

CREDIT OPINION

15 June 2018

Update

✓ Rate this Research

RATINGS

Hera S.p.A.

Domicile	Italy
Long Term Rating	Baa1 , Possible Downgrade
Type	LT Issuer Rating - Dom Curr
Outlook	Rating(s) Under Review

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Hera S.p.A.

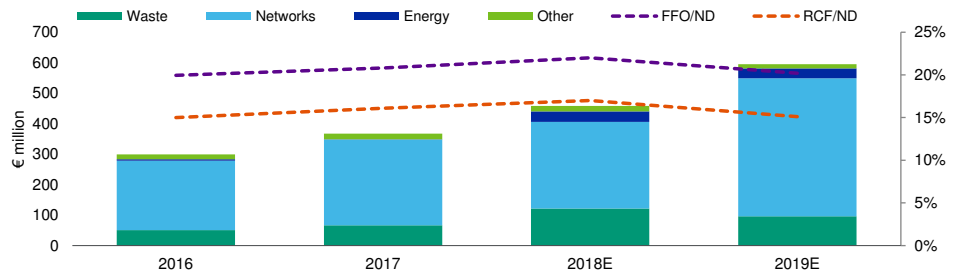
Update following initiation of review for downgrade

Summary

The credit profile of [Hera S.p.A.](#) (Hera, Baa1 RUR down) is underpinned by (1) the company's diversified business mix; (2) its portfolio of low-risk domestic regulated activities (gas distribution, electricity distribution and water services) which account for 43% of EBITDA (2017), with limited exposure to volumes and based on supportive and transparent regulatory frameworks; and (3) the company's credit-friendly strategy of external growth, based on small-scale acquisitions funded through the exchange of shares. These factors are balanced by (1) Hera's exposure to the macroeconomic cycle and competitive pressure through its waste management and energy supply businesses which account for 50% of EBITDA (2017); (2) the exposure, albeit limited, of its power generation business which generated around 3% of EBITDA in 2017, and of its waste business, to volatile power prices in Italy; and (3) the risks associated with the sovereign ([Government of Italy](#) Baa2 RUR down) because Hera generates all its earnings domestically.

Hera has a track record of a steady financial profile, and we expect the group to demonstrate funds from operations (FFO)/net debt of 20%-22% and retained cash flow (RCF)/net debt of 15%-17% in 2018-19<sup>1</sup> (vs. FFO/net debt and RCF/net debt of 20.8% and 16.1%, respectively, in 2017<sup>2</sup>). Our view is based on Hera's updated plan (2017-21) presented in January 2018, which is underpinned by €2.9 billion of investments and is sized to maintain Hera's current financial profile.

Exhibit 1  
Hera's 2017-21 investment plan is tilted towards regulated activities and is designed to support the company's current financial profile  
Planned capex (LHS) and evolution of key credit metrics (RHS)



(1) All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; (2) Historical and projected ratios include an adjustment for securitisations estimated by Moody's; (3) 2018-19 metrics and ratios represent Moody's forward view and not the view of the issuer; (4) Networks mainly include electricity, gas and water distribution regulated activities in Italy; (5) FFO stands for funds from operations and ND stands for net debt.  
Sources: Hera, Moody's Investors Service

## Credit strengths

- » Diversified business mix
- » Portfolio of low-risk domestic regulated networks, with limited price and volume exposure
- » Investment plan sized to maintain financial flexibility
- » Credit-friendly strategy of external growth

## Credit challenges

- » Country risk, because all of Hera's revenue and earnings are generated domestically, leaving the company exposed to potential changes in the credit quality of the Government of Italy
- » Exposure of unregulated businesses to the cyclical macroeconomic environment and, although to a lesser extent, to volatile power prices
- » Liberalisation of the retail electricity supply market in Italy from July 2019, which is likely to increase competition, exerting some pressure on Hera's energy business margins

## Rating outlook

Hera's rating is under review for downgrade in line with the Government of Italy's rating to reflect the company's linkages with the sovereign, given that all its earnings are generated in Italy.

