Creditreform Corporate Issuer / Issue Rating
Anheuser-Busch InBev N.V./S.A.

Creditreform Rating

02 May 2024 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has confirmed the unsolicited corporate issuer rating of Anheuser-Busch InBev N.V./S.A. at BBB+. The outlook has been adjusted from stable to positive.

Creditreform Rating (CRA) has confirmed the unsolicited, public corporate issuer rating of Anheuser-Busch InBev N.V./S.A., referred to here as AB InBev, Group or the Company, as well as the unsolicited corporate issue rating of long-term local currency senior unsecured notes issued by Anheuser-Busch InBev N.V./S.A.at BBB+. The outlook has been changed from stable to positive. The initial unsolicited short-term rating has been set to L2 (high level of liquidity).

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Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

+ Strong market position with substantial market power, enabling above-average profitability
+ Geographically diversified, strong brand portfolio with over 500 brands
+ Sustainably strong earnings capacity, cash generation power over recent years
+ Largely stable demand, albeit with a slight decrease in volumes over recent years, so far successfully offset by the implementation of the Company's premiumization strategy and high margins
+ Strong liquidity position, supported by ample financing facilities
+ Positive development in the 2023 financial year, with growth in revenue and stable earnings
+ Increase in equity following positive results in 2023 and moderate dividend payments
+ Further decrease in net debt, in accordance with the Group's previously declared commitment to deleverage

– Strong presence in emerging markets
– Continued heightened indebtedness following major acquisition
– Elevated currency risk
– Significant intangible assets with potentially elevated impairment risks during economic downturns
– Increase in commodity prices and overhead costs, resulting in a slight decline in profitability for some products

ESG-criteria:

ESG factors are factors related to environment, social issues, and, governance. For more information, please see the section "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Anheuser-Busch InBev N.V./S.A. we have not identified any ESG factors with significant influence.

Anheuser-Busch pursues a goal of accelerating the gradual transition to sustainable development and has defined the following priorities in line with the 17 Sustainable Development Goals set by the United Nations for 2030: Smart Drinking & Moderation, Climate, Water Stewardship, Sustainable Agriculture, Circular Packaging, Entrepreneurship, Diversity, Equity & Inclusion, and Ethics & Transparency. In 2018, AB InBev developed a raft of specific objectives to be achieved by 2025, and integrated them into its corporate strategy. The most important of these objectives are:

- Smart Agriculture: 100% of the Company's direct farmers will be skilled, connected and financially empowered.
- Water Stewardship: 100% of communities in high stress areas in which the Company operates will have measurably improved water availability and quality.
- Circular Packaging: 100% of its products will be in packaging that is returnable or made from predominantly recycled content.
- Climate Action: 100% of purchased electricity will be from renewable sources, with carbon emissions to be reduced by 25%.

Among its other achievements, the Company decreased its emissions in 2023 in scopes 1 and 2 by 44.0%, and emissions in scopes 1, 2 and 3 by 24.2% from its 2017 baseline. Anheuser-Busch contracted the equivalent of a 100% share of its globally purchased electricity volume from renewable sources. Currently, 73.6% of the Company's electricity needs are met using renewable sources (31.2% renewable electricity operational in 2020). In Sustainable Agriculture, 95% of the direct farmers met the criteria of Anheuser-Busch for skilled, 92% for connected, and 86% for financially empowered. The Company has received a double-A rating from CDP for corporate transparency, performance on climate change, and water security. Anheuser-Busch's main credit facility (USD 10.1 billion) is sustainability-linked, and incorporates a pricing mechanism that incentivizes improvement in key performance areas that are aligned with the 2025 Sustainability Goals.

Since 2017, the Company's water efficiency efforts have resulted in a reduction of water consumption by 17.9%, achieving a water efficiency ratio of 2.53 hectoliter (hl) in production globally (goal of 2.5 hectoliter of production by 2025). In 2023, 77.5% of its products were in packaging that was returnable or made from majority recycled content.

