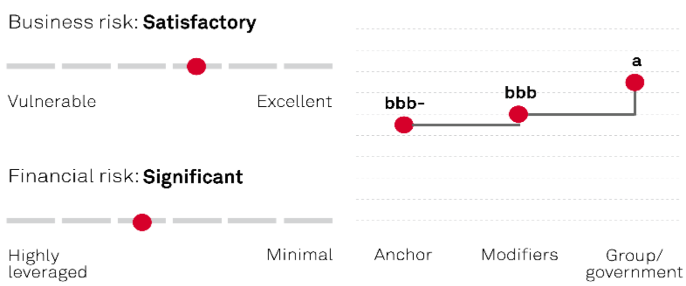
Jernhusen AB

July 3, 2024

Ratings Score Snapshot



A/Stable/A-1

Issuer credit rating

Primary contact

Hugo Casteran
Paris
33140752576
hugo.casteran@spglobal.com

Secondary contact

Marie-Aude Vialle
Paris
33-6-15-66-90-56
marie-aude.vialle@spglobal.com

Credit Highlights

Overview

Key strengths	Key risks
Niche real estate company focused on owning, developing, and managing railway-related properties worth about Swedish krona (SEK)22 billion (about € 1.9 billion) as of March 31, 2024.	Relatively small and concentrated portfolio with limited international geographic diversity compared with other rated real-estate companies.
High-quality property portfolio, with 80% of assets in prime locations in Sweden's main three growth centers of Stockholm Gothenburg, and Malmö.	Important development pipeline in the next 24-36 months, which will consequently weigh on leverage ratios.
Ownership of unique assets such as Stockholm's central station and train depots close to major cities.	Lower average debt maturity of 2.8 years as of first-quarter 2024, compared to similar rated peers, should remain at about 3 years or better due to longer term debt issuances to finance the current pipeline.
Consistent and committed support from the Swedish government through 100% ownership.	

Jernhusen's sizable development pipeline in the coming 24 to 36 months will put pressure on leverage metrics. The company has initiated a number of ambitious and substantial development, extension, and renovation projects including the Hagalund depot in Stockholm, and Park Central and the Grand Central station in Gothenburg. These projects have an associated capital expenditure (capex) investment of close to SEK5 billion over the course of the next three years, with completion estimated at year-end 2026, and will be carried out in addition to smaller projects and existing asset maintenance. As such, we anticipate Jernhusen's overall capex at SEK 6.0 billion over 2024-2026, which will mostly be

debt funded. Although we view positively these projects in terms of improving portfolio scale and quality, they will weigh on the company's leverage metrics until completion at the end of 2026.

Jernhusen's credit metrics remain commensurate with the rating, but with less headroom due to the high capex. The additional debt raised to finance the capex pipeline will affect leverage and interest coverage ratios. We anticipate the company's adjusted debt-to-EBITDA ratio will gradually increase toward 12.0x-12.3x by 2026 before normalizing at about 11.0x-11.5x when cash flow starts to be generated from delivered assets. This is still materially higher than the 10.4x reported at year-end 2023, but we expect it will stay well below our downside threshold of 13.0x. We also expect S&P Global Ratings-adjusted debt-to-debt-plus-equity ratio will progressively deteriorate to 53%-54% over 2025-2026 from 47.4% in 2023 and 43.7% in 2022. We don't anticipate this ratio will return to historical levels in the medium term, since there are no mitigating effects, such as disposals or equity injections, to alleviate the additional debt burden. However, we note that there is some flexibility in dividend payments should Jernhusen breach its loan-to-value target of 40%-50%, lowered from 45%-55% in April 2024 (corresponding to 41%-51% adjusted debt-to-debt-plus-equity ratio). We also expect to see a decrease in EBITDA interest coverage, to 3.5x-3.7x by 2025-2026 from 4.7x in 2023, but still comfortably above our 3.0x downside threshold for the rating.

