

PORT AUTHORITY OF GUAM

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NEWS RELEASE

S&P Global Ratings Upgrades Port's Outlook to Stable

Piti, Guam, September 14, 2021: S&P Global Ratings has upgraded its outlook for the Port Authority of Guam to stable from negative and affirmed its 'A' long-term rating on the agency's outstanding series 2018 Port Revenue Bonds.

"The outlook revision reflects our view that, despite the economic disruption caused by the global COVID-19 pandemic, volume levels at the port have remained relatively stable and resilient from fiscal 2019 to fiscal 2020 and continuing into fiscal 2021 (Sept. 30 year-end), given the essentiality of the port to Guam, supporting financial metrics that remain in line with our expectations at the current rating level," the ratings report released by Standard and Poor's Global Ratings stated.

The Port of Guam has been largely stable between fiscal years 2018-2020 with containers growing to 85,143 in fiscal 2020 from 84,954 in fiscal 2019 and with fiscal year 2021 year-to-date levels at 2.7% ahead of fiscal 2020 through the month of August.

Port General Manager Rory J. Respicio said the upgraded rating is a result of the agency's efforts to deliver responsible and transparent financial management. Respicio added, "we continue to work tirelessly make these successes a reality for our agency and the people of Guam."

"The port entered the pandemic financially and operationally strong, with strong historical debt service coverage (DSC; S&P Global Ratings-calculated), relatively stable-to-growing volume levels (84,954 containers in fiscal 2019), and a strong overall liquidity position," the ratings report stated. "Entering the pandemic, we viewed the port's market position as adequate and still view it as such, reflective of the port's critical importance to the island's economy. The rating reflects our opinion of the authority's strong enterprise risk profile and strong financial risk profile. The strong enterprise risk profile reflects our view of Guam's very strong economic fundamentals as scored under the above criteria, and the port's essentiality and virtual monopolistic position as sole provider of maritime facilities and services in Guam, somewhat offset by high leading carrier concentration. The strong financial risk profile reflects our view of coverage (as per our calculations) that we expect

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to remain at levels that we consider strong over the next few years, a very strong debt profile (low debt burden), and strong liquidity and financial flexibility.”

The report stated that in their view the following were the Port's key credit strengths:

- Adequate market position given the port's essentiality to the island economy but offset by a concentrated customer base;
- Strong financial performance, reflecting our expectation that DSC (S&P Global Ratings-calculated) will be maintained above 1.25x, and strong debt and liabilities capacity given the lack of additional debt needs but offset by large retirement benefit liabilities; and
- Strong liquidity and financial flexibility, reflecting our expectation that that the port will maintain liquidity levels near historical levels with no potential plans for drawing down at this time.

In May of last year, Moody's Investors Service raised its outlook for the Port Authority of Guam from negative to stable, pointing to low leverage, strong liquidity and the Port's ability to remain fully operational during the coronavirus pandemic.

A copy of S&P Global Ratings Report is attached.