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Ratings

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Positive Rating Actions Taken On Three South Africa-Based Miners Based On Accelerated Deleveraging

November 2, 2020

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Rating Action Overview

- We estimate AngloGold Ashanti Ltd., Gold Fields Ltd., and Sibanye Stillwater Ltd. will generate significantly higher cash flows than we forecast earlier this year, facilitating debt reductions and improved credit measures.
- While the COVID-19 pandemic has, to varying degrees, disrupted production, supply chains, and capital expenditure (capex) planning, higher precious metal prices have led to strong cash flow generation and favorable deleveraging outcomes.
- Gold prices have risen sharply in 2020, while prices for other precious metals, in particular palladium and rhodium, have also risen significantly since mid-2019, and we expect they will remain above long-term averages through 2022.
- We are therefore taking positive rating actions on South Africa-based precious metals mining companies AngloGold Ashanti, Gold Fields, and Sibanye Stillwater, whose credit metrics show material positive trajectories.

JOHANNESBURG (S&P Global Ratings) Nov. 2, 2020--S&P Global Ratings today took positive rating actions on three South Africa-based precious metals mining companies. These actions are based on our expectation that the three entities will generate stronger cash flow through 2022 than we forecast earlier this year, and will use the additional cash flow to accelerate debt reduction, which was already a key focus.

Specifically, we:

- Revised our outlook on AngloGold Ashanti Ltd. to positive from stable, and affirmed the 'BB+' global scale rating and 'zaAAA/zaA-1+' South Africa national scale ratings. We also affirmed our 'BB+' issue rating, with '3'(65%) recovery rating, on the senior unsecured debt issued by AngloGold Ashanti Holdings PLC.
- Revised our outlook on Gold Fields Ltd. to positive from stable, and affirmed the 'BB+/B' global scale ratings and 'zaAAA/zaA-1+' South Africa national scale ratings. We affirmed our 'BB+' issue rating, with a '3'(65%) recovery rating, on the senior unsecured notes issued by Gold Fields Orogen Holding (BVI) Ltd.
- Raised our issuer credit rating on Sibanye Stillwater Ltd. to 'BB-' from 'B+'. The outlook is

stable. We raised our South Africa national scale rating to 'zaAA' from 'zaA'. We also raised our issue rating on the senior unsecured debt issued by Stillwater Mining Co. to 'BB-' from 'B+'. The '3'(65%) recovery rating remains unchanged.

Higher gold and platinum group metal (PGM) prices are allowing some precious metals mining companies, in particular those already prioritizing deleveraging, to significantly reduce net debt, boosting credit metrics, while maintaining a solid liquidity position. Furthermore, in our view, gold and PGM prices will likely remain above long-term averages through 2022, enabling precious metals miners to lower leverage on a more sustainable, through-the-cycle basis.

On Sept. 24, 2020, we published our third-quarter metals price assumptions (see "S&P Global Ratings Lifts Price Assumptions for Most Metals," published Sept. 24, 2020, on RatingsDirect). In the report, we note that gold prices have risen sharply in 2020, briefly exceeding the historical peak of $2,000 per ounce (/oz). As a result, we have raised our gold price assumptions for the rest of 2020 through 2022, and expect prices will revert to the long-term average gold price of $1,300/oz from 2023.

Our expectation that close-to-zero interest rates will persist in the U.S. for the next few years, which is consistent with the market consensus and the overall general financial market uncertainty related to the COVID-19 pandemic, underpins our revised gold price assumptions. Looking beyond the next six-to- 12 months, we believe economic recovery and an expected increase in interest rates will result in lower gold prices. In addition, abnormal gold prices could push more companies to increase their capacity, in turn leading to more sustainable price levels.

PGMs include (among others), platinum, palladium, rhodium, and iridium. Platinum prices have remained fairly flat over the past four years, whereas palladium and rhodium prices have risen materially since mid-2019 because of supply-demand imbalances, and have recovered to pre-pandemic levels that are approaching all-time highs.

Demand for PGMs mostly stems from the automotive sector, for use in catalytic converters and batteries. Following Europe's lead, countries with other large car markets, such as China and India, are in the process of implementing stricter emissions standards and testing regulations. Therefore, current demand levels for PGMs are likely to continue. The supply of some PGMs, especially rhodium, primarily comes from South Africa. However, years of underinvestment in PGM mining in South Africa, lack of new ore body discoveries, and the long lead time for new projects to come on stream has constrained supply growth. Increasing demand and inelastic supply supports current PGM prices. However, over time, the substitution of palladium with platinum in auto catalysts could gain momentum. This would alleviate palladium deficits and reduce oversupply of platinum in the industry, leading to more balanced and sustainable demand and pricing across the PGM basket.

