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Ratings

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Research Update:

AngloGold Ashanti Outlook Revised To Stable From Positive; Rating Affirmed At 'BB+'

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Rating Action Overview

- We expect AngloGold Ashanti Ltd. will maintain conservative credit measures over the next few years, including adjusted debt to EBITDA below 1.5x, reflecting an improvement in financial risk.
- That said, lower free operating cash flow (FOCF) and higher operating costs versus rated peers, together with increasing exposure to higher-risk operating jurisdictions, will need to be counterbalanced by increased future production, stable debt levels, and disciplined capital allocation to reduce credit metric volatility in the longer term.
- The higher cost base partly reflects investment in reserve development and COVID—19-related effects, but future development projects could result in persistent lower operating efficiency, placing downward pressure on business risk.
- We revised the outlook to stable from positive and affirmed our 'BB+' global scale long-term issuer credit and issue ratings on AngloGold Ashanti and the senior unsecured debt issued by AngloGold Ashanti Holdings PLC, as well as our 'zaAAA/zaA-1+' South Africa national scale ratings.
- The stable outlook primarily reflects our view that the company has the capacity and willingness to maintain credit measures in line with the rating over the next few years, including adjusted debt to EBITDA below 1.5x and funds from operations (FFO) to debt above 60%, while managing its operating efficiency and country risk.

Ration Action Rationale

We expect AngloGold Ashanti will maintain low leverage during periods of lower gold prices, but see upward pressure on both country risk and costs. The 'BB+' rating primarily reflects our expectation that the company will maintain strong credit measures over the next few years, which includes gold price assumptions significantly below current levels. We estimate AngloGold Ashanti's adjusted debt to EBITDA (leverage) at below 1.5x and FFO to debt above 60% on a sustained basis. Our expectation is supported by the company's conservative financial policy, which includes a commitment to maintaining reported net debt to EBITDA below 1.0x through the cycle, and a dividend policy of 20% of FOCF before growth capital expenditure (capex). At the same time, our assessment of business risk is constrained by elevated costs lowering operating efficiency, and rising country risk. Our assessment of financial risk is somewhat moderated by lower FOCF than peers rated 'BBB-' and above, and the potential for additional growth capex from 2023 (not included in our base case) if the company decides to go ahead with greenfield development.

Improved financial risk is supported by our expectation of a strong 2022, given higher gold prices, allowing AngloGold Ashanti to maintain rating headroom. We recently increased our gold price assumptions $200 per ounce (/oz) for 2022 and 2023 to $1,800/oz and $1,600/oz, respectively. This should support AngloGold Ashanti's operating performance and we expect 2022 EBITDA of about $2 billion. We also note that rising uncertainty amid elevated geopolitical and inflation risk may yield additional upside to gold versus our expectations. Notably, gold has traded at above $1,900/oz since early March 2022. With very low debt levels (S&P Global Ratings-adjusted net debt of about $1.5 billion at Dec. 31, 2021) we expect AngloGold Ashanti to allocate generous returns to its shareholders, in line with its stated dividend policy.

AngloGold Ashanti could not take full advantage of high gold prices in 2021 given operational issues at its Obuasi mine and higher costs, but still maintained financial discipline and low leverage. Persisting global uncertainties kept gold prices elevated during 2021 at almost $1,800/oz. As a result, AngloGold Ashanti maintained its deleveraging trajectory, despite several operational challenges, combined with higher cash costs and elevated capex. The higher cost base was hit by lower-than-planned production at the Obuasi mine in Ghana, where a fatality linked to a sill pillar failure in May 2021 resulted in a halt to mining activities through year-end, in what was meant to be a ramp-up phase. As a consequence, about 150 thousand ounces (koz) of production from Obuasi was delayed. Activities resumed as planned in January 2022 and the mine is ramping up through 2024. Work on phase three of the mine's redevelopment was not interrupted. Lower ore grades at some mines under development, and COVID-19-related upward pressures on cash costs, especially in Australia and Argentina, also contributed to elevated cash costs per ounce and all-in sustaining costs (AISC) per ounce.

