



Leviathan Bond Ltd

The affirmation of Leviathan Bond Ltd's USD1.15 billion notes at 'BB' with a Stable Outlook reflects abundant high-quality reserves, proven technology and a strong operating set-up, with Chevron Mediterranean Ltd managing day-to-day operations. The rating is constrained by the offtake base, as Fitch Ratings views the two largest offtakers as having weak credit profiles.

Fitch's rating case (FRC) incorporates the financial impact of a possible three-month shutdown of the Leviathan field in 2026, due to the ongoing conflict in the Middle East and the associated force majeure under the offtake agreements. The FRC forecasts the project life coverage ratio (PLCR) at 3.9x and leverage (net debt/EBITDA) at 1.98x in 2026 and 4.06x and 1.08x, respectively, in 2027.

The Stable Outlook reflects our assessment that the USD600 million bullet maturity due in June 2027 could be repaid from available liquidity and assumed cash generation even if the gas field remains non-operational hypothetically, until debt maturity in 2027.

Key Rating Drivers

Operation Risk - Midrange

Experienced Operator Mitigates Complexity: Fitch views the operation of oil and gas facilities as among the more complex infrastructure activities, although Leviathan has had some years of operating history. The project benefits from the presence of Chevron as an experienced operator of gas fields in the Eastern Mediterranean with proven performance on Tamar and the Yam Thetys/Mari-B fields. Chevron acquired Noble Energy Mediterranean Ltd in October 2020, which became Chevron Mediterranean Ltd, and retained its experienced operating team.

Supply Risk - Stronger

Sufficient Resources, High-Quality Reservoir: The technical advisor views Leviathan as a high-quality gas reservoir with a strong drive mechanism, supporting higher reservoir pressure as volumes decline and reducing the need for additional drilling. As of December 2025, Netherland Sewell & Associates Inc reported 1P reserves of 438 billion cubic metres (bcm) and 2P reserves of 553bcm. Additional contingent gas volumes (1C and 2C) are likely to be added to 1P and 2P reserves once further wells or developments are approved and volumes become commercial.

Fitch has not considered the additional volumes under the FRC. The project benefits from Israel's Property Tax and Compensation Fund warranty, which covers property damage arising from war or other political violence. In addition, a comprehensive commercial insurance programme provides all-risks physical damage and business interruption cover, mitigating risks from production disruptions related to the Middle East conflict.

Revenue Risk - Midrange

Diversified Offtake Base: Leviathan has a diversified offtake structure; it has long-term contracts with National Electric Power Company (NEPCO; backed by the state) in Jordan (BB-/Stable), Blue Ocean Energy (BOE) in Egypt (B/Stable) and a portfolio of Israeli companies. Fitch views Israeli gas sales as strategic given expected growth in local demand.

Leviathan is strategic for Jordan due to limited domestic energy sources and higher-cost liquefied natural gas (LNG). In Egypt, the ultimate offtaker is Egyptian Natural Gas Holding Company, which is incentivised to maximise purchases as gas can also support LNG exports.

Weak Counterparty Exposure: The rating is constrained by the offtake base, as Fitch considers NEPCO and BOE to have weak credit profiles. Israeli offtake is diversified, and renewal risk is low. In 2024, Leviathan began generating revenue from condensate sales in Israel. Pricing exposure to Israeli electricity tariffs and Brent-linked export volumes is mitigated by floor prices, while volume risk is contained by long-term take-or-pay contracts.

Infrastructure & Project Finance
Oil & Gas
Israel

Ratings

Outstanding Debt BB
USD1.15bn 6.5%-6.75% senior
secured notes due 2027-2030

Outlook

Stable

Climate Vulnerability

2035 Climate Vulnerability Signal	51
Transition (Climate.VSt)	50
Physical (Climate.VSp)	23

Applicable Criteria

Infrastructure & Project Finance Rating
Criteria (November 2025)

Related Research

Fitch Affirms Leviathan Bond Ltd's Notes at 'BB'; Outlook Stable (March 2026)
Prolonged Iran Conflict to Ripple Through
Corporate Sectors Globally (March 2026)

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Infrastructure Development & Renewal - Midrange