PGMs occur together in the ore body, but South African resources are typically more weighted to platinum with a high rhodium content, and northern hemisphere ore bodies are weighted to palladium. Price differentials between PGMs can be explained not only by their relative scarcity, but also by their efficiency in industrial application. For example, in catalytic converters, rhodium is roughly 5.0x more efficient than palladium, and palladium is roughly 3.0x more efficient than platinum.

AngloGold Ashanti Ltd.

Primary Analyst: Omega Collocott

We expect stronger cash flow and lower leverage through 2022 for AngloGold Ashanti than we forecast earlier this year, rendering pandemic-related mining disruptions largely immaterial (2020 production was 3%-4% lower than budgeted levels). Post 2022, AngloGold Ashanti will need to balance its cash flow generation and cost optimization against possible higher capex investment in growth projects, in order to maintain more favorable credit metrics as gold prices normalize. Notably, the company has concluded the sale of its high-cost South African assets, and targets remain intact for the replacement of South African gold ounces with production from the low-cost Obuasi mine in Ghana (expected to ramp up to 350,000-400,000oz per annum by 2022).

We estimate the company's S&P Global Ratings adjusted debt to EBITDA at below 1.0x in 2020 and at 1.0x-1.5x in the following two years. This is dependent on the success of growth projects at the Obuasi, Geita, and Tropicana mines in supporting stable production and offering future cost benefits. Over this period, we assume the company's earnings and cash flow generation will remain well above historical levels, and that net debt will plateau. This assumes continued investment in growth capex, including potential development of the Quebradona and Gramalote resources, and higher cash dividends. Deleveraging is due in large part to higher estimated cash levels, which are cyclical.

We assume the company will generate substantial free cash flow over the next few years, led by strong gold margins and largely stable production. The expected increase in cash and corresponding financial flexibility should support conservative leverage through future periods of gold price weakness. For example, we estimate AngloGold Ashanti will generate free operating cash flow (FOCF) of about $750 million in 2020, at an average gold price of $1,770/oz. For context, this represents about half of the company's reported debt outstanding at second-quarter 2020.

Although the strong price environment has pushed realized gold prices substantially above all-in sustaining costs (AISC) for AngloGold Ashanti and most other producers, we continue to assess operations through the cycle. While the risk remains that gold prices will not retain the expected trajectory, and that AngloGold Ashanti will undertake significant capex in order to bolster proven reserves, we believe there is a chance AngloGold could sustainably improve its credit metrics to a level commensurate with a higher rating. The company's track record of delivering on-target exploration and development activities, and exercising prudent risk management, such that it is able to retain a lower financial risk profile, supports our view. We expect that, even once gold prices return to long term average levels, AngloGold's financial risk profile will remain lower than before, boosted by the application of higher FOCF through the next few years to reduce its sustainable debt levels.

Outlook

The positive outlook reflects that we could upgrade Ashanti Gold if, in line with our expectations, the company's cash-generating capacity and credit measures strengthen relative to our previous forecasts. Under our current gold price assumptions, we expect adjusted debt-to-EBITDA at below 1.0x and funds from operations (FFO) to debt in excess of 100% in 2020 (2019: 39.1%), with FOCF to debt above 30%. We expect strong free cash flow will facilitate materially lower adjusted debt over the next few years. This, combined with the deleveraging undertaken over the last several years, reduced cash costs following the sale of South African assets and advancement of the Obuasi mine redevelopment, should have a positive impact on the company's weighted average credit metrics over an extended period.

Upside scenario

We could raise the rating in the next 18-24 months if we expect the company will sustain its debt to EBITDA comfortably below 1.5x and its FFO to debt above 60%, while maintaining positive FOCF and a strong liquidity profile. An upgrade would also be predicated on the company's ability to enhance its reserve base and extend its life of mine to about 10 years by delivering on new projects, while managing corporate development risk.

Downside scenario

We may revise the outlook to stable if we believe the company is unable to maintain weighted average credit metrics commensurate with a modest risk profile through the cycle, or generate positive FOCF. This could result, for instance, from a lower-than-expected gold price, adverse foreign exchange movements, unexpected operational issues that lead to weaker or more volatile earnings and cash flow than we anticipate in our base case, or from a significant increase in capex not contemplated in our base case.