Anheuser-Busch operates in an industry in which product abuse can potentially result in addiction as well as health and social damage. The Company is committed to reducing harmful consumption, identifying best practices in community-based interventions to reduce underage drinking, improve road safety, increase alcohol screening, reduce binge drinking, and raising awareness in its marketing campaigns, social advertising, and labelling. Today, even in countries where mandatory labeling is not required, the Company's labels contain actionable information on how consumers can prevent harmful drinking. Anheuser-Busch is expected to invest approximately USD 1 billion in these initiatives by 2025. According to the Company, USD 900 million has been used for this purpose since 2016. The Company is expanding its non-alcoholic and low-alcohol beer portfolio, which, according to the goals set in 2015, should grow to 20% by

2025. However, the Company does not see this goal as achievable by 2025. Drinks with less than 3.5% alcohol made up 6.8% of the Company's global beer portfolio. Products at or below 4.5% alcohol by volume currently comprise 54% of AB InBev's portfolio.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Rating result

The current rating of BBB+ attests Anheuser Busch InBev N.V./S.A. with a highly satisfactory level of creditworthiness.

The high level of this rating is based on the Company's large scale, as well as the fact that AB InBev is by far the leading brewery Group worldwide in terms of hectoliter sold, and revenues, with a highly diversified geographical profile, and its comprehensive portfolio of global and local brands. These factors enable AB InBev to impose higher prices and achieve above-average margins, resulting in a consistently strong earnings capacity and cash flow from operations, both supportive for our rating. Despite the overall market uncertainty and inflationary environment, as well as increases in interest rates with a resulting rise in manufacturing costs, sales and marketing, and administrative expenses hampering overall profitability, the Company showed solid development in the 2023 financial year with revenue growth and stable earnings. In line with its previously declared deleveraging strategy, AB InBev was able to further decrease its financial debt, substantially strengthening its equity base. The significant financial debt and the Company's exposure to country risks in developing countries remain dampening factors for our rating.

Outlook

The one-year outlook for the rating is positive. Despite a slight decrease in sales volumes in 2023, and in light of the successful implementation of the premiumization strategy, we expect the Group to continue to gradually strengthen its financials, showing further moderate growth in revenues and EBITDA, as well as a reduction in debt in line with its deleveraging strategy, with a commitment to achieve a finance debt / normalized EBITDA of 2x. Our assessment is based on the dominating market position of AB InBev and its ability to compensate for the decrease in volumes, especially in mature markets, through efficient product portfolio and price management with a resulting increase in revenue per hectoliter. The Company was able to retain its significantly above-average margins industry-wide, despite overall subdued economic sentiment in 2023. The Company's solid liquidity position and ample financial facilities, as well as its moderate dividend policy so far, which further facilitate the strengthening of AB InBev's equity base and deleveraging, support our expectation of positive rating development in the near future.

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Best-case scenario: A-

In our best-case scenario for one year, we assume a rating of A-. In this scenario we expect an overall improvement in our financial analysis due to sustainably strong earnings combined with progress in deleveraging and further strengthening the Company's financial position and equity base. In this context, we assume that AB InBev will be able retain its leading market position and to compensate for the possible cost inflation through price adjustments - without any significant loss of sales volume.

Worst-case scenario: BBB

In our worst-case scenario for one year, we assume a rating of BBB. In this scenario, we take into account a downturn in the global economy due to inflation and geopolitical instability, and assume that the overall uncertainty related to elevated energy prices, heightened interest rates, and currency fluctuations persist. These factors may lead to an undermining of economic growth and a decrease in the purchasing power of consumers. Increased commodity prices and distribution costs and a slowdown in revenue growth have an immediate negative impact on the Company's cost structure, and the Company is only able to adapt to negative effects through price and product mix adjustments with a time lag. Accordingly, a further increase in debt, decline in profitability, and lower equity ratio may also lead to a rating downgrade.