Expansion Outside Project Perimeter: Leviathan requires minimal investments to sustain production and address the operational issues typical of complex projects. The operator's experience means the field's operational and development requirements are likely to be appropriately managed and anticipated. All growth capex for capacity expansion within Phase 1A is being funded by internally generated cash and is highly flexible. Phase 1B expansion may require external funding, but timing is uncertain

Debt Structure - Midrange

Some Refinancing Risk: The senior secured nature of the debt and absence of exposure to variable interest rates, swaps or other derivatives is offset by exposure to refinancing risk due to staggered bullet maturities. The cash flow used to service and secure the debt is from the 45.34% ownership NewMed Energy has in the Leviathan gas field. This results in lower control over operations and cash flow than is standard, which Fitch considers a weakness. However, it is mitigated by the strong alignment of interest between the partners and operator.

Financial Profile

Fitch views PLCR as the key debt service coverage metric and net debt/EBITDA as the main leverage metric. Under the FRC, PLCR is projected at about 3.9x in 2026, rising to 5.64x in 2030, the final maturity of the existing bullet debt. Net debt/EBITDA is expected to fall to 0.45x by 2030 from 1.98x in 2026. As of 15 March 2026, pledged account balances, NewMed's undrawn unsecured credit facilities and expected cash flow under an assumption of a three-month shutdown supported repayment of the June 2027 bullet maturity without refinancing. As of the same date, NewMed has also repurchased about USD25 million of the June 2027 bond and about USD10 million of the June 2030 bond.

Peer Analysis

The closest peer in Fitch's portfolio is QatarEnergy LNG S(2) & QatarEnergy LNG S(3) (AA/Stable), Qatari LNG liquefaction companies engaged in upstream production of natural gas, gas treatment and liquefaction and the export of natural gas in liquid form. The projects benefit from a strong offtaker base and high resilience to price declines given their low cost bases. We also factor in their status as integral parts of Qatar's oil and gas industry and their strong indirect ownership by and control links with Qatar. The projects are therefore rated above Leviathan.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- PLCR consistently below 1.4x
- Weaker-than-expected liquidity profile leading to the inability to repay or refinance the 2027 bond in the event of a prolonged facility shutdown
- Material physical damage to project assets from the conflict impairing the project's ability to service debt when due

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Fitch views an upgrade unlikely at this stage as the project is exposed to weak counterparties.

Overview

This issuance in 2020 was a refinancing or monetisation of the sponsors' interest in the Leviathan gas reservoir. The gas reservoir is in the eastern Mediterranean Sea, about 130km west of the Israeli city of Haifa. The field was discovered in 2010 with the first gas extracted in December 2019, both on time and below budget. Leviathan's field has around 14bcm production capacity, which it expects to exceed 20bcm by early 2030s.

The Leviathan gas field is owned by NewMed Energy (45.3%), Chevron Mediterranean Ltd (39.7%) and Ratio Oil Exploration Ltd (15%). The field is operated by Chevron, a reputable and experienced operator. Leviathan's production is contracted with a diversified offtaker base in Israel, and NEPCO and BOE, mostly under long-term contracts.

The proceeds of the notes were used to make a loan to the sponsor to repay the capex facilities and a corporate term loan, fund the reserve accounts and make distributions. The loans are non-recourse to the sponsors, and the noteholders are ultimately secured on the interests and rights of NewMed in the Leviathan gas field.

Debt Repayment Schedule

Class	Original amount (USDm)	Outstanding amount (USDm)	Term (years)	Final maturity	Interest rate %
Bullet A (paid in full)	500	0	3	June 2023	5.75
Bullet B (paid in full)	600	0	5	June 2025	6.125
Bullet C	600	600	7	June 2027	6.50
Bullet D	550	550	10	June 2030	6.75
Total	2,250	1,150			

Source: Fitch Ratings

Transaction Summary

Leviathan Bond's debt is a monetisation of NewMed Energy's 45.34% interest in the Leviathan gas project, off the Israel coast. The notes are non-recourse to the sponsors and are ultimately secured on the interests and rights of NewMed in the Leviathan gas project.

Latest Developments

Following joint US-Israeli strikes on Iran and subsequent retaliatory attacks, Israel's Minister of Energy & Infrastructure instructed Chevron on 28 February 2026 to suspend production at Leviathan until further notice. Chevron complied and declared force majeure, meaning Leviathan is not liable for penalties for offtake shortfalls during the disruption. In addition to strong cash balances and available undrawn facilities, NewMed's risk mitigation with respect to war- or political violence-related property damage is conducted pursuant to Israel's Property Tax and Compensation Fund (PTCF) law, as well as through commercial insurance coverage for property damage and business interruption for losses not covered under the PTCF.

