EMEA Corporate Transportation Investment-Grade Portfolio

How Credit Stories Have Evolved

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Dec. 10, 2024

S&P Global Ratings

This report does not constitute a rating action

Contents

Key Takeaways: EMEA Investment-Grade (IG) Airlines And Shipping Firms

Airlines

Government-imposed lockdowns and travel restrictions weighed heavily on air passenger traffic during the pandemic. Strict measures to contain costs, adjust capacity, and preserve cash were insufficient to cover revenue losses, and led to material cash outflows and increased debt. This resulted in downgrades of between one and four notches.

However, the subsequent recovery in air passenger demand has been remarkable. Most ratings are now only one notch below pre-pandemic levels. Our outlook is positive, reflecting strong passenger demand, constrained aircraft supply, and elevated yields. However, fuel prices and labor costs remain high. Geopolitical tensions could lead to further inflation, a spike in oil prices, or weakening demand for travel.

Container shipping

Companies benefited from a surge in demand for tangible goods during the pandemic as consumers spent their money on goods rather than services during lockdowns. Increased online shopping orders and home working placed unprecedented demand on supply chains. This led to significant disruptions, which tied up containership capacity and materially increased freight rates.

Ratings remain robust, as the ongoing events in the Red Sea--attacks by Yemen-based Houthi rebels on maritime shipping--strong trade volumes, and port congestion support rates and offset record-breaking containership deliveries. However, we remain cautious in our outlook, as material additions of new tonnage will continue in 2025.

Key Takeaways: EMEA IG Postal, U.K. Bus, And Logistics Companies

Postal

Firms benefited from soaring parcel-processing and delivery volumes during the pandemic, as retailers relied on e-commerce distribution channels during lockdowns, resulting in strong free cash flow generation. However, operators have met considerable headwinds since, including a structural decline in letters, normalizing parcel volumes, and cost inflation. Recently announced acquisitions in the IG space could affect our ratings in the near term.

U.K. bus

Operators saw a sharp decline in revenues during the pandemic due to containment measures causing a major reduction in passenger volumes. However, the industry received material government support to continue running its essential operations, which helped to reduce operating losses. The U.K. government’s plan to renationalize the railways as train operating company contracts expire over the coming years is a material development for the sector. However, we do not expect an immediate effect on our ratings.

Logistics

Companies performed relatively resiliently during the pandemic thanks to increased demand for e-commerce and supply chain management services. Disruption to global supply chains combined with air travel restrictions led to higher air and ocean freight rates.

Rating Change Summary | The IG Portfolio Has Recovered Strongly

Net rating changes since 2020

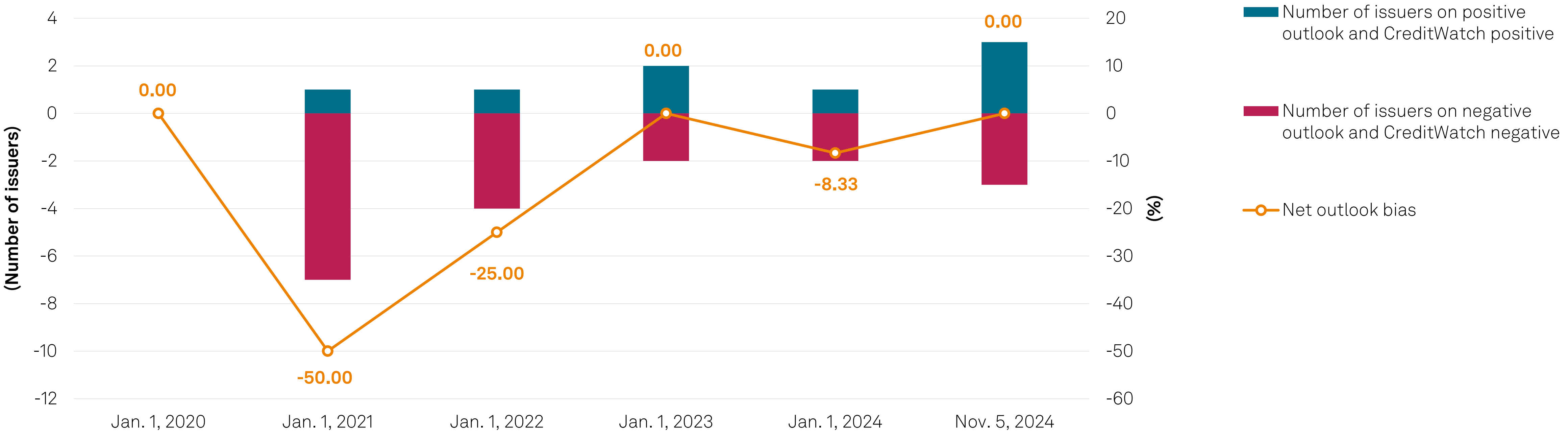
-1 notch	0 notches	+1 notch
bpost SA/NV A-	**International Distribution Services PLC** BBB	**A.P. Moller- Maersk A/S** BBB+
British Airways PLC BBB-	**Norske tog AS** A+	**DSV A/S** A-
Deutsche Lufthansa AG BBB-	**PostNL N.V.** BBB	**FirstGroup Plc** BBB
easyJet PLC BBB	**Ryanair Holdings PLC** BBB+	
International Consolidated Airlines Group, S.A. BBB-	**VTG GmbH** BBB	

Source: S&P Global Ratings.