We believe Jernhusen's liquidity and funding profiles will remain sound over the next 12-24 months, despite a relatively short average debt maturity. The company has a reasonable liquidity buffer with sources exceeding uses at about 1.2x as of March 31, 2024. Jernhusen largely depends on short-term funding to repay debt and has repayments of SEK4.2 billion for the next 12 months, of which about SEK1.9 billion is related to commercial paper. We understand the company intends to roll over existing maturities because it can tap the market at favorable prices. Nevertheless, Jernhusen has SEK1.5 billion of cash and cash equivalents, SEK4.5 billion available under its committed undrawn backup facility, and additional available funding of SEK1.3 billion under its commercial papers program and overdraft facility. This, in our view, mitigates its average debt maturity of 2.8 years, which is shorter than that of other rated peers. Jernhusen's ownership structure and the Swedish government's track record of supporting the government-related entity (GRE) sector also strongly limits any liquidity risk. We understand that the weighted average debt maturity will remain at about 3 years or better due to longer term debt issuances to fund the capex pipeline.

Outlook

Our stable outlook signifies that we expect Jernhusen's properties will continue to benefit from favorable demand trends for rail travel and the company will remain able to access financial markets to cover its refinancing needs. We expect some deterioration in credit ratios due to the high debt-funded capex pipeline, although they will remain commensurate with the rating thresholds.

Downside scenario

We could lower the rating if Jernhusen's operating performance falters due to subdued footfall at railway stations, tenants renegotiating rent reductions in the current inflationary environment, or if bankruptcies or vacancies increase. We could also lower the rating if Jernhusen's financial risk increases, for example, due to higher debt-funded capex than we currently forecast.

Specifically, we could downgrade the company if its:

- Adjusted debt to debt plus equity increases toward 55%;
- Debt to EBITDA increases to above 13x, or its liquidity cushion decreases over the next 12-24 months; or
- Interest coverage ratio falls well below 3x for a prolonged period.

A negative rating action could also stem from a liquidity shortage, for example, due to higher-than-anticipated capex needs or late refinancing of upcoming debt maturities.

In addition, we could lower the ratings if we consider that the likelihood of government support for Jernhusen has weakened. This could, for example, result from partial privatization of the company, although we consider this highly unlikely.

Upside scenario

We could raise the rating if we believe Jernhusen's financial risk tolerance has decreased, allowing it to maintain debt to debt plus equity of less than 40% on a sustainable basis. We view this as unlikely in the next two years given Jernhusen's ambitious investment plan, and our view that this would only follow a shift in the company's financial policy.

Our Base-Case Scenario

Assumptions

- 4.8% revenue growth in 2024 and 3.5% in 2025 on the back of positive rent negotiations and indexation.
- Stable EBITDA margin of 52.5% over the forecast period.
- Fair values in the company's portfolio will decline by up to 1% in 2024 and remain flat due to stabilizing property yields.
- Significantly higher capex of SEK2 billion in 2024 and SEK2.4 billion in 2025, with project deliveries by year-end 2026, in line with company guidance.
- No acquisitions, but gradual disposals of residential zoning plans.
- Cash dividend distribution of SEK357 million in 2024 and none in 2025.
- Overall cost of debt will gradually increase to 2.3% over the next 24 months.

Key metrics

Jernhusen AB--Forecast summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. SEK)	2020a	2021a	2022a	2023a	2024e	2025f	2026f	2027f
Revenue	1,446	1,514	1,639	1,827	1,915	1,983	2,088	2,307
EBITDA	658	718	880	979	1,006	1,041	1,096	1,212
Funds from operations (FFO)	526	594	760	792	767	759	786	890
Interest expense	139	125	134	208	239	282	311	322

Jernhusen AB--Forecast summary								
Capital expenditure (capex)	440	482	833	1,158	1,996	2,385	1,800	900
Dividends	219	169	390	432	357	--	--	250
Debt	8,026	7,987	8,339	9,097	11,076	12,598	13,508	13,666
Equity	8,013	9,477	10,755	10,093	10,201	10,840	11,501	11,998
Adjusted ratios								
Debt/EBITDA (x)	12.2	11.1	9.5	9.3	11.0	12.1	12.3	11.3
EBITDA interest coverage (x)	4.7	5.7	6.6	4.7	4.2	3.7	3.5	3.8
Annual revenue growth (%)	(10.9)	4.7	8.3	11.5	4.8	3.5	5.3	10.5
EBITDA margin (%)	45.5	47.4	53.7	53.6	52.5	52.5	52.5	52.5
Debt/debt and equity (%)	50.0	45.7	43.7	47.4	52.1	53.7	54.0	53.2

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. SEK--Swedish krona.

