S&P Global Ratings

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Hera SpA

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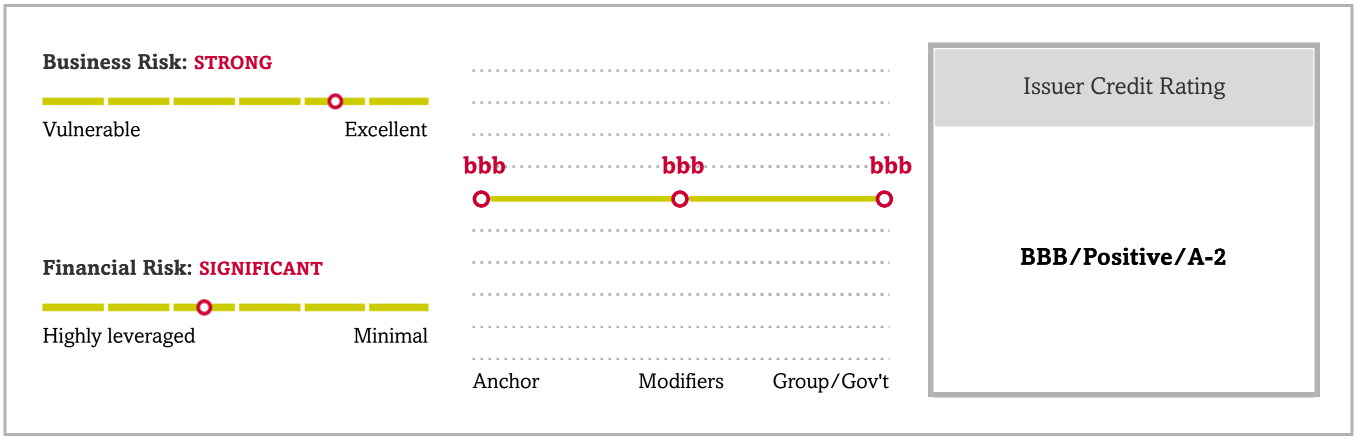
Hera SpA



Credit Highlights

Overview

Key Strengths	Key Risks
Stable and predictable cash flow generation from fully regulated activities in electricity, gas, and water distribution, together representing about 50% of 2018 EBITDA.	Exposure to Italy, because we believe that a default of Italy would affect the company's capacity to finance itself. As a result, the rating on Hera is limited to one notch above the Italy sovereign rating.
Dominant position in North East Italy in waste and water management and a leading position among domestic energy suppliers (mainly gas).	Expected negative free cash flow after investments and dividends over 2019-2021.
Sound financial policy with a commitment to the current rating level.	Highly acquisitive growth strategy, but with limited debt financing.

S&P Global Ratings expects that Hera SpA's business mix will help maintain stable and predictable cash flow generation. In 2020, we expect 55% of cash flow will derived from regulated activities, compared with 43% in 2018. Hera dedicates a high share of its investments to its regulated gas and water distribution operations and quasi-regulated waste treatment activities.

Internal growth and bolt-on acquisitions will continue to support a gradual increase in EBITDA. Hera's significant investment plan includes opportunities in the gas retendering process, and additional acquisitions in the waste and supply businesses. This is in line with the actual consolidation trend in the Italian fragmented market.

We believe Hera's sound financial strategy will continue to support improving credit metrics. The company finances its capital expenditure (capex) plan via rising but controlled leverage, and its acquisitions are based on shares and asset swaps in order to protect credit ratios. Hera shows a commitment to maintaining a strong liquidity position, demonstrated by its €500 million bond issued on July 5, 2019, that largely covers its 2019 maturities.

Outlook: Positive

The positive outlook indicates the possibility of an upgrade in the next 12-18 months if EBITDA keeps strengthening and profitability remains stable, fostered by increasing investments in regulated or quasi-regulated activities and disciplined dividend and acquisition policies. This should lead to a sustained improvement in credit metrics, notably adjusted funds from operations (FFO) to debt of above 23% in our forecast period.

