



## **Rating Action: Moody's Ratings changes outlook on Leviathan Bond to stable; affirms Ba3 ratings**

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17 Dec 2025

London, December 17, 2025 -- Moody's Ratings (Moody's) has today changed the outlook to stable from negative on Leviathan Bond Ltd. (Leviathan Bond). Concurrently, we affirmed the Ba3 ratings on the senior secured notes issued by Leviathan Bond.

Leviathan Bond is a special purpose vehicle and the notes are secured on the 45.34% working interest of NewMed Energy - Limited Partnership (NewMed Energy) in the Leviathan gas project, located off the coast of Israel, and associated assets.

### **RATINGS RATIONALE**

The change in the outlook to stable reflects Leviathan's solid operational performance and our expectation that the project company will increase its earnings and follow prudent financial policy in the context of a potential rise in development activity, resulting in Leviathan Bond's financial profile remaining commensurate with the Ba3 rating.

In 9M 2025, Leviathan produced 8.1 billion cubic meters (bcm) of gas. These volumes were some 6% lower than in the same period last year as a result of a government-mandated temporary suspension of production in June 2025. However, production significantly increased in Q3 and demand for gas from Leviathan's customers remains strong. Barring any escalation in the conflict or government intervention, we expect Leviathan Bond's cash flow generation to improve and grow next year. Increased earnings will be supportive of the company's financial profile in the context of potential sizeable investments to expand the Leviathan field. The Leviathan Partners are undertaking investments into the third subsea pipeline that will increase the field's capacity to 14 bcm during next year. However, there is potential for a further expansion of the field subject to a final investment decision, pending, among others, clearance of the governmental export permit required under the export contract executed between the Leviathan Partners and an Egyptian counterparty in August 2025. In this regard we understand that discussions with the Ministry of Energy for an export permit are ongoing.

Overall, the Ba3 senior secured ratings reflect (1) the large size and the very long life of Leviathan's gas reserves, and the potential for further increases in proved reserves once a final investment decision is taken; (2) the strong track record of the sponsor and operator; (3) the portfolio of long-term off-take agreements; and (4) strong cash flow generation, coupled with the current relatively low leverage, which we estimate at around 35-40% on a funds from operations (FFO) to debt basis. These factors are counterbalanced by (1) Leviathan's exposure to geopolitical and security risks, given location of its assets and operations; (2) competition within the Israeli domestic gas market, and reliance on access to Egypt's infrastructure for gas exports; (3) the weak credit quality of the main off-takers, which are located in Egypt (Caa1 positive) and Jordan (Ba3 stable) and presence of provisions that could allow Leviathan's largest customer to reduce volumes under certain circumstances; (4) the potential increase in expansion investments that would absorb existing financial flexibility; and (5) the refinancing requirements associated with the company's debt maturities.

### **RATING OUTLOOK**

The stable outlook reflects our expectation that Leviathan Bond's performance will remain resilient, and its financial profile will be commensurate with the current ratings.

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

The ratings could be upgraded if (1) there was a more stable operating environment and geopolitical and security risks continued to abate; (2) there was greater clarity around Leviathan's further development activity and contractual arrangements; and (3) the company's FFO to debt were to sustainably remain above 25%. Any upgrade will, however, need to consider the project's exposure to major off-takers and their credit quality. Over time, signing of material new take-or-pay gas sale and purchase agreements with high-quality off-takers that improved cash flow visibility could bring upward rating pressure.

The ratings could be downgraded if (1) the security situation were to materially worsen; (2) Leviathan's assets or operations were adversely impacted by military conflict and this was not offset by any mitigating measures from the government, shareholders or through the insurance coverage; (3) FFO to debt, based on NewMed Energy's share of the Leviathan project's cash flow, were to fall and remain persistently below the high teens in percentage terms; or (4) there were concerns about Leviathan Bond's liquidity.

The principal methodology used in these ratings was Generic Project Finance published in October 2024 and available at <https://ratings.moodys.com/rmc-documents/429758>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

Leviathan Bond Ltd. is a special purpose vehicle established to issue bonds secured by a first priority fixed pledge of NewMed Energy's 45.34% working interest in the Leviathan gas project as well as certain associated assets. Recourse against NewMed Energy is limited to the collateral pledged by the sponsor.

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Joanna Fic  
Senior Vice President

Neil Griffiths-Lambeth  
Associate Managing Director

Releasing Office:  
Moody's Investors Service Ltd.  
One Canada Square  
Canary Wharf  
London, E14 5FA  
United Kingdom  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454

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