Outlook Overview | The Net Outlook Bias Has Recovered And Is Now Even

- During the pandemic, the outlook bias was strongly negative due to unprecedented travel restrictions.
- There are now as many positive outlooks as stable outlooks across the investment-grade portfolio.

Net outlook bias has recovered from lows



Note: Net outlook bias is calculated as (number of issuers on positive outlook or CreditWatch positive) – (number of issuers on negative outlook or CreditWatch negative) / portfolio size.

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Issuers

Publications as of Dec. 10, 2024

S&P Global
Ratings

A.P. Moller - Maersk A/S

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020			2021	2022
January	April	October	September	July
BBB/Stable/--	BBB/Negative/--	BBB/Positive/--	BBB+/Stable/--	BBB+/Stable/--
Full analysis	**Bulk review**	**Research update**	**Research update**	**Full analysis**
Maersk's solid performance in 2019 will likely persist in 2020, as the company will largely pass through higher International Maritime Organization compliance-related bunker costs. Maersk's solid free operating cash flow (FOCF) generation capabilities underline its credit strength, and alongside that, its prudent financial policy will likely support the recovery in credit metrics in line with the 'BBB' rating.	We revised the outlook to negative due a slowdown in global trade caused by COVID-19. We expect credit metrics to weaken as global trade volumes decline.	The positive outlook suggests a less significant decline in global trade and lower bunker fuel prices than we previously anticipated. This is due to the company's effective cost control and capacity management.	The upgrade reflects improved credit metrics, with funds from operations to debt consistently exceeding 50%. The company's strong FOCF generation enhances its financial flexibility. The upgrade also reflects sustained demand for tangible goods, prolonged port congestion, and disruptions in the logistical supply chain, which have tied up containership capacity and increased freight rates.	We project that Maersk's EBITDA will continue growing in 2022, after a tripling of the 2020 level in 2021, driven by elevated freight rates. The company's strong cash position allows for sufficient headroom to cover the increased capital expenditure required for the environmental upgrade of its fleet.

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A.P. Moller - Maersk A/S

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2023			2024
February	August	December	June
BBB+/Stable/--	BBB+/Stable/--	BBB+/Stable/--	BBB+/Stable/--
Full analysis	**Tear Sheet**	**Full analysis**	**Tear Sheet**
From the second half of 2022, freight rates returned to normal levels, leading us to forecast a significant decline in EBITDA from a record high of $37 billion in 2022 to $8 billion-$11 billion in 2023. However, we still anticipate ample headroom under the current rating.	Maersk's performance in first-half 2023 reflected the ongoing normalization of freight rates following all-time highs in 2021-2022. Despite this, we expect the company to generate EBITDA in 2024-2025 that is significantly higher than pre-pandemic levels.	Maersk experienced a significant decline in revenues in the first nine months of 2023, as a result of the ongoing normalization in freight rates and global supply chains. We expect Maersk's credit metrics to remain within our 'BBB+' rating thresholds in 2023.	Maersk's first-quarter 2024 results benefitted from ongoing Red Sea disruptions absorbing capacity, as well as robust container volume growth. Despite significant year-on-year revenue and EBITDA declines reported in the quarter (13% and 60%, respectively), the group's overall results were better than we had expected. Maersk's first-quarter 2024 average freight rates fell 18% compared to first-quarter 2023, which was less steep than in our previous base case. This is because of the current capacity absorption amid Red Sea rerouting and the recent rise in global trade volumes.

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bpost NV/SA

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020	2021	2022	2023	2024		
November	September	August	May	March	April	September
A/Stable/A-1	A/Stable/A-1	A/Stable/A-1	A/Stable/A-1	A/Stable/A-1	A/Watch Neg/A-1	A-/Stable/A-1
Full analysis	**Full analysis**	**Full analysis**	**Full analysis**	**Research update**	**Research update**	**Research update**
Parcel processing and delivery volumes soared as retailers relied on e-commerce distribution channels during lockdowns and temporary store closures, resulting in strong free cash flow in 2020.	Resilient earnings and company measures to preserve cash by reducing capital expenditure (capex) and suspending dividends provide ample headroom under the rating in 2021-2022.	We expect S&P Global Ratings-adjusted EBITDA to be moderate in 2022 due to ongoing digitalization and e-substitution trends affecting the business, as the company generates around 45% of EBITDA from mail. However, the company is diversifying into the growing parcel and e-logistics segment.	Due to margin compression, bpost's credit metrics in 2023 will weaken from strong 2022 levels but remain within the intermediate financial risk profile category.	The stable outlook reflects our view that bpost will preserve its leading domestic market position, prevent substantial profitability erosion, and maintain funds from operations to debt of at least 30%.	We placed the rating on CreditWatch negative following bpost's announcement of the debt-funded acquisition of the French logistics company Staci. bpost's credit metrics will weaken significantly because it will fund the acquisition with a combination of new debt and available cash.	The downgrade reflects our view that bpost's credit metrics are likely to weaken significantly due to bpost funding the acquisition with a combination of new debt and available cash.