In our base case we are not assuming sizable debt-funded acquisitions, which could lead us to reassess the company's creditworthiness.

Downside scenario

We could revise the outlook to stable over the next 12-18 months if Hera's FFO to debt (including income from last-resort clients) stabilizes below 23%. This could happen if:

- Hera undertook larger cash acquisitions or increased its dividend, deviating from what we would view as a prudent financial policy;
- The economic environment in Italy turned negative, thereby constraining Hera's growth strategy; or
- Changes in the regulatory framework for Hera's network business (water, gas, and electricity) were to impede the company's ability to achieve its EBITDA targets.

We would also revise Hera's outlook to stable if we lower our unsolicited rating on Italy to 'BBB-' from the current 'BBB', because we cap our rating on Hera at one notch above the sovereign rating.

Upside scenario

We could raise the rating if Hera maintains its sound financial performance while deploying its investment plan and generating healthy cash flow after capex and dividends. This should translate into EBITDA improving toward €1.1 billion by 2020, while FFO to debt (including income from last-resort clients) stays above 23% for a prolonged period.

An upgrade would also depend on Hera adhering to a prudent financial policy and our unsolicited rating on Italy remaining at 'BBB'.

Our Base-Case Scenario

Assumptions

In our base case for 2019-2021, we assume:

- Real GDP growth in Italy of 0.1% in 2019, 0.5% in 2020, and 0.7% in 2021, coupled with Italian consumer price inflation (CPI) of about 0.8% over 2019, 1.0% in 2020, and 1.2% in 2021. However, GDP growth has only a limited effect on Hera, as it derives a large share of its revenue from long-term contracted or regulated activities.
- Revenue increases of 1.0% per year.
- Reported EBITDA improving by a compound annual growth rate of about 3.5% to about €1.1 billion by 2021, up from €985 million in 2017 and €1.0 billion in 2018.
- A stable reported EBITDA margin of about 19%.
- Cash taxes of €160 million-€170 million.
- Negative changes in working capital by €100 million on average.
- Annual capex of €650 million on average, up from close to €500 million in 2018 and €440 million in 2017.
- Cash dividends of €150 million-€160 million, based on a 55%-60% payout ratio. Any changes in the dividend policy would weigh on the ratings.
- Net reported debt of €2.9 billion-€3.1 billion.

Key Metrics

	2018a	2019e	2020e	2021e
EBITDA (mil. €)	1,009.9	1,000-1,060	1,040-1,100	1,090-1,150
FFO (mil. €)	740.5	740-800	770-830	810-900
Debt (mil. €)	3,142.2	3,170-3,600	3,280-3,750	3,540-3,890
Dividends (mil. €)	151.4	155-165	155-165	165-175
Capex (mil. €)	469.7	550-580	580-610	700-730
FFO to debt (%)	23.6	22.2-23.8	22-23.9	22.4-23.1
Debt to EBITDA (x)	3.1	3.1-3.4	3.1-3.4	3.2-3.4

*All figures are S&P Global Ratings-adjusted. The credit metrics represented include income from last-resort clients. a--Actual. e--Estimate. FFO--Funds from operations. Capex--capital expenditure.

Base-case projections

Hera's 2018-2022 business plan targets higher capex and dividends. As part of the business plan, Hera announced an acceleration of investments, expecting to invest €3.12 billion over 2018-2022, which is more than the €2.66 billion included in the 2017-2021 business plan. €2.2 billion will be invested in networks, €618 million in waste, and the remaining €300 million in the electricity sales business. Dividend per share is expected to increase by 16% over 2018-2022, with a payout ratio of about 55% in 2018 expected to increase toward 60% in 2022.

We expect the large investment plan will be financed by a slight increase in leverage over the planned period. Hera expects to generate about €700 million of free operating cash flow after maintenance capex and dividends, which should be more than offset by €1.14 billion of development capex (€0.42 billion of organic development, €0.26 billion for mergers and acquisitions, and €0.47 billion for gas tenders.) This should lead debt to EBITDA to increase to about 2.9x in 2022 from 2.54x in 2018. Cost of debt should remain stable at 3.7%.

