MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades Moby's PDR to C-PD/LD after missed interest payment

16 Apr 2020

Stockholm, April 16, 2020 -- Moody's Investors Service ("Moody's") has today downgraded to C-PD/LD from Ca-PD the probability of default rating (PDR) of Italian ferry operator Moby S.p.A.'s ("Moby" or "the group"). Concurrently, Moody's has downgraded the group's corporate family rating (CFR) to C from Ca and the instrument rating on the backed EUR300 million senior secured notes due 2023 to Ca from Caa3. The outlook remains negative.

The limited default "LD" designation attached to Moby's PDR reflects the missed interest payment on the senior secured notes which constitutes a default under Moody's definition. The LD designation will remain until the group resolves the missed payment.

RATINGS RATIONALE

The downgrade reflects Moby's failure to make the interest payment on its 7.75% EUR300 million senior unsecured notes and the scheduled amortization payment due under the EUR260 million term and revolving Senior Facilities Agreement (SFA) after the end of the grace period has expired. In addition, the downgrade of the CFR to C and the instrument rating on the senior unsecured notes to Ca is based on Moody's current recovery expectations following a potential restructuring of the company, which are lower in light of the recent macroeconomic environment and CoVid-19 related transportation restrictions. On 11 February 2020, the company announced it has entered into a standstill agreement with bondholders under the EUR300 million senior secured notes due 2023 and a further standstill request to SFA lenders.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The ratings could be further downgraded should the group default on other elements of its capital structure or pursue a formal reorganization of its debt, or if Moody's were to revisit its recovery expectations on Moby's debt instruments to lower than currently estimated.

An upgrade of Moby's ratings appears unlikely before its indebtedness is reduced to more sustainable levels.

OUTLOOK

The negative outlook reflects Moody's view that Moby may have difficulty refinancing its debt without restructuring or impairment to creditors.

RATING METHODOLOGY

The principal methodology used in these ratings was Shipping Industry published in December 2017 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1100802 . Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

COMPANY PROFILE

Domiciled in Milan, Italy, Moby S.p.A. is a maritime transportation operator focusing primarily on passengers and freight transportation services in the Tyrrhenian Sea, mainly between continental Italy and Sardinia. Through Moby and its main subsidiary Tirrenia-CIN, the company operates a fleet of 64 ships, of which 47 are ferries and 17 tugboats. In 2018, the company recorded revenues of EUR584 million and EBITDA of EUR47.5 million.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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