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Ratings

British Airways PLC

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020					
February	March	May	July	September	November
BBB/Stable/--	BBB-/Watch Neg/--	BB/Negative/--	BB/Negative/--	BB/Negative/--	BB/Negative/--
Full analysis	**Bulk review**	**Bulk review**	**Bulletin**	**Research update**	**Research update**
We forecast a strong performance commensurate with the 'BBB' rating in 2020. BA's operating performance in 2020 will be supported by a stronger pound sterling, fleet renewal, and a steady passenger load factor (80%-82%).	We lowered the rating and placed it on CreditWatch negative due to the sharp decline in air traffic demand, unprecedented government travel restrictions, and quarantine orders as a result of the COVID-19 pandemic. This has led to the deterioration in credit quality among European airlines.	The downgrade reflects a significant drop in air traffic volume, a delayed recovery, and uncertainty around the duration of the pandemic, resulting in significantly weaker credit metric forecasts for 2020 and 2021.	S&P Global Ratings would consider the planned equity issuance by Spain-based International Consolidated Airlines Group, S.A. (IAG) credit positive, if completed. IAG intends to raise up to €2.75 billion in cash from the equity issuance, with the net proceeds going toward strengthening its capital structure and liquidity.	We affirmed the 'BB' rating on BA as IAG's capital increase offsets the fall in passenger numbers. We expect BA to report a substantial operating cash flow deficit in 2020 due to a steeper decline in air passenger traffic of up to 70% compared to 2019.	We affirmed the rating as the resurgence in COVID-19 cases and renewed travel restrictions in some regions continue to affect air traffic, leading to a slower recovery outlook.

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British Airways PLC

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2021		2022	2023		2024
March	August	April	March	October	June
BB/Negative/--	BB/Negative/--	BB/Stable/--	BB+/Stable/--	BBB-/Stable/--	BBB-/Positive/--
Research update	**Research update**	**Research update**	**Research update**	**Research update**	**Research update**
We affirmed the rating due to further lockdown measures resulting from the emergence of new coronavirus variants, further delaying air traffic recovery and travel confidence.	We affirmed the rating following the correction of an error in the application of our non-common equity criteria. We now include the €1.65 billion loan from BA's parent, IAG, in our leverage calculations, reducing BA's headroom in the aggressive financial risk profile category. However, this reduction in headroom is partly offset by our expectation of improved cash flow generation in 2022.	The stable outlook reflects the positive momentum we expect from second-quarter 2022 and a likely pick-up in the summer months. Assuming no escalation of COVID-19-related restrictions after the Omicron disruption, we forecast that European airline traffic will reach 50%-65% of 2019 levels in 2022 and 70%-85% in 2023, with pent-up demand supporting strong summer travel and trips to visit friends and relatives.	We raised the rating following the same action on parent IAG. We raised our forecast for BA's air traffic and assume that its yields will remain high and that EBITDA margins will improve.	We raised the rating following the same action on parent IAG. We also revised BA's stand-alone credit profile upward to 'bb+' from 'bb'. We raised our forecast for S&P Global Ratings-adjusted funds from operations to debt for BA to 25%-27% in 2023, 30%-34% in 2024, and 38%-42% in 2025, leading to an improved financial risk assessment.	The outlook revision followed the same action on parent IAG. We expect that BA's capacity and air traffic will increase to about 96% of pre-pandemic levels in 2024 and to slightly above pre-pandemic levels in 2025. We also expect that BA's cost-efficiency initiatives will improve its operating margins.

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Deutsche Lufthansa AG

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020					2021	
January	March	May	July	November	September	November
BBB/Stable/A-2	BBB-/Watch Neg/B	BB+/Watch Neg/B	BB/Negative/B	BB-/Negative/B	BB-/Negative/B	BB-/Stable/B
Full analysis	**Bulk review**	**Bulk review**	**Research update**	**Research update**	**Bulletin**	**Research update**
Despite multiple headwinds, the credit metrics will remain in line with the rating in 2019 as Lufthansa will benefit from continued EBITDA generation.	We lowered the rating and placed it on CreditWatch due to a sharp deterioration in air traffic caused by the COVID-19 pandemic.	The downgrade reflects a significant drop in air traffic of up to 50% in 2020 due to the pandemic. As a result, we forecast a deterioration in credit metrics for the rest of 2020 and moving into 2021.	We lowered the rating due to increased leverage following the approval of a €9 billion state aid package, which we treat as debt. A slower rebound in long-haul traffic and reduced demand for maintenance services led to a cash flow deficit in 2020.	The downgrade reflects a deterioration in EBITDA and credit metrics from renewed travel restrictions in response to a spike in COVID-19 cases and increased substitution of face-to-face meetings for virtual meetings. Air passenger demand and consumer confidence look bleak.	A €2.14 billion equity issuance will increase the airline's rating headroom and strengthen its liquidity.	The stable outlook reflects a recovery in air traffic, especially for holiday and leisure destinations, allowing Lufthansa to improve credit ratios from the lows of 2020.