Hera's asset swap with Ascopiave SpA will have only a marginally negative effect on Hera's business risk position, with the group losing about 4% of its fully regulated EBITDA from gas distribution. On July 30, 2019, Hera announced its binding offer for Ascopiave's gas and power clients (EBITDA of about €60 million-€80 million) in exchange for 188,000 gas-distribution delivery points in northeast Italy. This asset swap will not result in any cash outflow, but leaves Hera with a €466 million put option on the remaining shares in EstEnergy SpA (52% owned by Hera), which can be exercised wholly or in part each year over seven years. We will monitor the likelihood of the put option being exercised every year, and reassess Hera's creditworthiness accordingly, taking into account the group's updated business plan, which we expect will be published at the beginning of 2020.

Our revised ratios and adjustments criteria has affected our calculation of Hera's credit metrics. On account of our revised criteria, published April 1, 2019, adjusted FFO is less affected by lower cash interest paid than it is by interest expense. The updated criteria does not consider financial income in the FFO calculation. However, in our assessment of Hera's overall creditworthiness, we consider the company's about €25 million non-negligible income from clients in 2018, which we treat as operating income. This positively affects our calculation of Hera's FFO by about 80 basis points (bps).

Company Description

Bologna-headquartered Hera is one of Italy's largest multi-utilities. Its operations include:

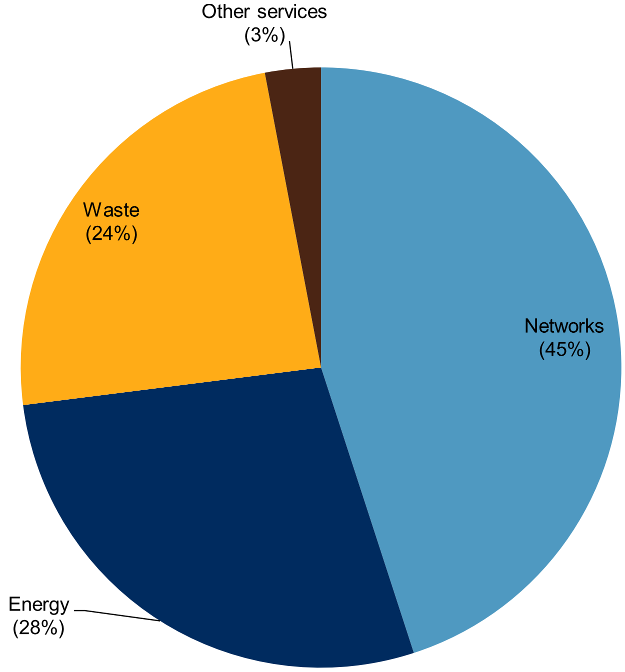
- Gas (31% of 2018 EBITDA), including distribution, sales, heating, and heat management.
- Electricity (18%), including distribution, sales, and co-generation.
- Waste (24%), including the entire waste cycle (waste collection, treatment, recovery, and disposal).
- Water (24%), including integrated water cycle (aqueducts, purification, and sewerage).
- Other services (3%), including public lighting, telecoms, and minor services.

The group has over 8,670 employees, and serves about 4.4 million customers in over 350 municipalities across five regions in northern and central Italy (Emilia-Romagna, Friuli-Venezia Giulia, Marche, Tuscany, and Veneto). Hera's shareholding structure includes 111 municipalities in the reference territory, which together with other public shareholders hold approximately 47.9% of the share capital. The shareholder base is characterized by the presence of numerous municipalities, with a relatively low concentration of shares and a widespread private shareholding. About 52.1% is free float. (see chart 2)

In 2018, Hera reported €6,626 million of revenue and €1,031 million of EBITDA.

