-2	AA-/Stable/A-1+	A-/Stable/A-2	AA-/Stable/A-1+

Table 1

Dutch Utility Companies-- Rating Factors (cont.)					
Business risk profile	Excellent	Excellent	Excellent	Excellent	Excellent
Country risk	Very Low	Very Low	Very Low	Very Low	Very Low
Industry risk	Very Low	Very Low	Very Low	Very Low	Very Low
Competitive position	Excellent	Excellent	Excellent	Strong	Excellent
Financial risk profile	Intermediate	Significant	Modest	Aggressive	Intermediate
Initial rating outcome (anchor)	a+	a-	aa	bbb	a
Modifiers					
Diversification - portfolio effect	Neutral	Neutral	Neutral	Neutral	Neutral
Capital structure	Neutral	Neutral	Neutral	Neutral	Neutral
Liquidity	Adequate	Adequate	Adequate	Adequate	Adequate
Financial policy	Neutral	Neutral	Neutral	Neutral	Neutral
Management and governance	Satisfactory	Satisfactory	Satisfactory	Fair	Satisfactory
Comparable rating analysis	Neutral	Neutral	Negative (-1 notch)	Neutral	Neutral
Stand alone credit profile	a+	a-	aa-	bbb	a
Related government rating				AAA	AAA
Likelihood of government support				Moderately High (+ 2 notches)	High (+ 2 notches)
Key financial figures					
(Mil. €)	**-- Fiscal Year 2019--**	**-- Fiscal Year 2018--**			
Revenue	1,491.0	1,286.0	1,920.0	4,269.0	1,327.3
EBITDA	710.0	533.5	754.0	1,697.0	767.1
Funds from operations (FFO)	600.4	379.6	625.4	1,246.3	587.4
Interest expense	57.6	97.9	64.6	216.7	102.0
Cash interest paid	59.6	99.9	71.6	211.7	80.6
Cash flow from operations	539.4	469.6	644.4	1,315.3	525.7
Capital expenditure	638.4	601.0	605.0	2,316.0	324.6
Free operating cash flow (FOCF)	(99.0)	(131.4)	39.4	(1,000.7)	201.1
Discretionary cash flow (DCF)	(221.0)	(153.4)	(63.1)	(1,313.7)	(57.7)
Cash and short-term investments	62.0	168.9	140.0	8.0	57.1
Debt	2,640.0	3,236.7	2,192.7	10,250.8	3,930.4
Equity	4,112.0	2,448.5	3,881.5	5,310.0	5,800.7
Adjusted ratios					
EBITDA margin (%)	47.6	41.5	39.3	39.8	57.8
Return on capital (%)	5.4	4.1	6.8	6.2	4.5
EBITDA interest coverage (x)	12.3	5.5	11.7	7.8	7.5

Table 1

Dutch Utility Companies-- Rating Factors (cont.)					
FFO cash interest coverage (x)	11.1	4.8	9.7	6.9	8.3
Debt/EBITDA (x)	3.7	6.1	2.9	6.0	5.1
FFO/debt (%)	22.7	11.7	28.5	12.2	14.9
Cash flow from operations/debt (%)	20.4	14.5	29.4	12.8	13.4
FOCF/debt (%)	(3.8)	(4.1)	1.8	(9.8)	5.1
DCF/debt (%)	(8.4)	(4.7)	(2.9)	(12.8)	(1.5)
N.M.--Not meaningful					