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Deutsche Lufthansa AG

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2022		2023			2024	
July	November	April	July	December	June	December
BB-/Stable/B	BB/Positive/B	BB+/Positive/B	BB+/Positive/B	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-/Stable/A-3
Full analysis	Research update	Research update	Full analysis	Research update	Full analysis	Tear Sheet
Lufthansa ramped up its capacity to meet rising demand to approximately 85% of 2019 levels in third-quarter 2022, but increasing costs and dwindling disposable incomes may slow air traffic recovery.	The upgrade reflects stronger EBITDA than we anticipated and positive free cash flow (FOCF) for 2023, thanks to the strong performance of non-passenger segments and a significant rebound in demand for air travel in the first half of 2022.	The positive outlook reflects a strong rebound in air travel demand, resulting in significant positive FOCF and a likely improvement in funds from operations to debt to 30%.	Lufthansa's 2023 revenue is set to surpass 2019 levels--even with revenue passenger kilometers below the pre-pandemic base--as strong demand and tight capacity lead to higher yields and positive FOCF after leases.	The upgrade reflects stronger yields than we anticipated amid robust demand for passenger air travel and industrywide capacity constraints underpinning our expectations of higher EBITDA and offsetting substantial capital expenditure on fleet renewal.	Lufthansa's capacity growth will slow in 2024, to 92% of 2019 levels, amid strikes in first-quarter 2024 and delays in aircraft deliveries. Air travel demand appears resilient so far, despite macroeconomic headwinds.	Our 2024 base case indicates the potential for temporary underperformance relative to our rating threshold of S&P Global Ratings-adjusted funds from operations to debt of at least 45%. However, we forecast a recovery in EBITDA and cash flows in 2025.

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DSV A/S

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020		2021			2022	
February	July	February	February	April	March	December
BBB+/Stable/--	BBB+/Stable/--	A-/Stable/--	A-/Stable/--	A-/Stable/--	A-/Stable/--	A-/Stable/--
Full analysis	**Full analysis**	**Research update**	**Full analysis**	**Bulletin**	**Full analysis**	**Full analysis**
Solid EBITDA performance in 2019 will continue in 2020-2021 thanks to the healthy underlying business and the effective integration of Swiss logistics company Panalpina.	We have revised our EBITDA forecast downward, reflecting lower activity due to the pandemic. However, cost-cutting programs, a strong underlying business, and the effective integration of Panalpina will counterbalance and restore profitability in 2021.	The upgrade reflects improved profitability and prudent financial leverage thanks to the successful integration of Panalpina and effective COVID-19-related cost-cutting initiatives.	The Panalpina acquisition has strengthened DSV's transportation network, enhancing its scale and diversification, and positioning it at the stronger end of our satisfactory business risk profile category.	DSV should maintain modest leverage following its all-share merger with Agility's Global Integrated Logistics.	DSV's strong cash flow profile and willingness to use FOCF to preserve a prudent gearing ratio below 2.0x support the current rating.	We forecast that DSV's credit metrics will weaken in 2023 due to worsening macroeconomic conditions, easing port congestion, and supply chain disruptions. A reduction in delivery route complexity will continue to constrain spot freight rates.

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DSV A/S

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2023			2024		
May	August	November	May	September	November
A-/Stable/--	A-/Stable/--	A-/Stable/--	A-/Stable/--	A-/Negative/--	A-/Negative/--
Tear Sheet	**Tear Sheet**	**Full analysis**	**Tear Sheet**	**Research update**	**Full analysis**
DSV's first-quarter 2023 results indicate soft industry conditions amid the general macroeconomic slowdown. DSV's first-quarter performance is broadly in line with our full-year expectations.	In the first half of 2023, DSV reported satisfactory performance in all business segments in line with expectations amid the normalization of the freight markets.	Demand-side trends remain broadly weak due to lower trade volumes and normalizing freight rates, but DSV's strong cost-management measures provide support.	DSV reported satisfactory results in the first quarter of 2024, with credit metrics likely to remain in line with the current rating.	The negative outlook reflects higher net debt following the Schenker AB acquisition, leading to weaker credit metrics on a pro forma basis.	DSV's financial results for the first nine months of 2024 confirm that DSV is well on track to meet its 2024 EBIT guidance.

