



**HD Moody's 2015 outlook for Australian infrastructure sector stable**

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**LP**

Moody's Investors Service says that its stable outlook for the Australian infrastructure sector in 2015 is underpinned by an overall stable and supportive domestic economy.

However, pressure is growing in some sectors. Overall, key downside risks include reduced demand for Australia's resources, which will exacerbate the downturn in the **mining** industry, with knock-on effects on other sectors.

**TD**

Moody's conclusions were contained in a just-released report titled, "2015 Outlook -- Australian Infrastructure." The report was authored by Mary Anne Low, a Moody's Analyst, Arnon Musiker, a Moody's Vice President and Senior Credit Officer, and Spencer Ng, a Moody's Vice President Senior Analyst.

According to Moody's, refinancing risk in the infrastructure sector is mitigated by the continued appetite for new issuances, a good liquidity profile overall for the sector, and a proactive approach by most issuers to refinance well ahead of maturity dates.

The application of the updated regulatory framework for regulated network utilities since late 2012 has been broadly in line with Moody's expectation, underpinning the stable outlook.

As for the airport industry, fundamentals remain favorable, and outlook for the sector is stable, despite Moody's expectation of a moderation in domestic passenger growth across the Australian network, due to greater discipline in the airlines' management of capacities, and Moody's expectation of a slowdown in **mining**-related traffic.

The toll road sector continues to benefit from the essential function of toll roads as urban commuter routes and proven traffic histories. Moody's says the high growth in traffic on certain roads is increasing the financial headroom within respective ratings.

Ratings in the **coal** logistics sector are supported by take-or-pay contracts, many with counterparties owned by investment-grade **mining** houses.

As for public-private partnerships, their credit profile is supported by low cash-flow volatility, the credit strength of government offtakers, and the solid operating performance of experienced and able facilities management providers.

Subscribers can access the Executive Summary at [http://www.moodys.com/viewresearchdoc.aspx?docid=PBC\\_1001665](http://www.moodys.com/viewresearchdoc.aspx?docid=PBC_1001665).

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