Company Description

Jernhusen is a niche real estate company focusing on properties related to Sweden's railway system. It owns stations, depots, and cargo terminals, and develops commercial property around central stations. The Swedish government owns 100% of Jernhusen, which was founded in 2001 as a spin-off from the Swedish railway monopoly Statens Järnvägar (SJ). Jernhusen's purpose is to enable more people to travel by rail and thereby contribute to a more environmentally friendly transport system. As of March 31, 2024, its properties were valued at SEK22 billion and it had 537,000 square meters of rentable area.

Peer Comparison

We consider Fastighets AB Balder, Citycon Oyj, and Willhem AB to be the most comparable companies to Jernhusen under our corporate real estate coverage. All companies have operations in the Nordic countries.

Jernhusen operates a relatively small portfolio and is constrained by the lower diversified foothold, operating exclusively in Sweden (48% in Stockholm). In comparison, both Balder and Citycon conduct larger operations across the Nordic countries.

That said, Jernhusen owns the largest railway-related properties in Sweden and being government-owned gives it an edge over its peers since it’s unlikely the company will face any major competition in its niche segment. Additionally, we consider that Jernhusen exhibits a higher-quality cash flow stream because of its tenant base and longer weighted-average lease term compared to most of its peers. Jernhusen also has lower leverage than all three peers, as indicated by its ratio of debt to EBITDA of 10.4x at year-end 2023. To reflect the better standing of the company's financial ratios relative to peers, we include a positive comparable rating analysis modifier, which grants an uplift to the stand-alone credit profile (SACP).

Our issuer credit rating on Jernhusen is higher than that of its peers, largely due to it being a GRE, in which we apply a 3-notch uplift to the SACP.

Jernhusen AB--Peer Comparisons

	Jernhusen AB	Fastighets AB Balder	Citycon Oyj	Willhem AB (publ)
Foreign currency issuer credit rating	A/Stable/A-1	BBB/Negative/--	BBB-/Negative/A-3	A-/Negative/A-2
Local currency issuer credit rating	A/Stable/A-1	BBB/Negative/--	BBB-/Negative/A-3	A-/Negative/A-2
Period	Annual	Annual	Annual	Annual
Period ending	2023-12-31	2023-12-31	2023-12-31	2023-12-31
Revenue	1,827	11,944	2,175	2,860
EBITDA	979	8,204	1,882	1,761
Funds from operations (FFO)	792	2,978	1,167	954
Interest expense	208.0	3927.3	712.4	825.0
Operating cash flow (OCF)	680	5,246	1,235	795
Capital expenditure	1,158	7,704	1,044	1,605
Dividends paid	432.0	116.0	1092.7	0.0
Cash and short-term investments	448	3,848	213	2,313
Debt	9,097	133,517	24,056	30,197
Equity	10,093	96,205	18,547	22,265
Valuation of investment property	21967.0	209000.0	42886.8	56497.0
Adjusted Ratios				
EBITDA margin (%)	53.6	68.7	86.5	61.6
EBITDA interest coverage (x)	4.7	2.1	2.6	2.1
FFO cash interest coverage (x)	5.2	1.6	2.6	2.2
Debt/EBITDA (x)	9.3	16.3	12.8	17.1
Debt/debt and equity (%)	47.4	58.1	56.5	57.6

Business Risk

Our assessment of Jernhusen's satisfactory business risk profile reflects the company's resilient asset portfolio. As of March 31, 2024, the company’s rental income had increased by 11% year-on-year, fueled by higher rents and indexation. We expect rent growth will stay positive, but indexation will reduce as inflation normalizes.