Due to AngloGold Ashanti's diverse mining portfolio, our ratings on the company are not constrained by the sovereign ratings for countries where it operates. That said, given its exposure to many developing and frontier markets in Africa and Latin America, country risk remains an important factor in our analysis, and we note the impact that royalties, taxation, regulation, potential labor strikes, or other social issues may have on earnings and cash flow.

Gold Fields Ltd.

Primary Analyst: Rishav Singh

Gold Fields' intensive capital re-investment in recent years, which remains ongoing, has resulted in production growth and an extended life of mine in its international portfolio outside South Africa. The company's international portfolio has developed a track record of achieving reliable production levels of close to 2.0 million oz per annum at an average AISC/oz below $1,000/oz. By strengthening the longevity of its international portfolio, the company has reduced its concentration to and dependency on a successful turnaround at South Deep mine. We believe the cash windfall from the supportive gold price environment will accelerate Gold Fields' debt reduction initiatives, while the increased contribution from its lower-cost international portfolio should allow it to generate earnings under low-cycle price conditions.

We forecast Gold Fields will maintain S&P Global Ratings'adjusted debt to EBITDA below 1.0x (versus 1.6x in 2019) and FFO to debt well in excess of 60% (versus 46% in 2019) over the three-year period to 2022. Under our base case, we anticipate production of about 2.15 million oz in 2020, increasing to 2.35 million oz in 2022. We think Gold Fields can sustain total cash cost/oz of $750/oz-$800/oz. We expect AISC/oz will spike at above $1,000/oz on average in 2021 and 2022, as Gold Fields continues with re-investment projects in Australia and Peru. We expect all-in-costs (AIC)/oz will follow, exceeding $1,200/oz on average, due to the substantial investment in the Salares Norte green field project in Chile.

Based on these assumptions, we forecast Gold Fields will generate S&P Global Ratings-adjusted EBITDA exceeding $1.6 billion in 2020, after consideration of potential once-off realized expenses on unfavorable hedges, and $2.0 billion in 2021. Nonetheless, we believe FOCF will be sufficient to fund Salares Norte (estimated project costs of $860 million) and maintain dividend payments within Gold Fields' stated range of 25%-35% of net earnings.

Gold Fields' reserves outside South Africa rose to almost 20.5 million oz in 2019, giving the group an almost 10 year life of mine in its international portfolio at current production rates. Although the South Deep mine still comprises more than 50% of the group's gold reserves, the group's development projects in the international portfolio are slowly reducing its dependency on these reserves. Positively, following a restructuring in 2018-2019, South Deep is showing signs of sustainability.

We now consider Gold Fields' liquidity as strong. We forecast that Gold Fields' sources of funding will exceed its uses of funding by 2.0x on average over the next 24 months. The company's next significant debt maturity is only in 2024.

The Salares Norte project in Chile promises to further diversify Gold Fields' country exposure and reduce the group's overall cost position once completed (first gold expected in 2023), although this will only be captured in our assessment once the mine comes on stream. We forecast that Gold Fields will finance the project with cash flows generated by existing operations, without drawing on its revolving credit facilities (RCFs).

Our ratings on Gold Fields are currently not constrained by its sovereign exposures to Ghana (foreign currency B-/Stable/B) and South Africa (foreign currency BB-/Stable/B). We apply our rating above sovereign stress test on Gold Fields based on its blended exposures measured by a combination of revenue and EBITDA, and calculate that Australia (AAA/Negative/A-1+) accounts for 40%-50% of Gold Fields' exposure and Ghana accounts for 30%-40% of exposure. Gold Fields passes our rating above sovereign stress test on Ghana, which, among other factors, assumes a gold price below $1,300/oz. Gold Fields passes the test based on its geographic diversification and lower-cost mines in Australia and Peru. Our transfer and convertibility (T&C) assessment of Ghana (T&C assessment of 'B') does not currently cap our rating given the geographic diversification of the company's exposure and available cash and liquidity facilities. We also note that, once the Salares Norte project goes into production, exposure to Ghana as a proportion of total earnings and cash flow is likely to decline materially.