Chart 1

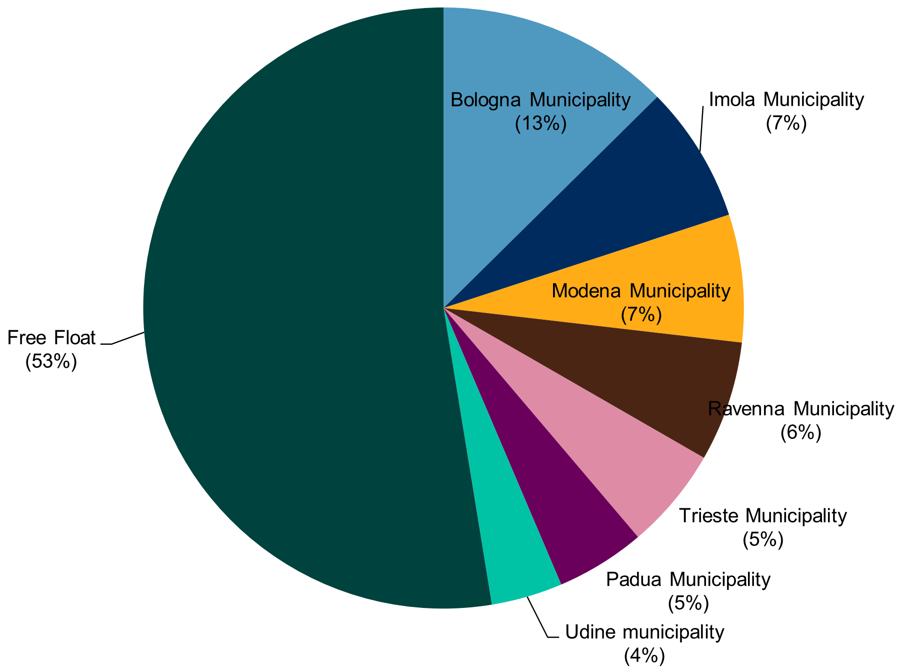
2018 EBITDA Split By Segment



Source: company data.

Chart 2

Shareholding Structure As Of July 30, 2019



Source: S&P Global Ratings.

Business Risk: Strong

We base our assessment of Hera's business risk profile on its diversified portfolio of utility businesses in one of Italy's wealthiest regions, and its dominant local market position. Hera's business risk profile benefits from the significant (about 45% of 2018 EBITDA) contribution from fully regulated water, gas, and power distribution activities under long-term concessions that are remunerated based on tariffs established by the national regulatory authority (ARERA). We expect fully regulated activities will increase to 55% of total EBITDA at the end of Hera's 2018-2022 business plan. This is because the company has said €2.2 billion of the €3.12 billion capex in the business plan will be dedicated to fully regulated activities (see chart 3). In addition, expected regulatory changes will positively affect the waste collection business (7% of EBITDA in 2018) in 2020 under ARERA's current schedule. About 28% of EBITDA comes from stable waste treatment activities, focused in northern Italy. More volatile earnings come from energy, including retail power and gas supply activities, which accounts for 17% of EBITDA, and other services, including public lighting and telecommunication, which account for 3%.