The portfolio contains very high-quality assets, which mainly consists of railway stations (60% of property value) and depots/cargo terminals (40%), with about 80% comprising properties in prime locations in Sweden's three main growth centers of Stockholm, Gothenburg, and Malmö. After a prolonged period of higher vacancy rates during the COVID-19 pandemic, reaching 7.2% at the end of 2022, vacancy rates have now rebounded to about 5% as of March 31, 2024. We believe Jernhusen is better positioned than some other retail landlords affected by more discretionary consumer spending, given that Jernhusen's sales are primarily correlated with the number of people passing through stations. This traffic is supported by a political agenda to increase the use of railways for passengers and cargo. Moreover, the Swedish Transport Administration expects railway passenger traffic will increase 54% by 2040 and we believe that Jernhusen, together with improving market conditions, will be able to benefit, since real estate close to the railway will be in demand.

Property value stood at SEK22 billion in first-quarter 2024, down 1% from year-end 2023, while yield reached 5.8%. 60% of the company's total portfolio value (SEK11.8 billion) is composed of 36 stations. Rental income from the stations stems predominantly from retail premises and restaurants, where sales are relatively stable and primarily correlated to the number of trains and passengers. Rental contracts typically include both a base rent and a turnover-related add-on rent. We expect rental revenues from stations will remain considerably more stable and with lower vacancies than for retail properties in general.

Jernhusen owns and operates 19 train depots and 5 intermodal terminals with a total value of SEK7.5 billion. Although Jernhusen's depot tenants are mainly private maintenance companies, we view tenant risk as very low since a defaulting tenant will most likely be replaced by another very quickly to avoid disruptions to the railway system. A sizeable portion of leases in the depot segment also stems from long leases (20-25 years on average) and 35% of total leases in this segment is signed with a public entity (municipality or state), hence providing visibility and counterparty security. The depot business resembles a monopoly where rents are set at cost plus margin. We also view as positive Jernhusen's ownership of railway depots close to main cities, given that these are essential infrastructure for the ongoing maintenance of trains.

We view Jernhusen's urban development business (about 10% of its portfolio value) as somewhat riskier than its core business due to the nature of its development activities, exposing it to construction cost fluctuation, ultimately weighing on project profitability. However, Jernhusen already owns the developable land plots, which are in good locations, and has a decade-long track record of development activities which alleviates the risk, in our view.

Financial Risk

Our assessment of Jernhusen's financial risk profile mainly reflects our expectation that the company will maintain credit metrics commensurate with the rating over coming 12-24 months, albeit with less headroom on leverage ratios.

We expect the company's ambitious capex initiatives for 2024-2026, which are 60% debt funded, will weigh on adjusted debt to debt plus equity, reducing headroom considerably to 53%-54% in 2025-2026, close to our downside threshold of 55%, from 47.4% at year-end 2023. Furthermore, we expect the company will suspend dividend payments in 2025 and 2026 in order to strengthen liquidity and avoid breaching its reported financial policy. However, the effect of market improvements and positive revaluation on Jernhusen's investment portfolio, although not included in our base-case scenario, would alleviate pressure and allow for a more comfortable rating headroom. We have reviewed our analysis of the short-term financial investments owned by Jernhusen and now include them in our cash calculation. Since these short-term investments are composed of short-duration municipal bonds and similar instruments, we net them against the company's debt. This has a beneficial effect on the company’s debt-to-debt-plus-equity and debt-to-EBITDA ratios of about 1%-3% and about 0.5x-1x, respectively, depending on the period.

We expect the company's debt to EBITDA at 11.0x-12.3x and EBITDA interest coverage will weaken toward 3.5x-4.0x over the next 12-24 months due to increasing debt levels not yet compensated by EBITDA generation from the development projects. Still, Jernhusen has a strong capacity to cover its interest burden and is comfortably within our rating threshold. We also anticipate portfolio investments will start generating cashflow from the end of 2026, which will provide an uplift on revenues and EBITDA, and positively impact our credit metrics.

Overall, Jernhusen's financial ratios continue to be mildly sensitive to changes in interest rates and yield requirements, given its high reliance on commercial paper as a funding source, mitigated by the high proportion of fixed-rate and hedged debt (90% of the company's capital structure). The company's cost of debt has increased to 2.0% as of March 31, 2024, and we anticipate it will gradually rise on account of material issuances at a higher interest rate. Additionally, the company's debt maturity profile is relatively short dated at 2.8 years as of March 2024. That said, it is offset by Jernhusen's access to unused credit facilities that are almost equal to its outstanding debt. We also understand that the weighted average debt maturity should remain at about 3 years or better on account of future debt issuances to fund the development pipeline.

