

PORT AUTHORITY OF GUAM

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NEWS RELEASE

Moody's Issues Baa2 Credit Rating for Second Year in a Row

Piti, Guam, June 20, 2022: The Port Authority of Guam received positive financial news today as Moody's Investors Service (MIS) issued a Baa2 credit rating for FY 2021.

This rating was based on the Port's credit strengths for the fiscal year. Moody's report highlighted the following:

- The Port's credit is supported by a very stable revenue profile. The stable outlook reflects our expectation that operating revenue will remain healthy and continue to support solid debt service coverage and liquidity levels," said the report released by Moody's.
- The Port derives credit strength for its role as the sole commercial port in Guam. Although the coronavirus pandemic has had deleterious effects on the island's economy, the port's financial profile remains solid, with stable operating revenue supporting sound levels of debt service coverage (2.0x in fiscal 2021) and liquidity (361 days cash on hand).
- Despite the extremely negative effects of the coronavirus pandemic that effectively closed the island's tourism economy, the port's operating revenue in 2020 and 2021 were \$54.6 million and \$55.1 million, respectively - in line with the \$54.0 million average since 2016. And,
- The debt service coverage for the Port is solid and expected to remain around 2X on the net revenue basis. The scorecard-indicated outcome for the Port Authority of Guam for FY 2021 is A3, which is above the assigned rating of Baa2 for FY 2020.

"The Port Authority of Guam, under the Leon Guerrero and Tenorio Administration, employed responsible and transparent financial strategies and has brought this agency to a higher standard of excellence, including recognition by the Guam Public Auditor and winning awards for transparency and accountability on local and national levels," said Governor Lou Leon Guerrero.

"The upgrading of the Port's 2018 Revenue Bond affirms that we have been on target with the directives put in place by Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, Board Chairman Frank Santos, and our board. This news, along with the Port's low-risk designation over the past three years, brings us the credibility needed to seek funding to replace the Port's aging gantry cranes, rehabilitate the wharves to ensure resiliency, and replace our aging facilities, so that the Port does not become a choke point for discharging and deploying military assets and commodities, in addition to our charge to keeping the Port 100% operational at all times," said Port General Manager Rory J. Respicio.