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easyJet PLC

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020				2021	
March	March	September	December	February	September
BBB+/Stable/--	BBB-/Watch Neg/--	BBB-/Negative/--	BBB-/Negative/--	BBB-/Negative/--	BBB-/Negative
Full analysis	**Bulk review**	**Research update**	**Research update**	**Research update**	**Bulletin**
easyJet reported a strong operating performance in fiscal 2019 (ending Sept. 30, 2019), and first-quarter 2020 (ending Dec. 31, 2020). However, the impact of the COVID-19 outbreak remains uncertain.	We lowered the rating and placed it on CreditWatch due to the sharp deterioration in air traffic stemming from the COVID-19 pandemic, resulting in weakening credit ratios.	The negative outlook reflects a significant operating cash flow deficit in fiscal 2020 due to declining global air passenger traffic, with cost-containment efforts unable to offset the impact of the COVID-19 pandemic on the credit metrics.	We affirmed the rating due to a resurgence in COVID-19 cases and renewed travel restrictions across Europe leading to weakening passenger demand and confidence.	We affirmed the rating due to renewed lockdown restrictions and new virus variants hindering the recovery in air traffic. The outlook remains uncertain and depends on vaccination progress.	A £1.2 billion equity issuance, combined with $400 million in committed revolving credit facilities, will have a positive affect on easyJet's credit metrics. While our ratings remain unchanged, the cash proceeds strengthen liquidity and increase easyJet's headroom under the current rating.

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easyJet PLC

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2022			2023		
February	March	December	February	August	November
BBB-/Stable/--	BBB-/Stable/--	BBB-/Stable/--	BBB/Stable/--	BBB/Positive/--	BBB/Positive/--
Research update	**Full analysis**	**Full analysis**	**Research update**	**Research update**	**Full analysis**
We revised the outlook to stable, reflecting a recovery in summer travel and short-haul leisure trips, assuming no further COVID-19 travel restrictions.	We think the Omicron-related disruption will be short-lived, and positive traffic momentum will resume in the second quarter of 2022, picking up pace in the summer months. easyJet will benefit from strong demand for short-haul leisure trips.	easyJet's financial results for the fiscal year ending Sept. 30, 2022, reflect the recovery of passenger traffic and EBITDA, underpinning our expectation of an improvement in credit measures.	The upgrade reflects a stronger recovery in air traffic than we anticipated and improved credit metrics. We expect this momentum to continue despite higher capital expenditure and a challenging macroeconomic environment.	The positive outlook reflects easyJet's strong earnings momentum, supported by recovering passenger traffic and high ticket prices that will absorb cost-based inflation, including high jet fuel prices.	We expect credit metrics to remain strong due to continued demand and high prices, but our forecasts are cautious due to inflation and pressure on consumer spending in the U.K.

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easyJet PLC

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2024	
May	September
BBB/Positive/--	BBB/Positive/--
Tear Sheet	**Full analysis**
Strong first-half results support our updated forecasts. We estimate that easyJet will generate S&P Global Ratings-adjusted EBITDA of above £1.3 billion in the fiscal year ending Sept. 30, 2024. We expect growth in passenger volumes and fares to slow down in fiscals 2024 and 2025. Recovery will likely plateau amid ongoing macroeconomic and geopolitical pressures.	easyJet's solid year-to-date performance supports our estimate of S&P Global Ratings-adjusted EBITDA of about £1.3 billion for the fiscal year ending Sept. 30, 2024, up 15% year on year. We forecast that easyJet's operating efficiency and profitability will improve further, given its strategy to replace older aircraft with a more operationally and fuel-efficient fleet.

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FirstGroup PLC

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020		2021	
February	May	May	August
BBB-/Stable/A-3	BBB-/Negative/A-3	BBB-/Negative/A-3	BBB-/Negative/A-3
Full analysis	**Research update**	**Research update**	**Research update**
FirstGroup has announced a strategic review of its business, which means that there are some uncertainties regarding the future shape and scale of its operations. Ongoing cost-efficiency measures, client retention, and pricing discipline remain key to stabilizing profitability. FirstGroup's control over discretionary cash outflows remains important to regain headroom under the rating.	We revised the outlook to negative due to a sharp decline in revenues across all FirstGroup's divisions because of a significant reduction in passenger volumes due to COVID-19 containment measures.	FirstGroup announced the sale of First Student and First Transit. It will use the net sale proceeds and its cash balance to repay most of its financial debt. The sales will result in a substantially smaller business scale and lower geographical diversification for the company. However, the significantly lower debt level will mitigate the impact on the ratings.	The affirmation follows FirstGroup's announcement that it completed the sale of First Student and First Transit.

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FirstGroup PLC

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2022	2023		2024
August	July	September	September
BBB-/Stable/A-3	BBB-/Stable/A-3	BBB/Stable/A-2	BBB/Stable/A-2
Research update	**Tear sheet**	**Research update**	**Tear sheet**
We revised the outlook to stable on FirstGroup's solid operating performance and low debt. FirstGroup's adjusted EBITDA grew by 28% in the fiscal year ending March 31, 2022, as bus passenger volumes recovered and dividends from rail increased. We forecast a further improvement in fiscals 2023 and 2024 resulting in adjusted funds from operations (FFO) to debt of above 60%. The group's financial policy, which could lead to higher adjusted debt, weighs on rating upside.	FirstGroup's full-year results were better than we anticipated. A greater-than-expected EBITDA contribution from regional bus and rail open-access and additional services supported adjusted FFO to debt of nearly 400% in fiscal 2023 (ending March 25, 2023). The group's financial policy, which could lead to higher adjusted debt, continues to weigh on rating upside.	The upgrade reflects a more prudent financial policy than we previously assumed regarding shareholder returns, capital expenditure, and acquisitions. We now expect that FirstGroup will maintain ample headroom above its public adjusted net leverage target of below 2x, resulting in adjusted FFO to debt of sustainably above 60%.	We anticipate that FirstGroup's credit metrics will remain robust in fiscal years 2025 and 2026. We do not expect an immediate effect on the ratings from the new U.K. government's plans to renationalize the railways as train operating company contracts expire over the coming years.