Outlook

The positive outlook indicates that we could upgrade Gold Fields if, in line with our expectations, its cash-generating capacity and credit measures strengthen relative our previous forecasts. We expect gold prices will peak in 2020 at $1,900/oz on average for the rest of the year, before returning to $1,300/oz in 2023. We expect Gold Fields will generate debt-to-EBITDA below 1.0x in 2020, and lower thereafter. Strong free cash flows should also facilitate investment in Salares Norte over the next few years, with minimal need to draw on borrowing facilities.

Upside scenario

We could raise the rating in the next 12-24 months if we expect the company will sustain debt to EBITDA comfortably below 1.5x and FFO to debt above 60% under mid-cycle conditions, while maintaining positive FOCF and a strong liquidity profile. An upgrade would also be dependent on Gold Fields sustaining the existing life of mine in its international portfolio through planned re-investment projects and corporate development initiatives, with no missteps in the development of its Salares Norte project.

Downside scenario

We might revise the outlook to stable if we believe the company is unable to maintain weighted average debt to EBITDA below 1.5x and FFO to debt above 60% through the cycle, or to generate positive FOCF. This could result from a reappearance of production and profitability challenges at South Deep mine or significant delays in its Salares Norte expansionary project.

Sibanye Stillwater Ltd.

Primary Analyst: Rishav Singh

The upgrade of Sibanye Stillwater follows the company's significant de-leveraging and debt reduction over the past 12 months. Materially higher cash flows owing to strong gold and PGM prices have resulted in stronger-than-expected credit metrics and balance sheet. The company has applied excess cash flows toward reducing gross drawings on its RCFs, and redeemed its convertible bond with equity in October 2020. We now anticipate that Sibanye Stillwater will reach a net cash position before the end of 2020, and believe it is on track to reduce its S&P Global Ratings-adjusted debt to EBITDA to below 0.5x in 2020, from 3.0x in 2019. This is despite production disruptions caused by pandemic-related lockdowns and social distancing measures.

Under our base case, we forecast that Sibanye Stillwater will sustain S&P Global Ratings-adjusted debt to EBITDA below 1.0x and FFO to debt above 60% on average in 2020, compared with 3.0x and 26%, respectively, in 2019. We assume the company will realize average prices of $1,750/oz for gold, $850/oz for platinum, $2,100/oz for palladium, and $9,000/oz for rhodium in 2020. We currently forecast that average gold, palladium, and rhodium prices will reduce to about $1,300/oz, $1,500/oz and $5,000/oz, respectively, by 2023. From a production perspective, we forecast Sibanye Stillwater will deliver about 1.45 million oz (4E) of production at its South African PGM assets, including Marikana, about 620,000 oz (2E) at its U.S. PGM operation, and above 800,000 oz at its South African gold operations in 2020. We expect production will recover to about 1.75 million oz for South African PGM, about 700,000oz for U.S. PGM, and 900,000oz for South African gold by 2022 following COVID-19 disruption in 2020.

Based on these assumptions, we estimate Sibanye Stillwater will generate S&P Global Ratings-adjusted EBITDA in excess of South African rand (ZAR) 40 billion (about $2.4 billion) in both 2020 and 2021, from ZAR13 billion in 2019, at an EBITDA margin of about 35%. However, Sibanye Stillwater's earning remain highly sensitive to price and currency movements given the high-cost nature of certain assets in its portfolio. We think that if prices return to the lower average levels seen over the past five years, EBITDA will quickly follow and return to lower 2019 levels. Nonetheless, Sibanye Stillwater's material reduction in gross debt will lower the sensitivity of its financial metrics to swings in EBITDA, improving its ability to withstand cyclical lows.

We continue to assess Sibanye's operations through the price cycle to account for the company's significant exposure to both precious metal price volatility and $/ZAR exchange rate fluctuations. Sibanye Stillwater's asset portfolio is generally spread across the higher-cost-per-ounce end of the total cash cost and all-in cost curves, with the South African gold operations operating in the fourth quartile, U.S. PGM operations in the first quartile, and the South African PGM operations, including Marikana, toward the third quartile of the cash cost curve. Our assessment of Sibanye Stillwater's business profile remains constrained by its structurally high cost asset base, substantial exposure to labor-intensive South African mining operations, and sizable ongoing development requirements.

We assess Sibanye Stillwater's liquidity as adequate and expect sources of liquidity will cover uses by more than 3.0x to mid-2022. The company held about ZAR15 billion in cash and had undrawn RCFs totaling about ZAR12 billion at Sept. 30, 2020. Sibanye's next debt maturities are its 2022 notes issued by Stillwater Mining Co., which mature in June 2022. The amount outstanding under the notes is $353 million.

