S&P Global
Ratings

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Guam Port Authority

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This report does not constitute a rating action.

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Credit Highlights

- S&P Global Ratings' long-term rating on the Guam Port Authority's (the authority or the port) series 2018 port revenue bonds is 'A'.
- The outlook is stable.

Rationale

Security

A senior, statutory lien on the authority's net revenue, less crane surcharges, facility maintenance fees, and public marina revenue, secures the series 2018 bonds. However, under the indenture, for purposes of calculating coverage per the rate covenant and additional bonds test (ABT), the authority is permitted to include crane surcharges used to pay debt service or operating expenses. Bond provisions also include a 1.25x rate covenant and ABT. The indenture coverage calculation also permits noncash accounting adjustments, including those related to pension and other postemployment benefits (OPEB), and is 1.5x for fiscal 2024. S&P Global Ratings' debt service coverage (DSC) calculations indicate historically strong levels, including 1.55x in fiscal 2024. Bond covenants also require a debt service reserve, fully funded with bond proceeds at the lowest of 10% of par, 125% of average annual, or maximum annual debt service.

As of Sept. 30, 2025, the port had approximately $54.3 million of debt outstanding, consisting solely of port revenue bonds. The authority has no direct-purchase obligations, variable-rate debt, or swaps outstanding.

Credit overview

The rating reflects our opinion of a remote island port that has relatively stable container volumes given its role as sole provider of maritime facilities and services in Guam and stabilizing presence due to its strategic importance to the U.S. military, despite relatively high shipping carrier concentration and its location in a region prone to severe weather events. The rating also reflects our expectation that the authority's DSC (as per our calculations), debt burden, and liquidity will remain near historical levels.

Key credit strengths in our view are the port's:

- Relatively stable container volumes given its virtual monopolistic position as the sole provider of maritime facilities and services in Guam and its strategic importance to the U.S. military;
- Coverage (S&P Global Ratings-calculated) that we expect will be maintained above 1.25x; including fiscal 2025, although we anticipate slimmer margins.
- Robust liquidity, with days' cash on hand exceeding 200 days the past two fiscal years, that we expect to remain so; and
- Low debt burden providing ample capacity for expected additional debt needs.

Offsetting credit weaknesses, in our view, are the port's:

- Exposure to environmental risks, especially related to typhoons, as demonstrated by the considerable damage and disruption in May 2023 caused by Typhoon Mawar;
- Shallow economic base, with exposure to modest fluctuations in demand due to cyclicality;
- Concentrated customer base with about 39% of operating revenue and 47% of cargo volume attributed to Matson Navigation Inc., and significant volume related to U.S. military activity on the island; and
- Very large liabilities combining pension and OPEB, along with a low pension funded ratio.

Environmental, social, and governance

We reviewed the port's environmental, social, and governance risks relative to its market position, management and governance, and financial performance. We believe the port's physical environmental risks as a small island territory in the Pacific Ocean are elevated, and moderately credit negative, given the island's exposure to typhoons, rising sea levels, and tsunamis. We consider social and governance credit factors as neutral in our credit analysis.

Outlook

The stable outlook reflects our expectation that port activity will remain near current levels, allowing the port to produce key financial metrics in line with its historical performance and appropriate for the rating.

Downside scenario

We could lower the rating if the port experiences a sustained decline in activity levels related to exposure to international trade, global economic conditions, or extreme weather events, that weakens its financial performance or market position. We could also lower the rating if the port’s additional borrowing plans, or the results of operations, lead to weaker DSC.

Upside scenario

We do not expect to raise the rating over the outlook horizon given our view that DSC metrics are unlikely to materially improve to stronger levels and due to the port's exposure to periods of volatility and physical risks.

Credit Opinion

Enterprise risk profile: Strong

Lower 2025 volumes affect operations, but cash-defeasance maintains rate covenant

The port experienced a decline in trade volumes in fiscal 2025. Year-to-date container volumes on Aug. 31, 2025, were down 1.6% year over year. Also, the port's breakbulk tonnage for the same period dropped 10.9% year over year. A majority (approximately 70% historically) of the port's cargo import volumes typically come from the U.S., with no other country accounting for more than 5%. We view this cargo mix favorably.

As a result of weaker trade volumes and a subsequent decline in operating revenue, port management anticipates reporting a slim operating surplus in fiscal 2025. However, management deposited $3 million in an escrow account to reduce July 1, 2025, debt service, using a mix of port cash, other unrestricted funds, and a release from the debt service reserve fund. We believe the fiscal 2025 cash defeasance strategy provides only short-term relief to meet the indenture requirement but will result in strong DSC this year, consistent with historical trends.

Management looks for sounder fiscal footing

Management remains focused on the port's financial strength, and has proactively addressed operating pressures caused by inflation, capital expenses, and fluctuations in port cargo activity. As noted above, in fiscal 2025, management took steps to address its rate covenant compliance by executing a cash defeasance strategy to reduce scheduled debt service payments. This is expected to result in DSC of about 1.83x for the year, versus below 1x without the maneuver. Additionally, management is looking ahead to fiscal 2026 and beyond, through a tariff rate filing, which is anticipated to strengthen the port's financial position.