Business development and outlook

Table 1: Financials of AB InBev N.V./S.A. I Source: AB InBev N.V./S.A. Annual Report 2023, standardized by CRA

AB InBev N.V./S.A. Selected key figures of the financial statement analysis Basis: Consolidated financial statements as of 31.12. (IAS)	CRA standardized figures[1]	
	2022	2023
Sales (million USD)	57,786	59,380
EBITDA (million USD)	18,810	18,597
EBIT (million USD)	14,154	13,614
EAT (million USD)	7,597	6,891
EAT after transfer (million USD)	5,969	5,341
Total assets (million USD)	153,993	157,702
Equity ratio (%)	24.78	27.94
Capital lock-up period (days)	118.53	110.55
Short-term capital lock-up (%)	25.87	30.89
Net total debt / EBITDA adj. (factor)	5.63	5.39
Ratio of interest expenses to total debt (%)	3.33	3.52
Return on Investment (%)	7.93	7.34

[1] For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

AB InBev is by far the largest brewery in the world in terms of volume sales, with a total market share of approximately 30%. In the 2023 fiscal year, the Company posted a revenue growth of 2.8% to USD 59,380 million (2022: USD 57,786 million), almost twice the revenue of the second-largest brewing company in the world. Taking into consideration the negative currency translation (2023: USD -2,744 million; 2022: USD -2,136 million) and consolidation effects, organic growth amounted to 7.8% (2022: 11.2%), and revenue per hl increased by 9.9% compared to the previous year (2022: 8.6%). At the same time, total revenues of global brands, Budweiser, Stella Artois, Corona and Michelob Ultra increased by 9.8% globally. Volumes declined by 1.7%, with own beer volumes down 2.3% and non-beer volumes up 2.1%. The Company's sales volumes decreased in North America (-12.1%), South America (-1.1%), and EMEA (-0.8%), which was compensated by rising prices, and increased in Asia Pacific (4.3%) and Middle America (0.7%). Driven by its sound brand strategy, e.g., premiumization, revenue management initiatives, as well as diversified distribution channels with close proximity to customers, the Group was able to record gross profit growth of 6.7%, and reported normalized EBITDA saw an increase of 7% to USD 19,976 million (2022: USD 19,843 million). As a result of the overall increase in commodity and energy prices, along with elevated distribution costs, the normalized EBITDA margin edged down to 33.6% (2022: 34.3%). The negative currency translation had a negative impact on normalized EBITDA in the amount of USD -1,012 million (2022: USD -669 million). Normalized EBITDA figures include an impact of 44 million USD (2022: 201 million USD) from tax credits in Brazil. The profitability of the Company remains significantly higher than that of its competitors, reflecting its dominant position in the United States and the Americas as a whole.

Table 2: The development of business of AB InBev N.V./S.A. I Source: AB InBev Annual Report 2023, reported

AB InBev N.V./S.A.				
In million USD	**2022**	**2023**	**Organic growth 2023/2022**	**Δ 2023/2022**
Total volumes (million hls)	595.13	584.73	-10.26	-1.7%
Revenue	57,786	59,380	4,460	7.8%
Gross profit	31,481	31,984	2,099	6.7%
Normalized EBITDA	19,843	19,976	1,368	7%
Normalized EBITDA margin, %	34.3%	33.6%	--	(23) bps
Normalized EBIT	14,768	14,590	925	6.4%

The Company posted an increase in revenues in all its geographical segments with the exception of North America. Only 29% of its global EBITDA is generated in developed markets, predominantly North America and Western Europe. AB InBev's growth is essentially driven by growth in developing markets, with a share of 64% of its global EBITDA. In these markets, the growing consumption of premium products is supported by favorable demographics and increasing disposable income, leading to growth in both volume and sales. Nevertheless, the presence in developing markets, including Mexico, Brazil, Colombia, India, Nigeria, Zambia, Mozambique, and South Africa, exposes the Company to more volatile market conditions and less predictable regulatory environments. As such, despite its strong, diversified global footprint, the Group is exposed to higher country risks, as doing business in developing countries is accompanied by increased political, economic, operating, investment, currency, and other risks. However, the Group's operations worldwide, covering developed and developing markets, is a natural hedge against local or regional economic downturns and seasonality

Table 3: The development of corporate divisions in 2022/2023 I Source: AB InBev Financial Report 2023

in million		North America	Middle America	South America	EMEA	Asia Pacific	GEHC
Volume (HL)	2022	102.67	147.62	164.32	90.78	88.90	0.84
	2023	90.14	148.73	162.46	90.21	92.73	0.46
Organic growth, %		-12.1	0.7	-1.1	-0.8	4.3	-23.7
Revenue (USD)	2022	16,566	14,180	11,599	8,120	6,532	790
	2023	15,072	16,348	12,040	8,589	6,824	508
EBITDA norm. (USD)	2022	6,057	6,564	3,511	2,612	2,104	-1,004
	2023	4,727	7,715	3,884	2,570	2,186	-1,106