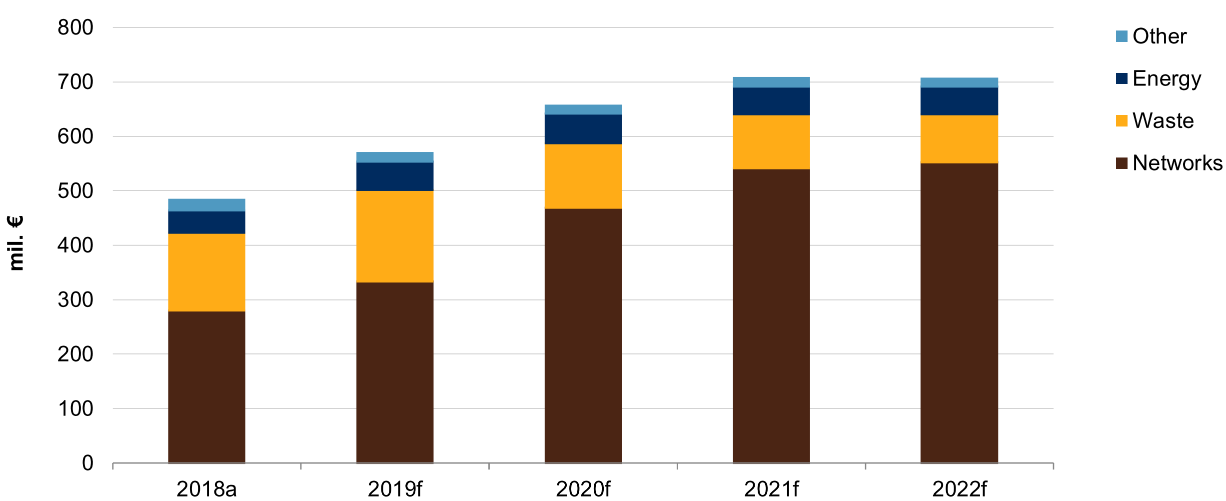
We expect acquisitions will fuel Hera's growth in the low-growth economic environment that we anticipate in Italy over the next few years. The consolidation of small multi-utilities could become more competitive because Hera's competitors have become increasingly aggressive in consolidating local players. More recently, Hera has announced its binding offer for Ascopiave's gas and power clients (EBITDA of about €60 million-€80 million) in exchange for 188,000 gas distribution delivery points in northeast Italy. The transaction will be executed through the joint venture EstEnergy, of which Hera will acquire 48% (they currently own 52%). We expect the transaction will be completed before the end of the year. Hera's acquisitive strategy will not be detrimental to the rating as long as it continues to finance sizable transactions through share swaps. Hera's proven skills in integrating new businesses and extracting cost synergies is supportive of the business risk profile and enables the company to mitigate the impact of volatile market conditions and adverse regulatory decisions. The prospect of the imminent regulation of waste collection operations by ARERA for power, gas, and water contribute to our view of Hera's strong business risk profile.

Hera's strengths are partly offset by its almost exclusive exposure to country risk in Italy.

We think Hera's profitability may remain under pressure owing to the sluggish economic conditions in Italy, coupled with the increasing competitiveness in liberalized businesses. In our view, the ensuing negative impact on the company's credit metrics will be only partly mitigated by its efforts to cut costs.

Chart 3

Capital Expenditure Over Business Plan Horizon (2018-2022)



a--Actual. f--Forecast.

Peer comparison

NB: The adjusted FFO figures in the table below do not take income from last-resort clients into account. This income had an effect of about 80 bps on adjusted FFO to debt in 2018.

Table 1

Hera SpA -- Peer Comparison					
Industry Sector: Energy					
	Hera SpA	**A2A SpA**	**Energie AG Oberoesterreich**	**Energie Steiermark AG**	**EVN AG**
Rating as of Aug. 9, 2019	BBB/Positive/A-2	BBB/Stable/A-2	A/Stable/--	A/Stable/--	A/Stable/--
	--Average of past three fiscal years--				
(Mil. €)					
Revenues	5,402.2	5,893.8	1,670.6	1,154.4	2,212.6
EBITDA	926.4	1,197.2	313.2	223.4	686.2
FFO	685.9	911.3	251.2	191.1	624.4
Net income from cont. oper.	246.9	306.3	120.2	92.6	220.7
Cash flow from operations	699.8	907.0	269.6	169.5	559.2
Capital expenditures	435.1	446.7	174.8	139.9	254.0
Free operating cash flow	264.8	460.3	94.7	29.7	305.2
Discretionary cash flow	118.9	303.3	40.9	(24.3)	205.9
Cash and short-term investments	445.8	572.3	240.1	175.1	296.2
Debt	3,077.8	4,061.0	551.2	336.4	1,361.5
Equity	2,674.3	3,192.1	1,262.5	1,288.6	3,337.8
Adjusted ratios					
EBITDA margin (%)	17.1	20.3	18.7	19.4	31.0
Return on capital (%)	9.3	9.3	9.8	8.7	9.3
EBITDA interest coverage (x)	7.2	9.1	10.0	20.5	10.5
FFO cash interest coverage (X)	6.0	8.5	11.5	24.0	12.2
Debt/EBITDA (x)	3.3	3.4	1.8	1.5	2.0
FFO/debt (%)	22.3	22.4	45.6	56.8	45.9
Cash flow from operations/debt (%)	22.7	22.3	48.9	50.4	41.1
Free operating cash flow/debt (%)	8.6	11.3	17.2	8.8	22.4
Discretionary cash flow/debt (%)	3.9	7.5	7.4	(7.2)	15.1