## Factors that could lead to an upgrade

- » An upgrade of Hera is unlikely and would be conditional on an upward movement in the Italian sovereign rating
- » Upward rating pressure would also be conditional on a continued improvement in the company's financial profile, resulting in FFO/net debt comfortably in the twenties in percentage terms and RCF/net debt at least in the high teens in percentage terms, a continued solid liquidity profile and a stable business risk profile

## Factors that could lead to a downgrade

- » A downward movement in the Government of Italy's rating
- » A structural weakening in Hera's financial profile, resulting in credit metrics falling permanently below our ratio guidance (for example, FFO/net debt below the upper teens in percentage terms and RCF/net debt below the low teens in percentage terms)
- » A deterioration in Hera's business risk profile as a result of its growth strategy, with no offsetting strengthening in its credit metrics

## Key indicators

Exhibit 2

Hera S.p.A.

	2014	2015	2016	2017	2018E	2019E
FFO interest coverage	5.0x	5.4x	6.2x	7.0x	7.0x	6.3x
FFO / Net Debt	18.9%	18.7%	20.5%	21.7%	23.0%	21.0%
RCF / Net Debt	14.3%	13.8%	15.4%	16.8%	18.0%	16.0%

(1) All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; (2) The ratios shown do not include any adjustment related to Hera's securitisation of receivables given the lack of publicly available data. Moody's estimates that including such adjustment the FFO/Net Debt and the RCF/Net Debt ratios would be around 20.8% and 16.1% in 2017, respectively. (2) 2018-19 metrics and ratios represent Moody's forward view and not the view of the issuer.

Source: Moody's Investors Service

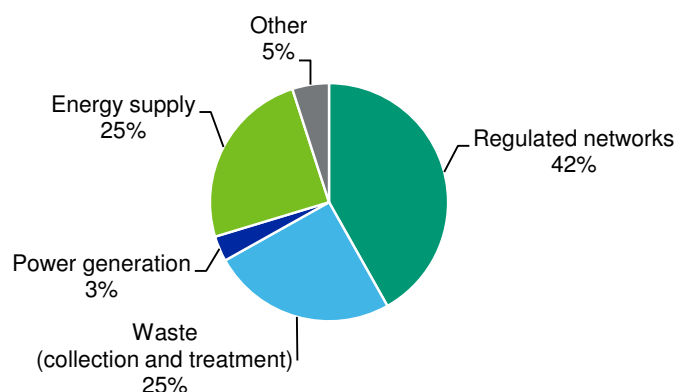
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody.com](http://www.moody.com) for the most updated credit rating action information and rating history.

## Profile

Hera S.p.A. (Hera) is one of the largest multi-utilities in Italy. More than 50% of the company's capital is held by 118 municipalities (51.3%, public shareholders), the largest of which is the City of Bologna (around 10%). Hera has a strong territorial presence in the region of Emilia Romagna and more generally in the northeast of Italy. The company has a diversified and vertically integrated portfolio of public utility services, which includes regulated water and energy networks, waste collection, treatment and energy from waste generation activities, gas and electricity retail sales, and ancillary activities such as district heating and public lighting. In 2017, Hera reported consolidated revenue of €6,137 million and EBITDA of €985 million. The company is listed on the Milan Stock Exchange with a market capitalisation of around €4.5 billion.

Exhibit 3

### Hera's EBITDA split (2017)



Sources: Hera, Moody's Investors Service

## Detailed credit considerations

### Sizeable and diversified portfolio of regulated activities supports stability in revenue and offers visibility into future cash flow

Hera's gas, electricity and water distribution activities accounted for 42% of its consolidated EBITDA in 2017. The revenues generated by these activities are fully regulated by the Autorità di Regolazione per Energia Reti e Ambiente (ARERA) through similar capital remuneration and cost recovery mechanisms. The regulatory frameworks applicable to Italian energy and water distribution networks are stable and transparent, supporting the predictability of Hera's revenues and cash flows. The regulations also leave the company exposed to little or no volume risk.

Hera's water distribution activities accounted for 23% of its consolidated EBITDA in 2017. The second regulatory period (Metodo Tariffario Idrico, MTI-2) for water distribution activities started in January 2016 and extends over four years with two interim periods (2016-17 and 2018-19). Under the MTI-2 regulation (which is based on principles of continuity vs. MTI-1 and vs. 2012-13 transitory tariff frameworks), water tariffs are set to allow an efficient company to recover capital and operating costs. This is similar to the well-established regulations that the ARERA applies to Italy's electricity and gas networks. Notwithstanding the positive evolution of the framework for water services in Italy, it will take time for a track record to be established.