Click on the article type to read the full article.

International Consolidated Airlines Group S.A. (IAG)

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020					
January	March	May	July	September	November
BBB/Stable/--	BBB-/Watch Neg/--	BB/Negative/--	BB/Negative/--	BB/Negative/--	BB/Negative/--
Full analysis	**Bulk review**	**Bulk review**	**Bulletin**	**Research update**	**Research update**
We anticipate that credit metrics will remain in line with 2019 levels despite challenges such as higher fuel costs and industrial actions. We view the planned acquisition of Air Europa as neutral, although it may reduce financial flexibility.	We lowered the rating and placed it on CreditWatch due to the sharp decline in air traffic induced by the COVID-19 pandemic, leading to weakening credit ratios that breach the rating threshold.	The downgrade reflects a significant drop in air traffic volumes, a delayed recovery, and uncertain severity, resulting in our forecasts of significantly weaker credit metrics in 2020 and 2021.	The €2.75 billion planned equity issuance will strengthen IAG's capital structure and liquidity.	The negative outlook reflects a substantial operating cash flow deficit in 2020. This is due to a 70% decline in air passenger traffic compared to 2019 because of the pandemic.	We affirmed the rating as the resurgence of COVID-19 cases and renewed lockdowns continue to affect air traffic, leading to expectations of a slower recovery.

Click on the article type to read the full article.

International Consolidated Airlines Group S.A. (IAG)

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2021			2022		
January	March	April	April	May	December
BB/Negative/--	BB/Negative/--	BB/Negative/--	BB/Stable/--	BB/Stable/--	BB/Stable/--
Full Analysis	**Research update**	**Research update**	**Research update**	**Full Analysis**	**Full Analysis**
The pandemic affected IAG's performance in 2020 significantly. Despite these pressures, IAG's proactive liquidity management and cost-cutting measures, along with a potential rebound in traffic in 2021, may help preserve the 'BB' rating and support a gradual financial recovery.	We affirmed the rating and maintained the negative outlook due to the emergence of new coronavirus variants, further delaying a recovery in air traffic.	IAG has strengthened its liquidity position to exceptional, with a €1.2 billion senior unsecured notes issuance and a $1.8 billion revolving credit facility.	IAG was temporarily affected by Omicron-related disruption in early 2022, but this was short-lived. The stable outlook reflects positive momentum likely from second-quarter 2022 and a likely pick-up in the summer months.	After the short-lived Omicron-related disruption in the first quarter of 2022, we expect an earnings rebound in full-year 2022, driven by pent-up demand and increased yields.	IAG's recovery is on track, supported by robust passenger traffic and increased yields. However, uncertainties relating to macroeconomic conditions and rising jet fuel costs may affect future performance, necessitating careful management of capacity and credit metrics.

Click on the article type to read the full article.

International Consolidated Airlines Group S.A. (IAG)

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2023			2024	
March	October	November	June	November
BB+/Stable/--	BBB-/Stable/--	BBB-/Stable/--	BBB-/Positive/--	BBB-/Positive/--
Research Update	**Research Update**	**Full Analysis**	**Research Update**	**Full Analysis**
We anticipate a strong performance from IAG in 2023 driven by a strong recovery in air travel demand and resilient passenger yields, underpinning the upgrade to 'BB+'.	We raised the rating to reflect our view that IAG will generate adjusted EBITDA of €5.0 billion-€5.5 billion in 2023, underpinned by stronger-than-expected yields and operating profit margins amid robust passenger air travel demand.	We expect IAG to deliver a strong operational year in 2023, driven by a strong third-quarter performance and resilient leisure travel demand. The outlook for 2024 remains stable, with expectations of sustained high air fares and tight industry capacity supporting profitability despite geopolitical uncertainties.	The positive outlook reflects continuously high yields and strong free cash flow generation, reflecting resilient passenger demand despite increased capital expenditure for ongoing fleet upgrades.	IAG's third-quarter operating performance supports S&P Global Ratings' full-year adjusted EBITDA forecast. We expect IAG to further reduce its adjusted net debt.