Sibanye Stillwater's plans to resume merger and acquisition activity have been widely documented in recent months. We understand the company aims to extend its overall life of mine and improve its production cost position in its gold segment, with a preference for expanding its exposure to more stable mining jurisdictions in the process. An entry into mining metals used in battery production could also be on the cards, but we believe these acquisitions, if they were to occur, would be smaller in size given a more fragmented industry. If Sibanye Stillwater were to engage in a sizable acquisition, the rating would likely remain unchanged as long as the company's FFO to debt did not drop materially below 30%. We would also consider the potential improvement to Sibanye Stillwater's cost profile and life of mine.

Outlook

The stable outlook balances our view of Sibanye Stillwater's strong cash flow generation and deleveraging momentum under the current precious metals price environment with the company's highly sensitive earnings profile.

Upside scenario

We could revise the outlook to positive if we think Sibanye Stillwater could maintain FFO to debt above 45% and positive free cash flows under under low-cycle conditions. An upgrade will likely hinge on structural improvement in the group's operating efficiency profile.

Downside scenario

We could lower the rating as a result of lower-than-expected metal prices or unexpected operational issues that lead to weaker or more volatile earnings and cash flow than in our base-case assumptions. Specifically, we could lower the rating if we expect debt to EBITDA will exceed 3.0x or FFO to debt to fall below 30% on average, or if a prolonged disruption to operations leads to a deterioration in liquidity headroom, with sources covering uses by less than 1.2x.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 20, 2013
- General Criteria: Methodology: Industry Risk, 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: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- S&P Global Ratings Lifts Price Assumptions For Most Metals, Sept. 24, 2020
- AngloGold Ashanti Ltd., July 17, 2020

Ratings List

*** * * * * * * * * * * * * AngloGold Ashanti Ltd. * * * * * * * * * * * * ***		
Outlook Action; Ratings Affirmed		
	To	**From**
AngloGold Ashanti Ltd.		
Issuer Credit Rating	BB+/Positive/--	BB+/Stable/--
South Africa National Scale	zaAAA/--/zaA-1+	zaAAA/--/zaA-1+
AngloGold Ashanti Holdings PLC		
Senior Unsecured	BB+	BB+
Recovery Rating	3(65%)	3(65%)
*** * * * * * * * * * * * * * * Gold Fields Ltd. * * * * * * * * * * * * * ***		
Outlook Action; Ratings Affirmed		
	To	**From**
Gold Fields Ltd.		
Issuer Credit Rating	BB+/Positive/B	BB+/Stable/B
South Africa National Scale	zaAAA/--/zaA-1+	zaAAA/--/zaA-1+
Gold Fields Orogen Holding (BVI) Ltd.		
Senior Unsecured	BB+	BB+
Recovery Rating	3(65%)	3(65%)
*** * * * * * * * * * * * * Sibanye Stillwater Ltd. * * * * * * * * * * * ***		
Upgraded		
	To	**From**
Sibanye Stillwater Ltd.		
Issuer Credit Rating	BB-/Stable/--	B+/Stable/--
South Africa National Scale	zaAA/--/--	zaA/--/--
Stillwater Mining Co.		
Senior Unsecured	BB-	B+
Recovery Rating	3(65%)	3(65%)

Regulatory Disclosures

AngloGold Ashanti Ltd.

- Primary Credit Analyst: Omega Collocott, Director
- Rating Committee Chairperson: G.Andrew Stillman
- Date initial rating assigned: April 9, 2010
- Date of previous review: April 21, 2020

Gold Fields Ltd.

- Primary Credit Analyst: Rishav Singh, Associate
- Rating Committee Chairperson: G.Andrew Stillman
- Date initial rating assigned: March 19, 2009
- Date of previous review: April 21, 2020

Sibanye Stillwater Ltd.

- Primary Credit Analyst: Rishav Singh, Associate
- Rating Committee Chairperson: G.Andrew Stillman
- Date initial rating assigned: May 12, 2020
- Date of previous review: May 27, 2020

Disclaimers

This rating has been determined by a rating committee based solely on the committee's independent evaluation of the credit risks and merits of the issuer or issue being rated in accordance with S&P Global Ratings published criteria and no part of this rating was influenced by any other business activities of S&P Global Ratings.