Hera's electricity and gas distribution networks accounted for almost 19% of its consolidated EBITDA in 2017. Gas distribution networks started a new six-year tariff cycle in 2014 (2014-19) based on regulatory mechanisms aligned with those applied in the previous period. The real pre-tax WACC for gas distribution activities was set at 6.1% for 2016-18. We expect the 2018 interim review to take into account the 3.5% reduction in Italian corporate tax rate, valid since January 2017, and to incorporate higher levels of regulatory gearing, in line with the regulator's proposals.

Exhibit 4

**Summary of regulatory frameworks for Hera's water, electricity and gas distribution network activities**

	Water distribution	Electricity distribution	Gas distribution	Comment
Regulatory body	ARERA	ARERA	ARERA	
Start of regulatory period	Jan-16	Jan-16	Jan-14	
End of regulatory period	Dec-19	Dec-23	Dec-19	
Length of regulatory period	4-year period divided in two interim periods (2016-17 and 2018-19)	8-year period divided in two interim periods (2016-19 and 2020-23)	6-year period divided in two interim periods (2014-16 and 2017-19)	
Regulatory framework	Return on RAB, price cap	Return on RAB, price cap	Return on RAB, price cap	
Incentives	Incentives on quality of service provided	Incentives on investments and quality of service provided	Quality of service incentives	
Volume exposure	No exposure. Ex post volume correction	No exposure. Ex post volume correction	No exposure. Ex post volume correction	
RAB calculation	Re-evaluated historical cost	Re-evaluated historical cost	Re-evaluated historical cost	RAB adjusted for inflation annually
Allowed return on capital	5.3%	5.6%	6.1%	real pre-tax
Next review of allowed return on capital	Dec-19	Dec-18	Dec-18	WACC interim review for gas and electricity distribution effective from 2019 respectively (update of risk free rate, inflation, regulatory gearing, tax rate and country risk premium parameters). Beta updated as part of the sector interim or full regulatory review. Option to update water distribution allowed return on capital if material changes occur.
Time lag on investments/D&A	2 years (investments and D&A)	1 year on investments, 2 years on D&A	1 year	
Time lag compensation on WACC	1%	0%	0%	

Sources: ARERA, Moody's Investors Service

In 2016, the process for the re-organisation of Italian gas distribution districts kicked off, although at a slower pace than expected. Hera intends to participate in tenders where it is already the incumbent operator, thus limiting potential execution risk. In its 2017-21 business plan, the company allocated around €470 million for gas tenders (up from the previous €330 million, although part of the increase reflects investments for tenders that were previously classified as M&A). Management anticipates this capex to translate into an additional €30 million of EBITDA, most of which is expected to materialise in 2020.

**Exposure of energy supply and waste management businesses to cyclical macroeconomic conditions****Liberalisation of the Italian energy supply market in 2019 could exert some pressure on margins**

We estimate that almost 25% of Hera's consolidated EBITDA in 2017 came from natural gas and electricity sales and trading businesses. We consider these activities riskier because the company is exposed to volume fluctuations owing to the cyclical macroeconomic environment and to market competition.

In the gas segment, Hera has a significant presence with approximately 2.25 bcm of gas sold (2017) to retail, industrial and commercial customers. Approximately 57% of Hera's gas sales are linked to regulated retail tariffs, which are set by ARERA and are linked to gas spot prices while the residual 43% of gas volumes are sold in the liberalised market where retail prices are also generally determined in relation to reference market prices. In the electricity segment, the company also has a strong presence with 10.52 terawatt hour (TWh) sold in 2017 to retail, industrial and commercial customers.

We expect Hera's share of industrial customers to grow, mainly through M&A, which management anticipates will support profitability. However, the profitability of Hera's Energy division remains exposed to volatile volumes and to progressively greater competitive pressure as the Italian energy supply market is planned to be liberalised in July 2019. In its 2017-21 plan, Hera anticipates that increased competition will reduce the divisional EBITDA by around €10 million over the plan period. Management nevertheless expects this to be more than offset by a growing customer base as Hera plans to reach over 3 million of energy customers (vs. 2.3 million at 2017 YE, or

+30%) by 2021. As of 2018 YE, the contracts of electricity and gas safeguarded customers (which have been contributing almost €40 million of EBITDA per annum since January 2017) will expire. In line with management's expectations, we expect greater competition for the reassignment of those contracts, potentially resulting in a lower contribution to EBITDA starting from 2019.