FFO--Funds from operations. N.M.--Not meaningful.

Financial Risk: Significant

Hera's financial profile is supported by the group's stable cash flow generation, with about 50% of profits coming from fully regulated activities. Under the 2018-2022 business plan, Hera is increasing its capex by 9% compared with the previous 2017-2021 plan, to €3.1 billion. This, combined with a stable cash dividend of €150 million-€160 million over 2019-2021 (based on a 55%-60% pay-out ratio), working capital outflows related to the growth strategy, and delayed payments from clients, would lead to negative free cash flow in the same period. Therefore, we expect adjusted FFO to debt will weaken slightly compared with the 23.6%, including income from last-resort clients, in 2018.

Hera posted strong operating and financial performance in 2018. In particular, reported EBITDA increased to €1,031 million, up from €985 million in 2017, with strong performance in regulated activities coupled with cost efficiencies. As a result, adjusted FFO to debt increased to 23.6%, including income from last-resort clients, up from 23.0% in 2017. The income from last-resort clients had an effect of about 80 bps on adjusted FFO to debt in 2018. This income is derived from interest on delayed payments from public administration authorities and business clients in Italy.

Financial summary

NB: The adjusted FFO figures in the table below do not take income from last-resort clients into account. This income had an effect of about 80 bps on adjusted FFO to debt in 2018.

Table 2

Hera SpA -- Financial Summary

Industry Sector: Energy

	--Fiscal year ended Dec. 31--				
	2018	**2017**	**2016**	**2015**	**2014**
(Mil. €)					
Revenue	6,134.4	5,612.1	4,460.2	4,487.0	4,189.1
EBITDA	984.9	924.7	869.6	860.8	858.3
Funds from operations (FFO)	715.5	681.9	573.7	567.2	581.6
Interest expense	121.7	121.0	129.7	143.7	142.0
Cash interest paid	92.8	95.3	158.0	166.7	187.4
Cash flow from operations	624.5	778.8	691.0	569.1	526.8
Capital expenditure	469.7	445.8	389.7	351.3	334.8
Free operating cash flow (FOCF)	154.8	333.0	301.3	217.8	192.0
Discretionary cash flow (DCF)	(19.7)	192.1	155.9	72.8	35.3
Cash and short-term investments	535.5	450.5	351.5	541.0	834.5
Gross available cash	535.5	450.5	351.5	541.0	834.5
Debt	3,142.2	3,089.2	3,055.7	3,221.8	3,232.8
Equity	2,846.7	2,706.0	2,562.1	2,503.0	2,459.0
Adjusted ratios					
EBITDA margin (%)	16.1	16.5	19.5	19.2	20.5
Return on capital (%)	9.6	9.4	8.8	8.7	8.9
EBITDA interest coverage (x)	8.1	7.6	6.7	6.0	6.0
FFO cash interest coverage (x)	8.7	8.2	4.6	4.4	4.1
Debt/EBITDA (x)	3.2	3.3	3.5	3.7	3.8
FFO/debt (%)	22.8	22.1	18.8	17.6	18.0
Cash flow from operations/debt (%)	19.9	25.2	22.6	17.7	16.3
FOCF/debt (%)	4.9	10.8	9.9	6.8	5.9
DCF/debt (%)	(0.6)	6.2	5.1	2.3	1.1

Liquidity: Strong

We consider Hera's liquidity strong. The company's planned available cash and committed credit lines cover cash outlays--mainly capex, debt service, and dividends--by about 1.5x over the 12 months started June. 30, 2019, and by more than 1.0x over the following 12 months. We value the company's a prudent liquidity management and commitment to a strong liquidity level.