This credit rating is solicited. The rated entity did participate in the credit rating process. S&P Global Ratings did have access to the accounts, financial records and other relevant internal, non-public documents of the rated entity or a related third party. S&P Global Ratings has used information from sources believed to be reliable but does not guarantee the accuracy, adequacy, or completeness of any information used.

Materials Used In The Credit Rating Process: Sufficient information in general consists of both (i) financial statements that describe the Issuer's financial condition, results of operations and cash-flows, and (ii) a description of the activities and obligations of the entity including of its governance and legal structure.

This credit rating was disclosed to the rated entity or related third party before being issued.

S&P Global Ratings' regulatory disclosures (PCRs) are published as of a point-in-time, which is current as of the date a Credit Rating Action was last published. S&P Global Ratings updates the PCR for a given Credit Rating to include any changes to PCR disclosures only when a subsequent Credit Rating Action is published. Thus, disclosure information in this PCR may not reflect changes to data within PCR disclosures that can occur over time subsequent to the publication of a PCR but that are not otherwise associated with a Credit Rating Action.

Glossary

- Business risk profile: This measure comprises the risk and return potential for a company in the market in which it participates (its industry risk), the country risks within those markets, the competitive climate, the company's competitive advantages and disadvantages (its competitive position).
- Competitive position: Our assessment of a company's: competitive advantage; operating efficiency; scale, scope, and diversity; and profitability.
- Country risk: This measures a country's influence on the overall credit risks for a rated company with regards to a country's economic, institutional and governance effectiveness, financial system, and payment culture/rule of law risks.
- CreditWatch: This highlights the potential direction of a short- or long-term rating over the short term, typically less than three months. Ratings may be placed on CreditWatch where, in our view, an event or a deviation from an expected trend has occurred or is expected and additional information is necessary to determine the rating impact.
- Creditworthiness: Ability and willingness of a company to meet its debt and debt-like obligations; measured by assessing the level current and future resources relative to the size and timing of its commitments.
- Earnings: Proxy for profit or surplus yielded by an entity after production and overhead costs have been accounted for in a given period.
- EBITDA margin: This is EBITDA as a fraction of revenues.
- EBITDA: This is earnings before interest, tax, depreciation, and amortization.
- Efficiency gains: Cost improvements.
- Financial headroom: Measure of deviation tolerated in financial metrics without moving outside or above a predesignated band or limit typically found in loan covenants (as in a debt-to-EBITDA multiple that places a constraint on leverage) or set for the respective rating level. Significant headroom would allow for larger deviations.
- Financial risk profile: This measure comprises our assessment of a company's cash flow/leverage analysis. It also takes into account the relationship of the cash flows the organization can achieve given its business risk profile. The measure is before assessing other financial drivers such as capital structure, financial policy, or liquidity.
- Free operating cash flow: Cash flow from operations minus capital expenditure.
- Funds from operations: EBITDA minus interest expense minus current tax.
- Government-related entity: An entity that could, under stress, benefit from extraordinary government support in order to meet its financial obligations; or conversely an entity controlled by a government that could be subject to negative extraordinary government intervention if the government is under stress.
- Group rating methodology: The assessment of the likelihood of extraordinary group support (or conversely, negative group intervention) that is factored into the rating on an entity that is a member of a group.
- Industry risk: This addresses the major factors that affect the risks that companies face in their

respective industries.

- Issue credit rating: This is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific class of financial obligations or a specific financial program.
- Issuer credit rating: This is a forward-looking opinion of an obligor's overall creditworthiness.
- Leverage: The level of a company's debt in relation to its earnings before interest, tax, depreciation, and amortization.
- Liquidity: This is the assessment of a company's monetary flows, assessed over a 12 to 24 month period. It also assesses the risk and potential consequences of a company's breach of covenant test, typically tied to declines in EBITDA.
- Management and governance: This addresses how management's strategic competence, organizational effectiveness, risk management, and governance practices shape the issuer's competitiveness in the marketplace, the strength of its financial risk management, and the robustness of its governance.
- Operating efficiency: The quality and flexibility of the company's asset base and its cost management and structure.
- Outlook: This is the assessment of the potential direction of a long-term issuer rating over the short to intermediate term (typically six months to two years).
- Rating above the sovereign assessment: Our assessment of whether an entity can be rated above the sovereign rating on a jurisdiction it has a material exposure to.
- Scale, scope, and diversity: The concentration or diversification of business activities.
- Stand-alone credit profile (SACP): S&P Global Ratings' opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention or support from its parent, affiliate, or related government or from a third-party entity such as an insurer.