Elevated costs versus peers weigh on our view of operating efficiency, which is a key component of business risk for mining companies, since the business model needs be sustainable at lower gold prices. The reasons for AngloGold Ashanti's higher cost base since 2019 are clear; renewal of existing assets, which has extended mine lives, and COVID-19-related costs, especially in Australia and Argentina. In addition, production shortfalls and lower ore grades in 2021 had notable impacts. The company is in the middle of a multi-year initiative, started early 2020, to increase investment in ore reserve development and brownfield exploration, and increase ore reserve conversion. In 2021, these initiatives extended average mine life by about two years at an average cost of $68/oz. Capex guidance relates to outlays for the final phase of the Obuasi redevelopment, tailings storage facilities work in Brazil, and various asset renewal activities across the portfolio (mainly at Iduapriem and Geita). Through 2020-2021, cost increases were contained to an extent by vigilant cost and working capital management across the company's operations. The company's new operating model, including a more streamlined management structure and the Full Asset Potential (FAP) review, aims to position the business to generate cash flow at lower gold prices, which should bring future benefits. We see unit cash costs averaging $967/oz for 2021-2022 versus $791/oz for rated peers over the same period. AngloGold Ashanti's 2021 cash costs were 24% higher than in 2019, versus 12% higher for select rated peers over the same period (see table).

Net All-in Sustaining Costs Peer Comparison

(AISC/oz)	2019a	2020a	2021a	2022e
Newmont	966	1,045	1,062	1,050
Barrick Gold	894	967	1,026	1,080
Newcrest Mining*	738	862	911	1,050
Kinross Gold	974	970	1,118	1,130
AngloGold Ashanti	998	1,059	1,355	1,360
Gold Fields	897	977	1,063	1,160
Yamana	999	1,080	1,030	1,080
Group Avg. AISC/oz	924	994	1,081	1,130

a--actual. e--Estimate. AISC/oz--All-in sustaining costs per ounce. *Year ending June 30. Estimate data based on company disclosures (midpoint of guidance, if a range is provided).

Notably, we expect unit cash costs to rise across all gold miners in 2022 and possibly 2023, mainly due to higher energy and materials costs, and persisting COVID-19-related inefficiencies. The extent of cost pressures will differ based on companies' specific portfolios and strategies, but AngloGold Ashanti's closest peers have modestly lower unit costs and adjusted leverage, as well as lower jurisdictional risk, on average. We believe the relative weakness of the company's portfolio, particularly in the context of current and estimated credit measures, effectively limits rating upside potential at present, since business profile strengthening will take time.

Elevated country risk, with increasing African exposure and a higher cost base, weighs on our business risk assessment. We view AngloGold Ashanti's business risk profile at the weaker end of our fair assessment, which mainly reflects the company's higher cost position relative to that of its closest peers, as well as its significant mining exposure in higher-risk jurisdictions. At present, AngloGold Ashanti's operations in Latin America and continental Africa represent about 80% of revenue and a larger proportion of EBITDA, but no single country exposure is significant enough to constrain the rating. That said, the disposal of the South African operations combined with the ramp-up of the Obuasi mine in Ghana, could result in AngloGold Ashanti's exposure to the Ghana sovereign constraining the rating in the future, unless there are other changes during our forecast period. Production in higher-risk jurisdictions (most notably continental Africa) has been expanding faster than elsewhere. Moreover, the higher cost base for Australian operations, mainly related to staff shortages in western Australia due to COVID-19 and some lower grades during redevelopment, has reduced the EBITDA contribution from this lower-risk jurisdiction and contributed to moderating margins.