Furthermore, Hera has a high credit standing in the capital markets, strong relationships with banks, and solid and prudent risk management.

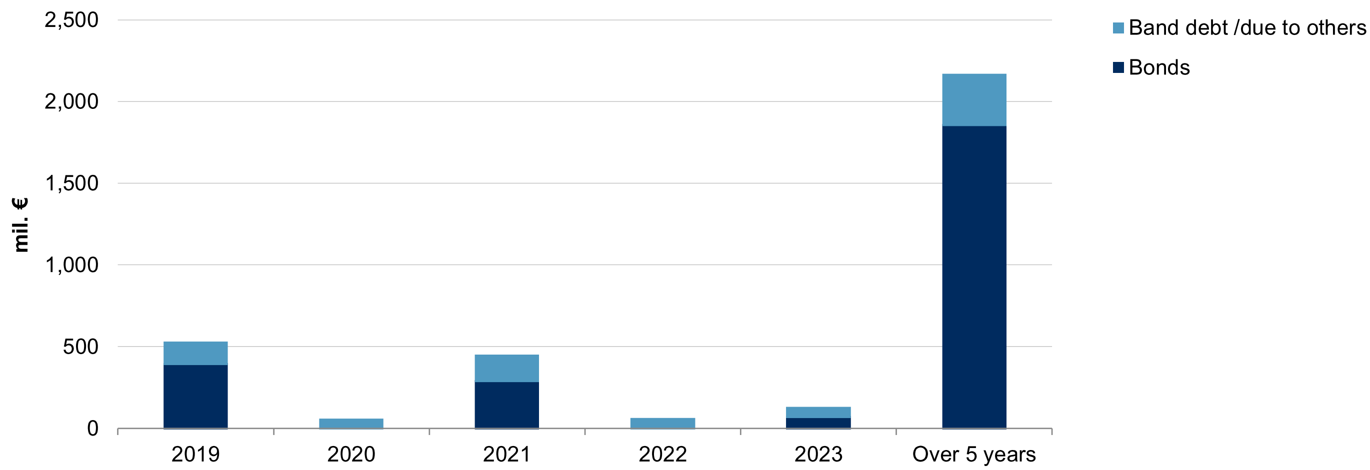
Principal Liquidity Sources	Principal Liquidity Uses
Principal liquidity sources as of June 30, 2019, include: • Our estimate of about €619 million of cash and liquid investments fully available for use; • Available undrawn committed credit lines of €425 million maturing beyond 12 months; • New bond issuance of €500 million on July 5, 2019; and • More than €750 million of forecast cash FFO over the next 12 months.	Principal liquidity uses, as of the same date, include: • Debt maturities of about €530 million in the next 12 months and about €50 million in the subsequent 12 months; • Capex of more than €600 million in the next 12 months; and • About €160 million paid in dividends, including minorities.

Debt maturities

- €395 million of bonds and €132 million of bank debt/others maturing in 2019;
- €53 million of bank debt maturing in 2020;
- €290 million of bonds and €156 million of bank debt maturing in 2021;
- €59 million of debt maturing in 2022;
- €68 million of bonds and €58 million of debt maturing in 2023; and
- €2,176 million maturing after five years.

Chart 4

Debt Maturity Schedule



Environmental, Social, And Governance

In our credit analysis of Hera, there are no relevant factors from an environmental, social, or governance standpoint.

We note Hera was the first company in Italy to issue a green bond, in June 2014, and it has almost zero exposure to generation.

About 20% of Hera's 2018 EBITDA came from regulated water distribution activities. In Italy, Mr. Federica Daga, member of the Italian lower chamber, has presented a law to make water a public good. We understand this could imply the loss of the water distribution concessions for Hera. Although we understand this law is not likely to be approved, we expect Hera will be adequately compensated should it lose its water concessions in favor of a public entity.