Performance in 2025 was broadly in line with Fitch base case (FBC) expectations. Revenues were around 5% lower, mainly due to reduced sales to Egypt linked to the 12-day Iran war and planned major maintenance, while opex and capex were below budget, reflecting conservative assumptions and contingencies. Leviathan repaid the USD600 million bond due June 2025 from project cash flows and available liquidity.

As of December 2025, 1P/2P gas reserves increased by about 32% to 438 bcm/553 bcm from 371 bcm/420 bcm. This was driven by exploration activity. Updated market consultant projections continue to point to steadily rising Israeli gas demand, supported by population and economic growth, desalination needs and energy-transition dynamics. The company expects exports to Egypt to rise due to Egypt's domestic gas shortfall: Leviathan increased and extended its BOE contract to 20 years, lifting contracted volumes to 6.7bcm a year in 2026 (supported by completion of the third gathering line in March 2026) and to 11.9–12.9bcm a year from 2030, following a final investment decision for Phase 1B taken in December 2025.

Over the next five years, capex priorities focus on several midstream projects: EMG debottlenecking that will expand export capacity by 2bcm and strengthen redundancy to Egypt (first gas expected in 3Q26); adding 4bcm a year through incremental compression under the FAJR Plus project (targeted for 2H26); and developing the 67km Nitzana pipeline and associated compression linking Egypt to southern Israel (first gas expected in 2H28). Additionally, Leviathan is progressing with the Phase 1B upstream expansion to increase capacity to 23bcm a year (first gas expected in 2H29). Management is considering a range of financing options (public markets, private debt and Israeli banks), although the base case assumes capex will be funded from cash generation and available liquidity.

Key Features

Project Summary Data	
Project type	Natural gas field
Project location	Israel, eastern Mediterranean
Project status	Operational
Applicable regulation	Israeli gas framework
Offtaker	Blue Ocean, NEPCO, various Israeli utilities
Contractor	n.a.
Operator	Chevron Mediterranean Ltd
Equity sponsor	NewMed Energy
Source: Fitch Ratings, NewMed Energy	

Financial Summary Data	
Rated debt terms	USD1.15bn senior secured notes (6.50%-6.75%)
Amortisation profile	Staggered bullet maturities
Tail before concession maturity	>10 years
Reserves	- Debt Payment Fund (USD100 million) funded at transaction close (and refilled after use) - Principal Reserve Fund (up to USD150 million) begins funding 12 months ahead of each maturity date
Transaction triggers	Distribution lock-up at 1.5x net present value coverage ratio
Source: Fitch Ratings, NewMed Energy	

Financial Profile and Fitch Cases

Overview

Under the FRC, the projected PLCR starts at about 3.9x in 2026 and increases to 5.64x in 2030, which is the last maturity date of the existing bullet debt. Net debt/EBITDA gradually reduces to 0.45x in 2030 from 1.98x in 2026 under the FRC.

Current Cases

FBC

The FBC assumes a 2P production profile, with Brent price forecasts. In the long run, we assume a gas price of USD5/million cubic feet (mcf) for any uncontracted volumes, in line with international hub prices. We apply a 5% stress on opex and capex. Interest rates for refinanced debt are 150-175bp higher than the rates on existing tranches. To account for the financial impact of a possible three-month shutdown of the Leviathan field in 2026, due to the ongoing conflict in the Middle East and the associated force majeure under the offtake agreements, FBC assumes 75% of the forecast 2P production in 2026.

FRC

The FRC assumes a 1P production profile, stressed Fitch's Brent price forecasts and a gas price of USD4.5/mcf for uncontracted volumes in the long term. We increase the stress on opex and capex to 10%, reflecting a realistic downside scenario. We assume interest rates for the refinanced debt in line with the FBC. The FRC assumes 75% of the forecast 1P production in 2026.

Climate Vulnerability Considerations

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The Climate.VS for 2035 is 51 out of 100. This reflects a VSp of 23 and a VSt of 50. This Climate.VS reflects the issuer's exposure to long-term energy transition trends, is illustrative and does not constrain the rating, given the bonds mature by 2030.

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