#### **Waste collection business and the under-supplied nature of the domestic waste treatment market mitigate volume and price exposure**

As for Hera's environment activities (25% of 2017 consolidated EBITDA), a fragmented and under-dimensioned waste treatment market increases the potential for Hera to reach its special waste volume target of 3.7 million tonnes in 2021 (from 2.5 million tonnes in 2017), increasing its market share in the northeastern regions and capturing part of the intra-regional waste flows from southern and central Italy. In line with its strategy of vertical integration and expansion, in 2017, Hera acquired two companies active in the waste management business, namely 80% of Aliplast (we expect the remaining 20% to be acquired by June 2022) and 100% of Teseco, which together brought an additional €18 million of EBITDA in 2017.

Hera's waste treatment activities expose the company to the cyclical macroeconomic environment. However, the exposure of waste treatment activities to volumes and prices (gate fees) is mitigated by the under-supplied nature of the domestic waste treatment market which could put some upward pressure on prices with potential positive impacts on Hera's margins. Hera also relies on a solid urban waste collection base which represents a natural upstream contributor to waste treatment activities. Collection activities (representing almost two-thirds of the Waste division EBITDA) reduce the overall risk of this segment as waste collection in Italy is performed under concessions assigned through tenders. By 2019, around two-thirds of Hera's concessions will be re-tendered, exposing the company to a significant risk of volume loss. However, as an incumbent operator, we expect Hera to be able to leverage its knowledge of the territory and its scale to offer increased service efficiency and confirm its existing presence. The introduction of a new regulatory framework for waste collection activities by the ARERA (which took over the responsibility to oversee the sector in January 2018) could also benefit the predictability of Hera's revenues (and potentially also collection margins) if it is implemented under principles similar to those applied to more established regulated networks (for example, gas and electricity transmission and distribution, and water services). However, there is still some uncertainty around the exact timing of its implementation.

To a lesser extent, waste treatment activities also expose Hera to volatile power prices in Italy through the electricity produced from its waste to energy (WTE) plants (around 130 MW of capacity installed and 0.7 TWh of power generated in 2017). The exposure to power prices coming from Hera's WTE fleet is mitigated by the incentives received. Notably, in 2017, around 49% of the electricity produced from WTE was incentivised although this share will decline to around 23% by 2021. Furthermore, Hera's WTE electricity production has limited exposure to changes in the company's waste volumes given the significantly smaller treatment capacity (around 1.3 million tonnes) compared with the company's total commercialised waste volumes (4.6 million tonnes in 2017).

#### **Some exposure, albeit limited, of power generation activities to volatile power prices**

Hera's power generation activities expose the company to volatile power prices in Italy, although such exposure is limited by their small weight (we estimate around 3% of 2017 EBITDA). In addition to the power generated through its WTE plants (discussed above), in 2017 Hera produced almost 0.5 TWh of electricity through cogeneration and renewable plants (together 93 MW of installed capacity). Over the past two years (2016-17) power generation activities contributed positively to the company's consolidated EBITDA, driven by a recovery in domestic power prices (in 2017 the average one year forward PUN, Italy's single national price, increased to almost €46/MWh vs. around €40/MWh in 2016) and reflecting better results achieved in the market for ancillary services (MSD).

#### **The 2017-21 plan leaves business risk unchanged and continues to support financial flexibility**

Hera's business plan, presented in January 2018, targets EBITDA of €1,135 million by 2021 (vs. €917 million in 2016 or a 4.4% compound annual growth rate), underpinned by €2.9 billion of investments between 2017 and 2021, of which over 70% are directed to regulated activities. Around 55% of the total planned capital spending is earmarked for maintenance, while the rest is split among gas tenders (€470 million, included in the regulated share of investments mentioned above), organic development (€390 million) and M&A (€380 million). The company does not include in the plan investments to capture additional opportunities, potentially amounting to up to €300 million, which we think the company would have the ability to accommodate, although by absorbing essentially all its existing financial flexibility.