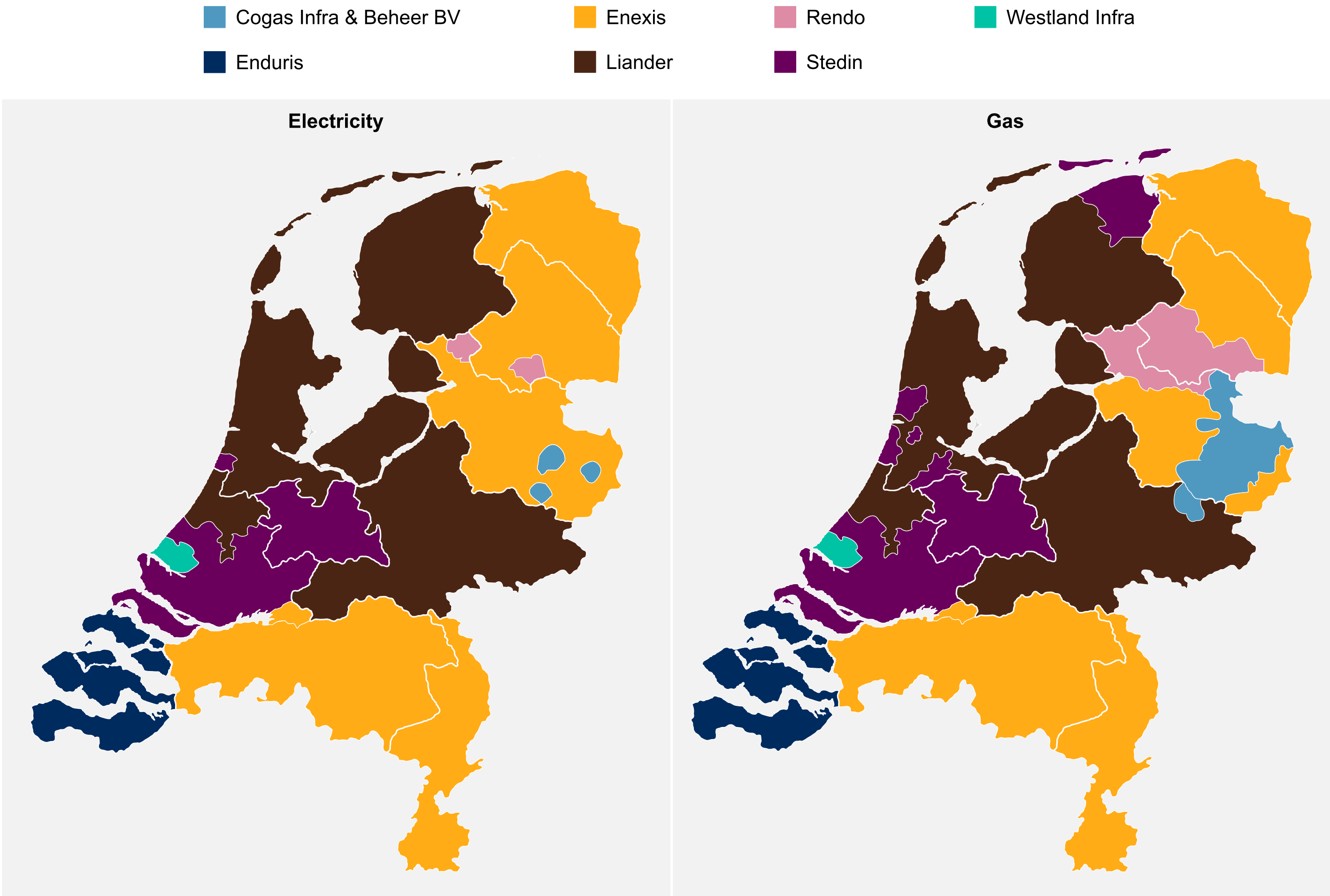
Enexis is the second-largest Dutch DSO, out of eight, with 5.1 million gas and electricity connection points (cps), only behind Alliander, with 5.7 million cps, and ahead of Stedin, with 4.6 million cps.

We see Alliander and Stedin as Enexis' closest peers since they all operate in the same industry. We see Enexis as closer to Alliander rather than Stedin, both because of its scale and healthier financial metrics, even though Alliander bears the lowest leverage of the three and therefore the highest rating.