We forecast lower average FOCF than peers, partly due to a planned peak in capex and numerous longer-term development projects, which could raise growth capex in the future. In our view, an investment grade-rated gold company should have the capacity for strong FOCF generation at all points in a price cycle, with conservative leverage. We forecast a five-year weighted average adjusted FOCF to debt of 22% for AngloGold Ashanti versus 38% on average for investment-grade-rated peers. FOCF to debt was about 9% in 2021 against 39% for Yamana Gold Corp and 45% for Gold Fields Ltd. AngloGold Ashanti's FOCF is currently not as strong as most peers with modest financial risk profiles (Yamana, Barrick, Newmont, and Gold Fields), and is expected to be somewhat volatile given operational issues at Obuasi in 2021, and ongoing capex development. Although not our base-case scenario, further operational disruptions could affect the company's cash flow, especially at lower gold prices, given its position at the high end of the AISC curve. At the same time, we positively note potential improvement in scale when Obuasi is fully operational. Costs are also expected to moderate from 2024 as the current phase of the asset renewal/reserve development project concludes, and AngloGold Ashanti's new operating model, which addresses overhead costs, and its FAP review, which looks at optimizing on-mine efficiencies, start to bear fruit, potentially enhancing margins and cash flows.

We note the company's track record of delivering exploration and development activities on-target and exercising prudent risk management. However, growth capex could increase if development of the Quebradona, Gramalote, and Corvus resources goes ahead, although this is not included in our base case and could be scaled over time. In January 2022, AngloGold Ashanti concluded its acquisition of the remaining 80.5% of North America-based Corvus Gold Inc. for $365 million. Post 2023, the company will need to balance its cash flow and cost optimization against possible higher capex for growth projects to maintain credit metrics as gold prices normalize toward $1,400/oz. This also depends on the success of growth projects at the Obuasi, Geita, and Tropicana mines in supporting stable production and offering future cost benefits.

Outlook

Our stable outlook reflects that we expect AngloGold Ashanti to sustain S&P Global Ratings-adjusted debt to EBITDA comfortably below 1.5x and FFO to debt above 60%, on average, while maintaining positive FOCF and a strong liquidity profile. The outlook also reflects our expectation that the company will maintain its reserve base by delivering on new projects, while managing corporate development and country risk.

Downside scenario

We could downgrade AngloGold Ashanti if, over the next 24 months, we expect its adjusted debt to EBITDA will increase and remain above 1.5x or its FFO to debt falls sustainably below 60%. Such a scenario could include a sustained deterioration in gold prices in tandem with material adverse foreign exchange movements and/or a significant increase in capex that leads to weaker or more volatile earnings and cash flow than we anticipate in our base case. In addition, material operating disruptions or acquisitions that increase debt, could put downward pressure on the rating.

The rating could also be constrained if the company becomes more materially exposed to operating jurisdictions that we consider to have high or very high country risk, which could weigh on our assessment of business risk. 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 effect that royalties, taxation, regulation, potential labor strikes, or other social issues may have on earnings and cash flow. Due to AngloGold Ashanti's diverse mining portfolio, our ratings on the company are not currently constrained by the sovereign ratings on countries where it operates, given that no single jurisdiction contributes more than 25% to EBITDA, although ramp-up of the low cost Obuasi mine is increasing exposure to Ghana.

Upside scenario

We could raise the ratings if, over the next one-to-two years, AngloGold Ashanti can manage its elevated exposure to higher-risk jurisdictions and/or improve its operating efficiency relative to peers, without weakening its credit measures.

Company Description

Headquartered in South Africa, AngloGold Ashanti is the third-largest gold miner in the world measured by production. It generated about $3.9 billion in gold revenue in 2021. The company has operations--including 10 mines and four exploration projects--in six countries across continental Africa, Australasia, and the Americas. In 2020, AngloGold Ashanti exited its mines in South Africa, its historical home market.

The company had attributable gold ore reserves of almost 30 million ounces and an attributable mineral resource of about 92 million ounces at Dec. 31, 2021--equating to an average mine life of about 11 years based on proven and probable reserves. In our view, it will sustain relatively stable long-term production, notably from several current and mid-term expansion projects.

AngloGold Ashanti is listed on the Johannesburg, New York, and Australian stock exchanges, and had a market capitalization of about $8.9 billion on April 22, 2022.

Our Base-Case Scenario

Assumptions

- A $1,800/oz gold price for the rest of 2022, $1,600/oz in 2023, and $1,400/oz in 2024 and beyond.
- Gold production and sales of about 2.7 million ounces in 2022, rising to 3 million ounces in 2024 once the Obuasi mine is fully ramped up, and the benefits of brownfield developments at several mines in Australia and continental Africa are fully realized.
- Cash costs of about $970/oz in 2022, $984/oz in 2023, and $923/oz in 2024.
- Capex of about $1.1 billion in 2022 in line with company guidance, and $950 million-$1.05 billion thereafter.
- No material acquisitions beyond the $365 million Corvus deal, which was completed in January 2022.
- Dividend payments of $50 million-$150 million over the next two years, in line with the stated dividend policy.