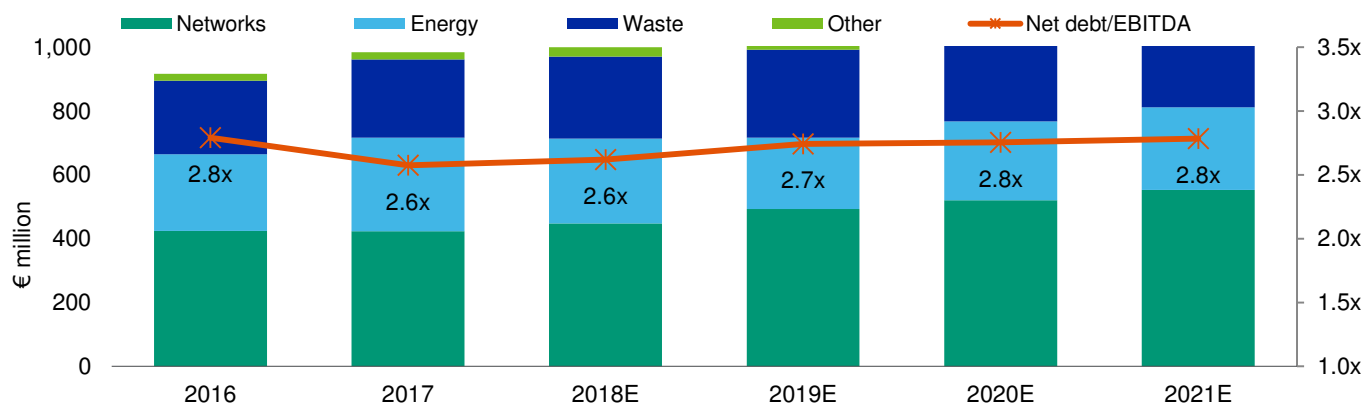
The plan is overall consistent with that of the previous year because the key levers that management expects to help Hera achieve EBITDA of €1,135 million by 2021 are: (1) efficiencies, amounting to €76 million between 2017 and 2021, around 65% of which will be achieved in the Networks and Waste divisions. According to management, efficiencies will be driven by a reduction in controllable costs

(€53 million) and innovation (€23 million, including, for example, energy efficiency projects and increased automation in workflows). Given Hera's positive track record (between 2012 and 2016, efficiencies amounted to €69 million), we expect the company to be able to reach a similar target over the five-year plan period; (2) gas tenders, as discussed above, to add up to €30 million according to management (most of which in 2020), assuming no further delays; (3) top-line growth of over €30 million, driven by tariff increases, customer base expansion, as well as growth in the environment sector; and (4) small-scale credit-friendly M&A, contributing €107 million by 2021, of which €18 million was already achieved in 2017. Of the residual, about €50 million will come from acquisitions in the Waste and Energy divisions. Those positives will be partially offset by an anticipated reduction in incentives and other negative one-offs that will materialise over the plan period (€27 million).

Because almost 60% of the overall planned growth will come from the Networks division, we expect Hera's business risk to remain unchanged by 2021, when around 50% of the overall projected consolidated EBITDA is planned to come from low-risk regulated activities (that is, electricity, gas and water distribution networks). From a financial risk perspective, management expects leverage to increase slightly, resulting in net debt/EBITDA remaining below the 3x threshold set by the company for every year of plan.

Exhibit 5

**Hera's business plan 2017-21: planned EBITDA growth (4% CAGR) and reported net debt/EBITDA evolution**



Notes: (1) the Net debt/EBITDA ratio includes the full consolidation of financial debt coming from M&A targets but excludes the additional €300 million of optional investments to seize new opportunities; (2) the evolution of leverage is calculated starting from Hera's 2017 actual net debt/EBITDA (2.6x) which is lower than what originally embedded in the 2017-21 plan.

Sources: Hera, Moody's Investors Service

We expect Hera's 2017-21 plan to support the company's current credit profile as we anticipate that the company will exhibit FFO/net debt of around 20%-22% (including planned M&A) and RCF/net debt of 15%-17% in 2018-19<sup>3</sup>.

### Consolidation strategy remains creditors' friendly

The high degree of voting right fragmentation, resulting from Hera's ownership by more than 200 local municipalities, has historically prevented any major shareholder interference in the company's corporate strategy. This has favoured the execution of a balanced financial policy over the years, based on growth through small-scale acquisitions financed through share exchanges, contained leverage and a stable dividend policy. Hera's strategy of external growth has created a solid track record of synergy extraction from the acquired entities (for example, between 2013-2016, synergies amounted to €23 million), which positions the company well to achieve additional €20 million of synergies targeted between 2017-2021.