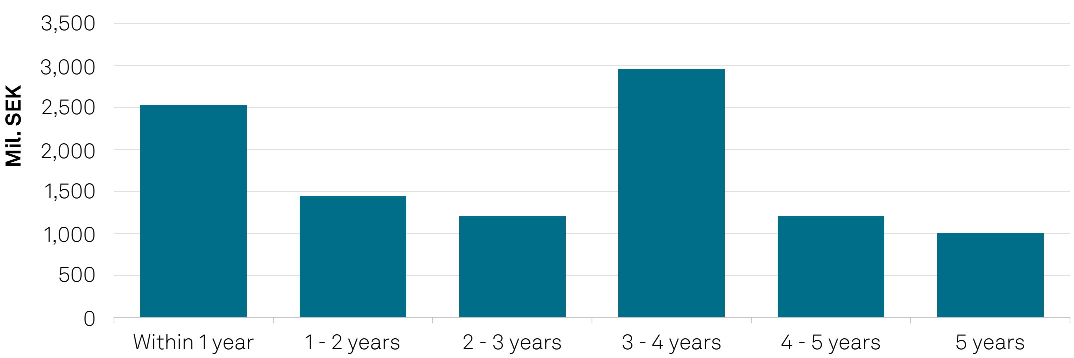
We view positively Jernhusen's ambitious green financing initiatives and having achieved 100% green financing on its outstanding bonds at year-end 2023.

Debt maturities

As of March 31, 2024, average debt maturity stood at 2.8 years (and 3.0 years at year-end 2023).

Jernhusen's debt maturity

As of March 31, 2024



Source: Jernhusen

Comparable Ratings Analysis

Our rating incorporates the company's relatively robust position within our significant financial risk profile category. Jernhusen has strong EBITDA interest coverage of 4x-6x historically, compared with 1x-4x for most other rated investment-grade peers, which is supported by a relatively high yielding property portfolio. In addition, our positive comparison reflects Jernhusen's strong market position within the depots segment, with a large share of government-related tenants enabling stable cash flow. As a result, we include a one-notch positive adjustment to our stand-alone credit assessment for comparable rating analysis.

Jernhusen AB--Financial Summary

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2018a	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	SEK	SEK	SEK	SEK	SEK	SEK

Jernhusen AB--Financial Summary

Revenues	1,545	1,622	1,446	1,514	1,639	1,827
EBITDA	718	793	658	718	880	979
Funds from operations (FFO)	572	658	526	594	760	792
Interest expense	144	141	139	125	134	208
Operating cash flow (OCF)	693	284	715	558	305	680
Capital expenditure	556	480	440	482	833	1,158
Dividends paid	179	700	219	169	390	432
Cash and short-term investments	233	212	634	1,082	384	448
Debt	7,410	8,288	8,026	7,987	8,339	9,097
Common equity	7,680	8,094	8,013	9,477	10,755	10,093
Valuation of investment property	16,944	17,922	17,974	19,574	21,289	21,967
Adjusted ratios						
EBITDA margin (%)	46.5	48.9	45.5	47.4	53.7	53.6
EBITDA interest coverage (x)	5.0	5.6	4.7	5.7	6.6	4.7
Debt/EBITDA (x)	10.3	10.5	12.2	11.1	9.5	9.3
Debt/debt and equity (%)	49.1	50.6	50.0	45.7	43.7	47.4

We now include short-term investments in our accessible cash and liquid investments as it is mostly composed of liquid and short-term municipal bonds.

Reconciliation Of Jernhusen AB Reported Amounts With S&P Global Adjusted Amounts (Mil. SEK)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2023									
Company reported amounts	10,137	10,057	1,827	979	176	208	979	680	432	1,158
Cash interest paid	-	-	-	-	-	-	(187)	-	-	-
Lease liabilities	447	-	-	-	-	-	-	-	-	-
Accessible cash and liquid investments	(1,487)	-	-	-	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	30	-	-	-	-	-
Noncontrolling/ minority interest	-	36	-	-	-	-	-	-	-	-
Total adjustments	(1,040)	36	-	-	30	-	(187)	-	-	-
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	9,097	10,093	1,827	979	206	208	792	680	432	1,158

Liquidity

Principal liquidity sources	Principal liquidity uses
• SEK1.5 million in available unrestricted cash. • A SEK4.5 billion revolving credit facility maturing beyond 12 months. • Our estimate of funds from operations of SEK770 million. • Additional funding available of about SEK1.3 billion under the commercial paper program and overdraft facility.	• SEK4.2 billion of contractual debt amortization payments, including debt maturities and SEK2.4 billion of commercial papers. • SEK357 million of dividends in 2024 and none thereafter. • Capex of about SEK1.9 billion.