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S&P Global Ratings

International Distribution Services PLC (IDS)

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020	2021	2022	2023	2024
July	September	September	August	June
BBB/Negative/A-2	BBB/Positive/A-2	BBB/Negative/A-2	BBB/Negative/A-2	BBB/Negative/A-2
Research update	Research update	Research Update	Research Update	Research Update
We revised the outlook to negative on structural headwinds associated with Royal Mail's letter business, further exacerbated by challenges posed by COVID-19, additional pandemic-related and transformation-related costs, and an accelerated change in revenue mix from letters to parcels. We forecast that this will pressurize Royal Mail's earnings and cash flows and lead to increased debt balances.	We revised the outlook to positive because of solid credit metrics. Pandemic-related lockdowns and social restrictions have accelerated e-commerce adoption, with Royal Mail's parcel volumes and financial performance reaching record levels.	We revised the outlook to negative because of operating headwinds, including lower parcel volumes, significant cost inflation, and industrial action. We therefore now forecast a steep decline in adjusted EBITDA in the fiscal year ending March 26, 2023 (fiscal 2023). Consequently, we forecast that S&P Global Ratings-adjusted funds from operations (FFO) to debt could fall below the 45% threshold for the 'BBB' rating in fiscal 2023, with a rebound back to 45% or above in fiscals 2024 and 2025 depending on the extent of the EBITDA recovery.	We affirmed the ratings following the deal with the Communication Workers Union in July. We forecast that IDS could gradually restore FFO to debt to at least 45% by fiscal 2025, which would be consistent with the current rating thresholds. However, this may not materialize if Royal Mail fails to win back most of the revenue lost due to the industrial action, or if macroeconomic and parcel market conditions are more challenging than expected. The outlook remains negative.	The ongoing negative outlook reflects our view that we will likely downgrade IDS if the acquisition by EP UK Bidco Ltd. goes ahead under the current terms and conditions. The deal is subject to approvals from regulators, shareholders, and the U.K. government. EP Corporate Group's group credit profile is one notch below our current rating on IDS, and the acquisition may increase IDS's debt leverage. If the acquisition does not complete, we forecast that IDS will gradually restore its credit metrics to levels that are commensurate with the current rating.

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Norske Tog AS

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020	2021	2022	2023		2024
June	June	June	June	September	July
A+/Stable/A-1	A+/Stable/A-1	A+/Stable/A-1	A+/Stable/A-1	A+/Stable/A-1	A+/Stable/A-1
Full analysis	**Full analysis**	**Full analysis**	**Full analysis**	**Tear sheet**	**Research Update**
Norske Tog's operations remained unaffected by the COVID-19 pandemic thanks to fixed multiyear lease agreements and the Norwegian government assuming short-term passenger volume risk. This ensured that there was no impact on train lease payments.	Despite a significant decline in passenger numbers and travel restrictions during the pandemic, the company's operating performance remained unaffected. This was due to the Norwegian state's decision to cover 85% of railway operators' losses from 2020 until June 2021.	The company reported stable revenue of €1.2 billion, thanks to ongoing government support that mitigated the impact of low rail passenger traffic.	Norske Tog's resilient performance in 2022, was driven by the lifting of pandemic restrictions and the subsequent growth in rail passenger traffic. Despite ongoing pandemic-related challenges, Norske Tog maintained revenue stability in the first half of the year with support from the Norwegian government.	Norske Tog announced robust financial results for the first quarter, benefiting from the recovery in passenger rail traffic after a fall during the pandemic. As a result, we anticipate strong earnings growth for the full year, which will be sufficient to cover interest expenses and maintain credit metrics in line with the current rating.	We affirmed our ratings on Norske Tog based on our belief that the decline in operating income and margins due to delayed adjustments under a new lease price model and expenses for new trains is temporary. We expect earnings growth to resume in the next fiscal year, supporting the recovery of credit metrics in line with the current rating.

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PostNL N.V.

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020	2021	2022		2023	2024
December	May	July	December	October	April
BBB/Stable/A-2	BBB+/Stable/A-2	BBB+/Neg/A-2	BBB/Neg/A-2	BBB/Neg/A-2	BBB/Neg/A-2
Full analysis	Research update	Research Update	Research Update	Tear sheet	Research Update
Credit metrics remain in line with the current rating. Headwinds in the mail segment were offset by accelerated growth in the parcels segment, fueled by favorable e-commerce trends and a positive price-mix effect.	The upgrade reflects lower debt and sustained financial discipline, supported by strong cash generation and positive volume and price-mix effects in the parcel segment.	The negative outlook reflects increased leverage due to significant cash spending on share buybacks, resulting in higher debt. We also expect parcel volumes to normalize from the elevated levels of 2020 and 2021 amid rising inflationary pressure.	The downgrade reflects a weaker credit profile due to deteriorating consumer confidence and inflation, which are affecting volumes and squeezing margins in the parcel segment. S&P Global Ratings now expects Dutch mail and logistics solutions operator PostNL N.V. to report lower EBITDA in 2022 than we previously forecast.	We expect credit metrics to be restored by 2024, supported by increasing e-commerce penetration, further driving parcel volume growth.	The negative outlook reflects a tougher macroeconomic environment. The improvement in profitability remains susceptible to a rebound in parcel volumes and the successful implementation of a cost-saving program.