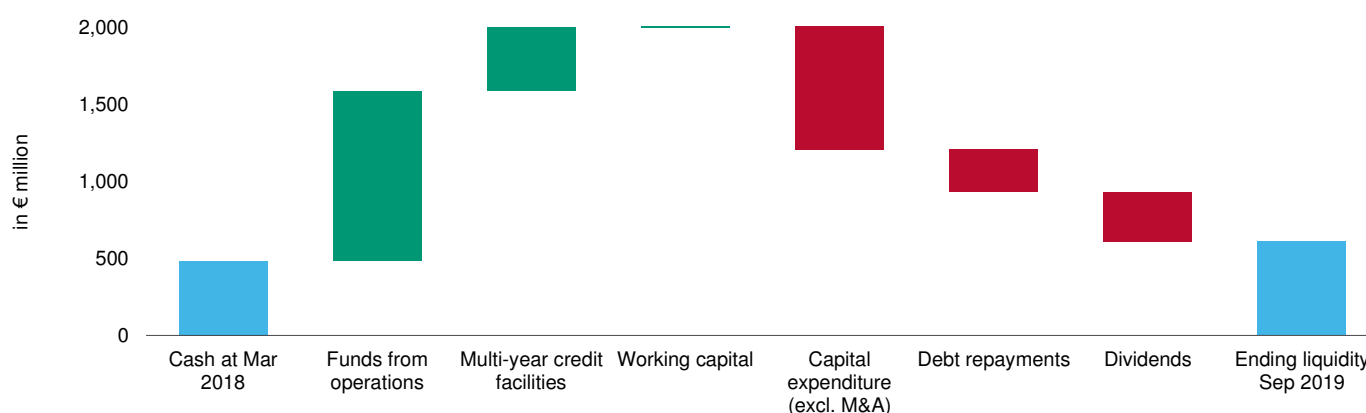
## Liquidity analysis

As of March 2018, Hera had a strong liquidity profile backed by almost €486 million of cash and cash equivalents and €410 million of committed credit lines, of which €110 million drawn in June 2018 and payable between 2021-2032. Most of the residual committed credit lines will be available until 2023 (only €50 million will mature in December 2020) reflecting the successful renegotiation in May 2018 of four revolving credit facilities (totaling €200 million) and originally maturing between 2019-20. Those lines were replaced by an "ESG linked RCF facility", the first of its kind in Italy, expiring in 2023 and which will allow Hera to access funding at more favorable conditions if the company achieves specific environmental, social and governance (ESG) objectives. All the committed lines benefit from the absence of any financial covenant and material adverse change clauses.

As of March 2018, Hera's reported net financial debt amounted to €2.50 billion (in line with December 2017 YE), with an average cost of debt of 3.7% and an average maturity of 7.3 years. The next relevant maturity will be in 2019, when a €395 million bond will expire. We think that Hera's internal cash flow generation will be sufficient to cover the company's liquidity needs (working capital, debt repayments, investments and dividends) over the next 18 months (see Exhibit below).

Exhibit 6

**We expect Hera's cash availability to cover the company's liquidity needs over the next 18 months (as of March 2018)**



Source: Moody's Investors Service

## Rating methodology and scorecard factors

There is no single rating methodology for Hera, given the group's diversified portfolio of businesses. We assess the creditworthiness of the company's water networks in accordance with our [Regulated Water Utilities](#) rating methodology, published in June 2018. We use our [Regulated Electric and Gas Networks](#) rating methodology, published in March 2017, for its electricity and gas networks; our [Environmental Services and Waste Management Companies](#) rating methodology, published in April 2018, for the Waste division; and our [Unregulated Utilities](#) rating methodology, published in May 2017, for the electricity and gas business.

Given its public shareholder base, Hera also falls within the scope of our [Government-Related Issuers](#) rating methodology, published in June 2018. However, given the limited capacity of its public shareholders to provide support to the company in a scenario of financial distress, the rating does not incorporate any uplift to Hera's standalone credit quality for potential government support.