Environmental, Social, And Governance

Environmental, social and governance factors are an overall neutral consideration in our credit rating analysis of Jernhusen. We believe that the company is advanced in term of certification of its buildings. Currently all its train stations and office buildings held long term are classified according to the Building Research Establishment Environmental Assessment Method (BREEAM) or Leadership in Energy and Environmental Design (LEED) standards, the majority in the 'very good' category. The company aims to reduce the energy consumption of its properties (in kilowatt-hours per square meter) by 50% by 2030 (base year 2008).

Jernhusen has developed a roadmap detailing its commitment and path to achieving climate neutrality in all aspects of its business, including existing assets and its development pipeline, in order to be climate neutral by 2045 and to reduce its carbon footprint by 50% by 2030, from 2020 figures. Following the implementation of a new system for monitoring and handling sustainability-related data in 2023, the company can now calculate its impact on the climate more accurately. Previously, scope 3 covered the company’s climate impact on project activities, but now with access to new cost data, other aspects of the business, such as media and information technology, can be incorporated.

At the end of 2023, Jernhusen achieved its objective of 100% green financing, with 100% of its debt portfolio comprising green bonds, green loans, and green corporate certificates. Moreover, since the launch of a green framework in 2022 that is in line with the EU taxonomy, and aims to increase its ambition level to work towards achieving climate neutrality, 81% of Jernhusen's properties have reached the taxonomy compliant requirements.

Government Influence

Jernhusen is 100% owned by the Swedish government and managed by the Ministry of Enterprise; we therefore classify it as a GRE. We consider that there is a high likelihood of government support for Jernhusen from Sweden (AAA/Stable/A-1+), and therefore apply three notches uplift to our assessment of the company's 'bbb-' SACP. Our assessment of government support is based on our view of Jernhusen's:

- Important role for the Swedish government due to its unique real estate holdings, which are essential for the Swedish railway network. We believe that Jernhusen plays an important role in meeting political objectives relating to public transport. Although we think that part of

Jernhusen's activities could be managed by private real estate companies, we view it as highly unlikely that the large central stations (such as those in Stockholm, Gothenburg, and Malmö) and depots would be sold to private owners, due to their vital functions in the railway system; and

- Very strong link with the Swedish government, which is actively involved in defining the company's strategy, appoints its board, and has a long-term commitment to the company. We view it as unlikely that the government would consider privatizing Jernhusen given that it owns critical real estate assets tied to the Swedish railway sector. In addition, an ownership clause in the company's debt documentation stipulates that the government should own 100% of Jernhusen. The Swedish government has a track record of supporting the GRE sector, and any unremedied financial distress at the company would pose significant reputation risk for the government.

Rating Component Scores

Foreign currency issuer credit rating	**A/Stable/A-1**
Local currency issuer credit rating	**A/Stable/A-1**
Business risk	**Satisfactory**
Country risk	Very Low
Industry risk	Low
Competitive position	Satisfactory
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb-**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Positive (+1 notch)
Stand-alone credit profile	**bbb**

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
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry, Feb. 26, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015

- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Methodology: Industry Risk, 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, Jan. 7, 2024
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Swedish Real Estate: The End of the Slump Could Soon Be in Sight, Feb. 29, 2024
- Tear Sheet: Jernhusen AB, June 9, 2023

Ratings Detail (as of July 3, 2024)*	
Jernhusen AB	
Issuer Credit Rating	A/Stable/A-1
Issuer Credit Ratings History	
27-Sep-2021	A/Stable/A-1
30-Jun-2020	A/Negative/A-1
29-Aug-2017	A/Stable/A-1

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