Issue Ratings - Subordination Risk Analysis

Capital structure

At year-end 2018, Hera's capital structure comprised about €3.3 billion of gross debt, almost all of which was unsecured.

Analytical conclusions

We rate Hera's senior unsecured debt 'BBB', the same as the issuer credit rating, since there are no significant elements of subordination risk in the capital structure.

Reconciliation

NB: The adjusted FFO figures in the table below do not take income from last-resort clients into account. This income had an effect of about 80 bps on adjusted FFO to debt in 2018.

Table 3

Reconciliation Of Hera SpA Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2018--							
Hera SpA reported amounts								
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Capital expenditure**
	3,185.5	2,660.7	1,031.1	510.1	96.6	984.8	621.5	464.4
S&P Global Ratings' adjustments								
Cash taxes paid	--	--	--	--	--	(176.6)	--	--
Cash taxes paid: Other	--	--	--	--	--	--	--	--
Cash interest paid	--	--	--	--	--	(126.6)	--	--
Cash interest paid: Other	--	--	--	--	--	36.3	--	--
Trade receivables securitizations	69.2	--	--	--	--	--	(2.3)	--
Reported lease liabilities	13.9	--	--	--	--	--	--	--
Postretirement benefit obligations/deferred compensation	127.4	--	--	--	0.9	--	--	--
Accessible cash and liquid investments	(535.5)	--	--	--	--	--	--	--
Dividends received from equity investments	--	--	15.3	--	--	--	--	--
Power purchase agreements	35.0	--	7.8	2.5	2.5	(2.5)	5.3	5.3
Asset retirement obligations	94.7	--	--	--	14.1	--	--	--
Nonoperating income (expense)	--	--	--	39.9	--	--	--	--
Noncontrolling interest/minority interest	--	186.0	--	--	--	--	--	--
Debt: Guarantees	0.6	--	--	--	--	--	--	--
Debt: Derivatives	9.7	--	--	--	--	--	--	--
Debt: Contingent considerations	18.6	--	--	--	--	--	--	--
Debt: Other	123.1	--	--	--	--	--	--	--
EBITDA: Gain/(loss) on disposals of PP&E	--	--	5.6	5.6	--	--	--	--

Table 3

Reconciliation Of Hera SpA Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €) (cont.)								
EBITDA: Other income/(expense)	--	--	(89.3)	(89.3)	--	--	--	--
EBITDA: Other	--	--	14.4	14.4	--	--	--	--
Depreciation and amortization: Impairment charges/(reversals)	--	--	--	6.2	--	--	--	--
Depreciation and amortization: Other	--	--	--	77.5	--	--	--	--
Interest expense: Derivatives	--	--	--	--	4.4	--	--	--
Interest expense: Other	--	--	--	--	3.2	--	--	--
Total adjustments	(43.3)	186.0	(46.3)	56.8	25.1	(269.4)	3.0	5.3
S&P Global Ratings' adjusted amounts								
	Debt	**Equity**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Capital expenditure**
	3,142.2	2,846.7	984.8	566.8	121.7	715.5	624.5	469.7

Ratings Score Snapshot

Issuer Credit Rating

BBB/Positive/A-2

Business risk: Strong

- **Country risk:** Moderately high
- **Industry risk:** Low
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: bbb

Modifiers

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

Stand-alone credit profile : bbb

- **Group credit profile:** bbb

Related Criteria

- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- 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
- Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Environmental Services Industry, Feb. 12, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: 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

Business And Financial Risk Matrix

	Financial Risk Profile					
Business 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 August 23, 2019)*	
Hera SpA	
Issuer Credit Rating	BBB/Positive/A-2

Ratings Detail (As Of August 23, 2019)*(cont.)	
Senior Unsecured	BBB
Issuer Credit Ratings History	
13-Mar-2018	BBB/Positive/A-2
12-Jul-2013	BBB/Stable/A-2
26-Apr-2013	BBB+/Negative/A-2

*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.