



Potential New Issue Supply:
Investment Grade and High Yield
March 20, 2018

Update on Morningstar Credit Ratings' Potential New Issue Supply

Since our previous publication, we have made a number of updates to our list of companies that we think could be tapping the corporate bond market in the next six months or so. The following issuers we identified in our last publication came to the market:

- ▶ Campbell Soup issued approximately \$5.3 billion of new notes to fund the acquisition of Snyder's-Lance.
- ▶ CVS Health issued \$40.0 billion of new bonds to prefund the pending Aetna merger.
- ▶ Sanofi issued EUR 8.0 billion of unsecured notes to help finance the Bioverativ and Ablynx acquisitions.
- ▶ American International Group issued notes for general corporate purposes and to help fund a portion of the Validus acquisition.

We are removing Cisco Systems from our list as the company plans to repatriate \$67 billion of foreign cash, which will provide more than sufficient liquidity to meet 2018 debt maturities.

About Our New Issue Supply List

We've sourced our data from discussions with management teams, listening to earnings conference calls, and analyzing financial filings, among other things. Our list does not include serial issuers such as Ford Motor Credit. Instead, we believe it can be informative for clients to identify more infrequent issuers in the market. (Note that Morningstar Credit Ratings does not provide investment advice, nor do we recommend specific investment strategies.)

Potential New Supply by Sector

Company	Ticker	Sector	Issuer Rating
Air Liquide	AI	Basic Materials	BBB+
Air Liquide may refinance its various maturities due 2018.			
Anglo American	AAL	Basic Materials	BB+
Anglo American may elect to refinance some of its various maturities due 2018.			
ArcelorMittal	MT	Basic Materials	BB+
ArcelorMittal could refinance its first-half 2018 maturities.			
Freeport-McMoRan	FCX	Basic Materials	BB-
Freeport-McMoRan may refinance its \$1.5 billion due March 15, 2018.			
LafargeHolcim	LHN	Basic Materials	BBB-
LafargeHolcim will likely refinance its various maturities due in 2018.			
Nucor	NUE	Basic Materials	A-
Nucor has \$500 million due June 1, 2018 that it may elect to refinance.			
Vale	VALE	Basic Materials	BB+
Vale could refinance \$1.4 billion in debt due 2018.			
Walmart	WMT	Consumer Cyclical	AA-
Walmart may refinance over \$3.0 billion in bond maturities over the next 12 months.			
Kroger	KR	Consumer Cyclical	BBB
Kroger has \$1.3 billion of maturing bonds during the next year.			
Home Depot	HD	Consumer Cyclical	A+
Home Depot has a \$1.15 billion bond maturity in September 2018.			
Anheuser-Busch InBev	BUD	Consumer Defensive	BBB+
Anheuser-Busch InBev has over \$4.0 billion of maturing debt in 2018.			
Coca-Cola	KO	Consumer Defensive	A+
Coca-Cola has over \$3.0 billion in debt maturing in 2018.			
Danone	BN	Consumer Defensive	BBB+
Danone has over \$2.5 billion of maturing debt in 2018.			
Hershey	HSY	Consumer Defensive	A+
Hershey is likely to refinance the bank debt used to fund its \$1.6 billion acquisition of Amplify Snack Brands.			
McDonald's	MCD	Consumer Defensive	A-
McDonald's has a new three-year \$22 billion-\$24 billion return-to-shareholder program, which will be partially debt-financed.			

*Morningstar's insurance company ratings are not NRSRO credit ratings.

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Company	Ticker	Sector	Issuer Rating
PepsiCo	PEP	Consumer Defensive	A+
PepsiCo has over \$4.0 billion of maturing debt in 2018.			
Philip Morris International	PM	Consumer Defensive	A-
Philip Morris has over \$2.5 billion in debt maturing in 2018.			
Starbucks	SBUX	Consumer Defensive	A
Starbucks instituted a three-year \$15 billion return-to-shareholder program, a portion of which will be debt-financed.			
Fidelity National Information Services	FIS	Financial Institutions	BBB
Fidelity National has \$250 million of senior notes maturing in April 2018.			
AbbVie	ABBV	Healthcare	BBB+
May need to refinance \$6 billion of long-term debt maturities in 2018.			
Bayer	BAYN	Healthcare	A-/UR-
Bayer's successful pursuit of Monsanto will require debt funding of around \$47 billion to consummate the \$66 billion transaction.			
Baxter International	BAX	Healthcare	A
Management recently reiterated its 2.0 times net leverage target, suggesting leverage may rise from its net neutral level.			
Fresenius Medical Care	FME	Healthcare	BBB-
Fresenius plans to use debt financing for its \$2 billion acquisition of NxStage Medical, which is scheduled to close in the second half of 2018.			
Owens & Minor	OMI	Healthcare	BB
Acquiring Halyard Health's surgical and infection prevention business in early 2018 for \$710 million may lead to new debt issuance.			
Shire	SHP	Healthcare	BBB-
Likely to refinance \$6.3 billion in long-term debt maturities in 2018, given its modest cash balance.			
Walgreens Boots Alliance	WBA	Healthcare	BBB
Walgreens may choose to finance some of the pending Rite Aid store purchases (\$4.4 billion), scheduled to be completed by the spring.			
Cummins	CMI	Industrials	A
Cummins may increase its leverage target to return additional cash to shareholders; we estimate incremental capacity could be \$1 billion.			
General Dynamics	GD	Industrials	A
General Dynamics will fund its \$9.6 billion acquisition of CSRA with debt, including a multitranche new issue.			
Spirit AeroSystems	SPR	Industrials	BBB
Spirit's \$300 million 5.25% senior notes due in 2022 are currently callable; \$500 million of term loans could also be refinanced.			
United Technologies	UTX	Industrials	A-/UR-
United Technologies is looking to raise \$14 billion in incremental debt to finance its acquisition of Rockwell Collins.			

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Potential New Supply by Sector

Company	Ticker	Sector	Issuer Rating
Chubb*	CB	Insurance	A-
The company has \$300 million of senior debt maturing in March 2018.			
Apple	AAPL	Tech/Media/Telco	AA-
Apple reports \$6.5 billion of senior notes coming due over the next 12 months. We expect multiple issues in 2018.			
AT&T	T	Tech/Media/Telco	BBB-
AT&T faces \$4 billion of senior note maturities in 2018. All of its 2017-vintage debt is earmarked to fund Time Warner merger.			
Intel	INTC	Tech/Media/Telco	AA-
Intel reported \$1.8 billion of short-term debt as of Dec. 30.			
International Business Machines	IBM	Tech/Media/Telco	A+
IBM faces \$1.6 billion of senior notes due in 2018.			
Interpublic Group of Companies	IPG	Tech/Media/Telco	BBB
IPG reported \$302 million of short-term debt at Sept. 30.			
Netflix	NFLX	Tech/Media/Telco	BB-
We expect Netflix to remain reliant on external capital markets to fund new content development, with at least one U.S.dollar-denominated issue per year.			
Walt Disney	DIS	Tech/Media/Telco	A+
Disney faces \$6.2 billion of senior note maturities in 2018.			

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