As opposed to Stedin, which operates in a more dense territory, both Enexis' and Alliander's operating territories include large rural areas prone to the development of decentralized wind and solar generation, which means higher activity in terms of grid adaptation.

Chart 1

Map of Dutch Electricity and Gas Distribution System Operators



Source: Companies' annual reports, S&P Global Ratings.

Financial Risk: Intermediate

We benchmark Enexis' ratios against our low volatility table, because the company derives most of its revenue from its Netherlands-based regulated activities with a strong regulatory advantage.

We forecast Enexis' leverage as consistent with our current rating over 2020 and 2021. We expect an FFO to debt of18%-20%. This leaves some headroom above our 18% trigger for the current category, even with the temporary cash mismatch caused by an increase in transport fees.

However, all things equal, we see medium-term risks of credit metrics weakening because of declining regulatory returns and a significant increase in capex, which will cause the company to remain essentially cash flow negative over the foreseeable future, and in consequence translate into higher funding needs.

Financial summary

Table 2

Enexis Holding N.V.--Financial Summary						
Industry sector: Electric						
	--Fiscal year ended Dec. 31--					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
(Mil. €)						
Revenue	1,402.1	1,353.4	1,376.0	1,380.0	1,445.0	1,491.0
EBITDA	758.3	706.3	701.0	699.0	760.0	710.0
Funds from operations (FFO)	592.9	506.1	558.7	575.6	621.0	600.4
Interest expense	87.0	101.0	81.3	67.4	66.4	57.6
Cash interest paid	85.3	86.2	82.3	63.4	66.0	59.6
Cash flow from operations	600.0	543.7	550.8	582.6	616.0	539.4
Capital expenditure	396.1	431.6	521.2	514.0	558.4	638.4
Free operating cash flow (FOCF)	203.9	112.1	29.6	68.6	57.6	(99.0)
Discretionary cash flow (DCF)	84.4	(20.7)	(81.4)	(35.4)	(45.4)	(221.0)
Cash and short-term investments	206.3	201.0	198.0	286.0	31.0	62.0
Gross available cash	192.3	180.9	184.1	286.0	31.0	62.0
Debt	1,657.9	2,163.0	2,203.0	2,302.5	2,343.5	2,640.0
Equity	3,516.7	3,607.7	3,704.0	3,808.0	4,024.0	4,112.0
Adjusted ratios						
EBITDA margin (%)	54.1	52.2	50.9	50.7	52.6	47.6
Return on capital (%)	8.6	7.4	6.0	5.7	6.6	5.4
EBITDA interest coverage (x)	8.7	7.0	8.6	10.4	11.5	12.3
FFO cash interest coverage (x)	7.9	6.9	7.8	10.1	10.4	11.1
Debt/EBITDA (x)	2.2	3.1	3.1	3.3	3.1	3.7
FFO/debt (%)	35.8	23.4	25.4	25.0	26.5	22.7
Cash flow from operations/debt (%)	36.2	25.1	25.0	25.3	26.3	20.4
FOCF/debt (%)	12.3	5.2	1.3	3.0	2.5	(3.8)
DCF/debt (%)	5.1	(1.0)	(3.7)	(1.5)	(1.9)	(8.4)

N.M.--Not meaningful.

Liquidity: Adequate

We continue to assess Enexis' liquidity as adequate based on our expectation that the company's sources will exceed its uses by more than 1.1x over the 12 months starting Dec. 31, 2019, despite increasing capex needs and debt maturities of €800 million. We also believe that the company could withstand the stress of a 10% drop in EBITDA. In addition, we believe that Enexis will be able to absorb cash flow mismatches stemming from higher transportation fees and delayed capex realization.

Our assessment captures qualitative factors such as Enexis' prudent risk management, reflected in the refinancing of its maturities well in advance, and its diverse sources of funding. We also believe that Enexis has a high standing in the credit markets. For instance, in July 2019, the company achieved its lowest ever coupon at 0.75%, and longest tenor in 12 years in the issuance of its €500 million bond.