## Ratings

Exhibit 7

Category	Moody's Rating
<b>HERA S.P.A.</b>	
Outlook	Rating(s) Under Review
Issuer Rating - Dom Curr	Baa1 <sup>1</sup>
Senior Unsecured	Baa1 <sup>1</sup>

[1] Placed under review for possible downgrade on May 30 2018

Source: Moody's Investors Service

## Appendices

Exhibit 8

Hera S.p.A.

Adjusted net debt calculation

EUR million	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17
<b>As Reported Debt</b>	3,647	3,671	3,428	3,115	3,172
Pension Adjustments	128	145	130	130	126
Operating Lease Adjustments	68	66	50	52	47
Other Adjustments	-16	-68	-77	-67	-33
<b>Moody's - Adjusted Debt</b>	3,827	3,814	3,531	3,230	3,313
Cash & Cash Equivalents	-935	-843	-548	-352	-451
<b>Moody's - Adjusted Net Debt</b>	2,892	2,971	2,984	2,878	2,862

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Investors Service



Exhibit 9

Hera S.p.A.

Select historical adjusted financial data

EUR million	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17
<b>INCOME STATEMENT</b>					
Revenue	4,457	4,189	4,487	5,131	5,612
EBITDA	716	792	782	815	860
EBIT	391	446	434	458	480
Interest Expense	136	141	126	113	103
<b>BALANCE SHEET</b>					
Total Debt	3,827	3,814	3,531	3,230	3,313
Cash & Cash Equivalents	935	843	548	352	451
Total Liabilities	5,970	6,085	5,839	5,809	6,223
<b>CASH FLOW</b>					
Funds from Operations (FFO)	467	561	558	589	621
Cash Dividends - Common	-131	-137	-145	-145	-141
Retained Cash Flow (RCF)	335	424	413	443	480
Capital Expenditures	-321	-343	-357	-395	-451
FFO / Net Debt	16.1%	18.9%	18.7%	20.5%	21.7%
RCF / Net Debt	11.6%	14.3%	13.8%	15.4%	16.8%
<b>INTEREST COVERAGE</b>					
FFO Interest Coverage	4.4x	5.0x	5.4x	6.2x	7.0x

Notes: (1) All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; (2) The ratios shown do not include any adjustment related to Hera's securitisation of receivables given the lack of publicly available data.

Source: Moody's Investors Service

Exhibit 10

Hera S.p.A.

Adjusted EBITDA calculation

EUR million	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17
<b>As Reported EBITDA</b>	710	783	785	811	861
Pension Adjustments	0	0	1	1	0
Operating Lease Adjustments	17	17	12	13	12
Other Adjustments	-10	-7	-15	-9	-13
<b>Moody's - Adjusted EBITDA</b>	717	792	783	815	860

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Investors Service

Exhibit 11  
Hera S.p.A.  
Peer comparison table

EUR million	Hera S.p.A. Baa1 RUR down			ACEA S.p.A. Baa2 Stable			A2A S.p.A. Baa2 Stable		
	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-15	FYE Dec-16	FYE Dec-17
Revenue	4,487	5,131	5,612	2,801	2,709	2,670	4,732	4,813	5,590
EBITDA	782	815	860	634	816	733	989	1,176	1,166
Total debt	3,531	3,230	3,313	3,053	3,101	3,527	3,945	3,971	4,139
Cash and equivalents	548	352	451	815	666	681	674	403	691
FFO	558	589	621	492	641	669	731	846	891
FFO / net debt	18.7%	20.5%	21.7%	22.0%	26.3%	23.5%	22.3%	23.7%	25.8%
RCF / net debt	13.8%	15.4%	16.8%	17.5%	21.8%	18.7%	18.7%	20.0%	21.3%
FFO interest coverage	5.4x	6.2x	7.0x	5.9x	7.9x	8.9x	5.5x	6.5x	7.3x

Notes: (1) All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; (2) Hera's ratios do not include any adjustment related to the securitisation of receivables given the lack of publicly available data.

Source: Moody's Investors Service

## Endnotes

- 1 2018-19 projected ratios are calculated including an adjustment for securitisations based on Moody's estimates.
- 2 Historical ratios are calculated including an adjustment for securitisations based on Moody's estimates.
- 3 2018-19 projected ratios are calculated including an adjustment for securitisations based on Moody's estimates.

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