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Ryanair Holdings PLC

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020				2021		
March	September	December	December	February	March	November
BBB/Watch Neg/--	BBB/Negative/--	BBB/Negative/--	BBB/Negative/--	BBB/Negative/--	BBB/Negative/--	BBB/Stable/--
Bulk review	Research Update	Research update	Full analysis	Research update	Full analysis	Research update
We lowered the rating and placed it on CreditWatch negative due to a sharp decline in air traffic caused by the COVID-19 pandemic. This led to weaker credit ratios that breached the rating threshold.	The negative outlook reflects our expectations of an operating cash flow deficit in fiscal 2021 (ending March 31, 2021) due to deteriorating air passenger traffic as a result of the COVID-19 pandemic. Measures to contain costs, adjust capacity, and preserve cash were insufficient to cover revenue losses.	We affirmed the ratings amid renewed lockdowns and government-imposed travel restrictions hampering air travel.	A spike in COVID-19 cases, triggering a new round of government-imposed lockdowns and travel restrictions, continues to weigh on passenger demand and confidence.	We affirmed the ratings as pandemic-related lockdown measures, travel restrictions, and virus variants continue to weigh on Ryanair's prospects. The outlook remains uncertain and depends on vaccination progress.	There remains considerable uncertainty regarding the outlook for air travel. The approval of several vaccines has created an encouraging path back to more normal levels of social and economic activity. However, complex rollouts will burden the recovery, while new variants appear more transmissible.	We revised the outlook to stable. After a weak first-half 2021, intra-European air passenger traffic, especially to leisure destinations, picked up in the summer, and we expect it to continue its recovery, albeit from very low levels in 2020.

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Ryanair Holdings PLC

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2022		2023				2024
March	December	May	June	August	December	June
BBB/Stable/--	BBB/Positive/--	BBB+/Stable/--	BBB+/Stable/--	BBB+/Stable/--	BBB+/Stable/--	BBB+/Stable/--
Full analysis	**Research update**	**Research update**	**Full analysis**	**Tear sheet**	**Tear sheet**	**Full analysis**
Ryanair faced temporary disruptions from Omicron at the start of 2022, but we expect positive momentum in the second quarter and a pick-up in the summer. Although Ryanair's traffic volumes in 2021 outpaced those of other European airlines, this growth came at the cost of yields and profitability.	We revised the outlook to positive as Ryanair benefitted from higher-than-expected demand for short-haul leisure trips. This, combined with tight market capacity, has led to increased ticket fares.	The upgrade reflects Ryanair's stronger recovery in air traffic compared to the European region, leading to a strong cash flow performance in fiscal 2023 (ending March 31, 2023) and a significantly stronger balance sheet.	Ryanair continues to outperform European airline passenger traffic. The latter has recovered to 75%-80% of 2019 levels in 2022, as reported by the International Air Transport Association, boosted by short-haul leisure trips.	Ryanair's strong start to fiscal 2024, along with resilient summer demand, solidify S&P Global Ratings' full-year adjusted EBITDA forecast of approximately €2.4 billion.	Ryanair's strong performance in the first half of fiscal 2024 (ending Sept. 30, 2023), with reported EBITDA of about €3 billion, is thanks to higher-than-expected air passenger fares of €58 on average.	We expect that this year, Ryanair will solidify its strong results of the previous fiscal year. The latter reflected record-high air passenger fares amid strong uninterrupted demand, which more than absorbed increased operating costs.

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VTG GmbH

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2020		2021	2022
May	September	July	July
BBB/Stable/--	BBB/Stable/--	BBB/Stable/--	BBB/Stable/--
Research update	**Bulletin**	**Full analysis**	**Full analysis**
We assigned VTG a 'BBB' rating after it successfully refinanced its capital structure. The investment-grade rating reflects VTG's strong fleet-utilization rates and its leading market positions in the European freight railcar leasing segment.	VTG AG's plan to issue up to €550 million of 12-year bullet and 15-year amortizing fixed-rate senior secured notes will have a neutral leverage impact and will extend the company's debt maturity profile.	Despite the pandemic-induced economic slowdown and uneven recovery, we expect VTG's operating performance to remain solid in 2021. This is due to long-term contracts, stable lease rates, and a slight increase in fleet utilization in the rail-leasing business.	VTG's revenue growth faces increased uncertainty due to geopolitical factors, particularly the ongoing Russia-Ukraine conflict, which presents risks. However, we expect the relatively stable railcar-lease rates across Europe to help mitigate volatility.

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VTG GmbH

No rating or outlook change | Positive rating or outlook change | Negative rating or outlook change

2023	2024	
July	April	May
BBB/Stable/--	BBB/Stable/--	BBB/Stable/--
Full analysis	**Tear sheet**	**Bulletin**
An infrastructure investors consortium managed by Global Infrastructure Partners and Abu Dhabi Investment Authority's infrastructure division acquired a 72.55% stake in VTG. Part of the transaction was financed with additional debt, but we expect VTG's credit metrics to remain firmly commensurate with the 'BBB' rating.	VTG's topline declined by about 7% as it phased out its Tanktainer business and Silk Road and project logistics as part of its core business optimization. However, we expect the EBITDA margins to remain stable due to VTG's focus on yield management, operational optimization, and its ability to recover cost inflation in lease contracts.	VTG plans to issue up to €580 million in notes, with bullet maturities ranging from seven to 25 years, primarily at fixed rates. The proposed senior secured notes issuance will have a neutral leverage impact and will extend the group's debt maturity profile.

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