Principal Liquidity Sources	Principal Liquidity Uses
• Unrestricted cash and short-term marketable securities of €63 million as of year-end 2019. • Access to an undrawn committed revolving credit facility of €1.3 billion maturing beyond 12 months. • Projected cash FFO of €570 million-€580 million.	• Debt maturities of about €800 million. • Capex of €710 million-€720 million. • Dividend distributions of €110 million-€120 million.

Group Influence

We base our ratings on Enexis Holding N.V. and its subsidiary Enexis Netbeheer B.V. on the consolidate group credit profile at Enexis Holding. Enexis Netbeheer B.V. is deemed to be a core entity that is integral to the Enexis Holding N.V. group and is therefore rated the same as Enexis Holding N.V. Enexis B.V. is integral to the overall group strategy given it contains the bulk of the operating assets.

Issue Ratings - Subordination Risk Analysis

Capital structure

As of Dec. 31, 2019, Enexis reported total interest bearing liabilities of €2.7 billion, out of which about €2.3 billion corresponded to Euro Medium Term Notes. The remainder comprised of short-term debt, lease liabilities, and debt issued under the company's Euro Commercial Paper program.

Analytical conclusions

We rate Enexis' debt at the same level as the issuer credit rating, reflecting our view that subsidiary debt does not represent a subordination risk that could result in credit disadvantages to bondholders.

Reconciliation

Table 3

Reconciliation Of Enexis Holding N.V. Reported Amounts With S&P Global Ratings' Adjusted Amounts

	--Fiscal year ended Dec. 31, 2019--						
Enexis Holding N.V. reported amounts							
(Mil. €)	**Debt**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Capital expenditure**
Reported	2589	732	353	55	710	647	746

Table 3

Reconciliation Of Enexis Holding N.V. Reported Amounts With S&P Global Ratings' Adjusted Amounts (cont.)

S&P Global Ratings' adjustments							
Cash taxes paid	--	--	--	--	(50.0)	--	--
Cash taxes paid: Other	--	--	--	--	--	--	--
Cash interest paid	--	--	--	--	(57.0)	--	--
Reported lease liabilities	107.0	--	--	--	--	--	--
Accessible cash and liquid investments	(62.0)	--	--	--	--	--	--
Capitalized interest	--	--	--	2.6	(2.6)	(2.6)	(2.6)
Nonoperating income (expense)	--	--	2.0	--	--	--	--
Debt: Guarantees	6.0	--	--	--	--	--	--
EBITDA: Other	--	(22.0)	(22.0)	--	--	--	--
Depreciation and amortization: Other	--	--	22.0	--	--	--	--
Operating cash flow: Other	--	--	--	--	--	(105.0)	--
Capital expenditure: Customer contributions	--	--	--	--	--	--	(105.0)
Total adjustments	51.0	(22.0)	2.0	2.6	(109.6)	(107.6)	(107.6)

S&P Global Ratings' adjusted amounts

	Debt	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Capital expenditure
	2640	710	355	57.6	600.4	539.4	638.4

Source: S&P Global Ratings.

Ratings Score Snapshot

Issuer Credit Rating

A+/Stable/A-1

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Excellent

Financial risk: Intermediate

- **Cash flow/leverage:** Intermediate

Anchor: a+

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- 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: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Dutch Electricity And Gas Networks: Why We See The Regulatory Frameworks As Supportive, May 15, 2019.

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	**a+/a**	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of March 6, 2020)*

Enexis Holding N.V.	
Issuer Credit Rating	A+/Stable/A-1
Senior Unsecured	A+
Issuer Credit Ratings History	
13-Dec-2016	A+/Stable/A-1
06-Oct-2014	A+/Stable/--
15-Aug-2013	AA-/Stable/--
Related Entities	
Enexis Netbeheer B.V.	
Issuer Credit Rating	A+/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.