Key metrics

- Adjusted EBITDA margin of about 45%-50% in 2022 and 35%-40% in 2023.
- FFO to debt of about 90%-100% in 2022 and 65%-75% in 2023.
- FOCF to debt of about 20%-30% in 2022 and 5%-15% in 2023.
- Adjusted debt to EBITDA of 1.0x–1.2x in 2022 and 2023.

Liquidity

We view AngloGold Ashanti's liquidity as strong. We estimate that the ratio of sources to uses of liquidity exceeds 1.5x for the 12 months from Dec. 31, 2021, and 1.0x for the subsequent 12-month period. We consider the company to have well-established bank relationships, a generally high standing in credit markets, and prudent risk management.

Principal liquidity sources include:

- Cash and cash equivalents of about $1.15 billion.
- Undrawn bank lines of about $1.4 billion.
- Estimated annual cash FFO of about $1.65 billion.

Principal liquidity uses include:

- Debt maturities of $65 million in 2022 and none in 2023.
- Working capital outflows of $132 million and neutral on average thereafter.
- Capex of about $1.05 billion-$1.1 billion in 2022-2023.
- Dividend payments of $50 million-$150 million over the next two years, in line with the stated dividend policy.

Covenants

The company has comfortable headroom under the financial covenant linked to the revolving credit facility, which stipulates maximum net debt to adjusted EBITDA of 3.5x. This metric was less than 1.0x on Dec. 31, 2021. The facility also makes provisions for the group to have a leverage ratio of greater than 3.5x but less than 4.5x, subject to certain conditions, for one measurement period not exceeding six months, during the tenor of the facility. We estimate significant headroom (over 50%) throughout the forecast period.

Environmental, Social, And Governance

ESG credit indicators: E-3, S-4, G-2

Social factors are a negative consideration in our credit rating analysis of AngloGold Ashanti. Generally, social factors in developing economies remain a sensitive area, which we will continue to monitor. AngloGold Ashanti has divested its South African assets but, as with the other regional peers we rate, increased underlying social tensions and inequalities translate into weaker business and investment conditions. Also, exposure to emerging and frontier markets with weak social standards (leading to strikes and posing other challenges) affects operating efficiency. Environmental factors are a moderately negative consideration, similar to global mining peers. Mining operations entail energy-intensive processes, generating greenhouse gas emissions and waste products.

Issue Ratings--Recovery Analysis

Key Analytical Factors

- The issue rating on the senior unsecured debt is 'BB+', and the recovery rating is '3'. Although recovery prospects are above 70%, we cap the recovery rating at '3' under our criteria, reflecting the unsecured nature of the notes.
- The recovery rating is supported by the robust valuation of Anglogold Ashanti, but underpinned by the unsecured nature of the debt, and substantial pari-passu ranking debt.
- In our hypothetical default scenario, we assume a payment default in 2027, triggered by intensified competition, slowing demand for gold, and gold price volatility, leading to a decline in revenue and margins.
- We value Anglogold Ashanti as a going concern, reflecting our view of the group's strong market position and large and diversified asset base.
- The recovery rating is based on a distressed enterprise value multiple of 5.0x, which is unchanged from the previous review, and emergence EBITDA represents a 60.8% decline from reference EBITDA of $1,636 million.
- The default year is 2027, in line with the issuer credit rating (BB+).

Simulated Default Assumptions

- Year of default: 2027
- Jurisdiction: South Africa

Simplified Waterfall

- Emergence EBITDA: $640.4 million (capex represents 6% of three-year average sales, cyclicality adjustment is 15%, in line with the specific industry sub-segment. An operational adjustment of 50% is further used to reflect additional capex needs well in excess of 6% of sales).
- Multiple: 5.0x
- Gross recovery value: $3,202 million
- Priority liabilities (administrative costs and priority claims): $346 million
- Total collateral value available to repay debt: $2,856 million
- Unsecured debt claims: $3,171 million [1]
- Recovery prospects: 50%-70% (rounded estimate: 65%) [2]
- Recovery rating: 3

1] All debt amounts include six months of prepetition interest.