Financial risk profile: Strong

Proposed tariff increases and additional debt plans for fiscal 2026

We believe the port's proposed tariff increases--pending approval from Guam Public Utilities Commission (PUC)--will help it maintain strong financial metrics and offset inflationary pressures, cargo volume declines, and increases in debt service related to planned issuance in fiscal 2026. The port's requested tariff increase represents its first since fiscal 2016, when the PUC approved phased in increases over fiscal years 2017-2021. In July 2025, the port submitted a tariff adjustment petition to the PUC, seeking tariff increases in two phases that would generate an additional $2 million beginning second-quarter fiscal 2026, and about $4 million on an annualized basis.

Based on the fiscal 2026 budget, total operating revenue is expected to increase 18% versus fiscal 2025 estimates. The port's improved fiscal 2026 revenue forecast is supported by projected recovery in cargo driven by overall recovery of Guam's economy, the planned rate increases post-approval from PUC, and a new lease agreement with Black Construction Corp. The port plans to issue up to $100 million of bonds during fiscal 2026 to fund capital projects. We expect the planned rate increase, new lease agreement, and the overall rebound in activity levels will support the port's operating costs and financing of its capital expenditure, including debt service on additional debt needs.

Guam Port Authority--ratings score snapshot

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Guam Port Authority, Guam--financial and operating data

	--Fiscal year ended Sept. 30--				
	2024	**2023**	**2022**	**2021**	**2020**
Financial performance					
Total operating revenue ($000s)	58,667	60,615	57,698	55,059	54,679
Plus: interest income ($000s)	3,393	2,629	N.A.	N.A.	N.A.
Plus: other committed recurring revenue sources ($000s)	N.A.	N.A.	N.A.	N.A.	N.A.
Less: total O&M expenses and like transfers out, if any, net of noncash expenses	53,131	49,554	50,218	44,349	44,722
Numerator for S&P Global Ratings' coverage calculation ($000s)	8,929	13,690	7,480	10,710	9,957
Total debt service ($000s)	5,755	5,753	5,754	5,753	5,752
Denominator for S&P Global Ratings' coverage calculation ($000s)	5,755	5,753	5,754	5,753	5,752
S&P Global Ratings-calculated coverage (x)	1.55	2.38	1.3	1.86	1.73
Debt and liabilities					
Debt ($000s)	57,443	60,314	62,720	65,280	67,745
EBIDA ($000s)	5,536	11,061	7,480	10,710	9,957
S&P Global Ratings-calculated net revenue ($000s)	N.A.	N.A.	N.A.	N.A.	N.A.
Debt to net revenue (x)	6.4	4.4	8.4	6.1	6.8
Debt to EBIDA (x)	10.4	5.5	8.4	6.1	6.8
Liquidity and financial flexibility					
Unrestricted cash and investments ($000s)	26,326	28,567	33,180	10,134	20,019
Available liquidity, net of contingent liabilities ($000s)	26,326	28,567	33,180	10,134	20,019
Unrestricted days' cash on hand	180.9	210.4	241.2	83.4	163.4
Available liquidity to debt (%)	45.8	47.4	52.9	15.5	29.6
Unrestricted days' cash on hand (excluding credit facilities)	180.9	210.4	241.2	83.4	163.4
Available liquidity to debt (%) (excluding credit facilities)	45.8	47.4	52.9	15.5	29.6
Operating metrics - port					
Total tonnage (000s)	1,160	1,167	1,118	1,084	1,112
Containers (000s)	85,258	85,627	89,052	86,794	85,143

Guam Port Authority, Guam--financial and operating data

	--Fiscal year ended Sept. 30--				
	2024	2023	2022	2021	2020
Cruise passengers (000s)	N.A.	N.A.	N.A.	N.A.	N.A.

O&M--Operations and maintenance. EBIDA = Total operating revenue - total O&M expenses excl. noncash expenses. EPAX--Enplanements. PFC--Passenger facility charge. CFC--Customer facility charge. MADS--Maximum annual debt service. S&P Global Ratings-calculated net revenue = (Total operating revenue + other recurring nonoperating revenue committed to debt service) - total O&M expenses excl. noncash expenses.

Available liquidity = unrestricted cash and investments + total contingent liquidity resources - contingent liabilities. Examples of total contingent liquidity resources include working capital line of credit and other available cash reserves not already included in unrestricted cash and investments. See Global Not-For-Profit Transportation Infrastructure Enterprises: Methodologies And Assumptions criteria for more S&P Global Ratings definitions and calculations. N/A--Not applicable. N.A.--Not available. N.M.--Not Meaningful.

Ratings List	
Current Ratings	
Transportation	
Guam Port Auth, GU Port Revenues	A/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.