[2] Although recovery prospects exceed 70%, the recovery rating is capped at '3' due to the

unsecured nature of the notes.

Ratings Score Snapshot

Issuer Credit Rating	BB+/Stable/--
Business risk:	Fair
Country risk	Moderately High
Industry risk	Moderately High
Competitive position	Fair
Financial risk:	Modest
Cash flow/leverage	Modest
Anchor	bbb-
Modifiers:	
Diversification/Portfolio effect	Neutral
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Strong
Management and governance	Satisfactory
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile:	bb+

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- 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
- 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: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, 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

- Metal Price Assumptions: Shortages Worsen And Prices Spike As Conflict Roils Metals Trading, March 17, 2022
- ESG Credit Indicator Report Card: Metals And Mining, Nov. 30, 2021

Ratings List

Ratings Affirmed; Outlook Action

	To	From
AngloGold Ashanti Ltd.		
Issuer Credit Rating	BB+/Stable/--	BB+/Positive/--
Ratings Affirmed		
AngloGold Ashanti Ltd.		
Issuer Credit Rating		
South Africa National Scale	zaAAA/--/zaA-1+	
AngloGold Ashanti Holdings PLC		
Senior Unsecured	BB+	
Recovery Rating	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: Nov. 2, 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.

Note that there may be instances where the PCR reflects an updated Ratings Model version in business use as of the date of the last Credit Rating Action although use of the updated Ratings Model was deemed unnecessary to produce that Credit Rating Action. For example, this may occur in the case of event-driven reviews where the event being assessed is considered to be not relevant to running the updated Ratings Model version. Note also that, in accordance with applicable regulatory requirements, S&P Global Ratings evaluates the impact of material changes to Ratings Models and, where appropriate, issues revised Credit Ratings where necessitated by the updated Ratings Model.

Glossary

- Anchor: The starting point for assigning an issuer a long-term rating, based on its business risk profile assessment and its financial risk profile assessment.
- 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).
- Comparable rating analysis: This involves taking a holistic review of a company's stand-alone credit risk profile (SACP), because each of the subfactors that ultimately generate the SACP can be at the upper or lower end, or at the midpoint, of such a range. It may also touch upon the overall comparative assessment of an issuer in relation to its peers across industry and jurisdiction and may capture some factors not (fully) covered, such as a short operating track record, entities in transition, unusual structures, or contingent risk exposures.
- Competitive advantage: The strategic positioning and attractiveness to customers of the company's products or services, and the fragility or sustainability of its business model.
- Competitive position: Our assessment of a company's: competitive advantage; operating efficiency; scale, scope, and diversity; and profitability.
- Corporate Industry and Country Risk Assessment (CICRA): Derived by combining an issuer's country risk assessment and industry risk assessment.
- 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.
- Diversification/portfolio effect: Applicable to conglomerates. An assessment of the extent to which an entity's multiple core business lines are correlated and whether each contributes a material source of earnings and cash flow.
- 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.
- Economies of scale: This is the cost advantage that arises with increased size or output of a product.
- Efficiency gains: Cost improvements.
- ESG credit factors: Those environmental, social, and governance (ESG) factors that can materially influence the creditworthiness of a rated entity or issue and for which we have sufficient visibility and certainty to include in our credit rating analysis. These credit factors can have a negative or positive impact on creditworthiness, depending on whether they represent a risk or an opportunity.
- ESG credit indicator: An ESG credit indicator is an alphanumeric representation of the qualitive assessment of ESG factors' impact on creditworthiness produced as part of the ratings process. Our ESG credit indicators provide additional disclosure by reflecting our opinion of how material the influence of ESG factors is on the various analytical components in our rating analysis through an alphanumerical 1-5 scale. ESG credit indicators are applied after the ratings have been determined.
- 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.
- 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.