Profit from operations amounted to USD 13,966 million, a decrease of 3.8% (2022: USD 14,517 million), as a result of an increase in sales and marketing and administrative expenses of 6,5%, and a rise in non-underlying costs. Profit before tax decreased by 4.2% to USD 9,124 million (2022: USD 9,524 million), being negatively impacted by non-underlying net finance costs (USD -69 million, 2022: non-underlying net finance income USD 829 million). In 2023, the Company incurred losses of USD 325 million from mark-to-market adjustments on derivative instruments related to the hedging of share-based payment programs and on derivative instruments entered into to hedge the shares issued in relation to the combinations with Grupo Modelo and SAB (2022: USD 606 million gain). As a result, the annual profit decreased by 9.3% to USD 6,891 million (2022: USD 7,597 million), partly due to less favorable tax effects in 2023.

In December 2023, AB InBev and its joint venture partner Anadolu Efes announced that the latter had agreed to acquire the entirety of AB InBev's non-controlling interest in AB InBev Efes BV (50% share), which had been operating in Russia and Ukraine. The decision to derecognize its investment in AB InBev was made by the Company back in April 2022. Completion of the transaction is subject to required regulatory and governmental approvals, and other customary closing conditions.

The Company's adjusted equity amounted to USD 44,067 million (2022: USD 38,166 million). Equity grew, largely against the backdrop of the significantly positive annual result, which was offset by dividend payments of USD 3.0 billion and negative currency effects. As a result, the adjusted equity ratio improved noticeably to 27.94% (2022: 24.78%).

The rating is also supported by the Company's strong cash generation and prudent financial policies. In 2023, the Company showed resilient earnings capacity. Operating cash flow before changes in working capital amounted to USD 21,072 million, an increase of 5.67% (2022: USD 19,941 million). However, due to the changes in working capital (USD -1,541 million; 2022: USD -0,346 million), in particular due to an increase in trade and other receivables, decreased inventory balances, and trade and other payables in 2023, the cash flow from operating activities changed slightly to USD 13,265 million (2022: USD 13,298 million).

The free cash flow increased by 3.5%, at approximately USD 8,800 million, more than sufficient to cover the cash outflow for dividend payments (USD 3,013 million). In addition, in 2023, AB InBev bought back shares at a total amount of USD 362 million as part of a buyback program announced on 31 October 2023. Reported free cash flow is defined as cash flow from operating activities minus net capex.

Table 4: The development of cash flows in 2022/2023 I Source: AB InBev Financial Report 2023

AB InBev N.V./S.A.		
In million USD	**2022**	**2023**
Cash flow from operating activities before changes in working capital and use of provisions	19,941	21,072
Cash Flow from operating activities	13,298	13,265
Capex	5,160	4,638
Dividends	2,442	3,013
Free Cash Flow	8,500	8,800

In 2023, the Group continued to deleverage by repaying borrowings of USD 3.1 billion (2022: USD 7.27 billion) and lease liabilities of USD 780 million (2022: USD 610 million). Gross financial debt was reduced by USD 1.8 billion to USD 78.1 billion and net financial debt dropped to USD 67.6 billion (2022: USD 69.7 billion). In addition, net financial debt in 2023 was negatively impacted by foreign currency fluctuation in the amount of USD 855 million (increase of net debt), as compared to an impact of USD 1.53 billion (decrease of net debt) in 2022. As a result, the reported net debt to normalized EBITDA decreased as of 31 December 2023 to 3.38x from 3.51x. The Company consistently implements its deleveraging program with a ratio of around 2.0x net debt to normalized EBITDA as the optimal pursued value. However, the relation of debt to earnings capacity still has room for improvement in our view, with CRA's net total debt to EBITDA adj. at 5.39x (2022: 5.51x).

As of 31 December 2023, AB InBev had maintained its solid liquidity position, including USD 10.4 billion in cash, along with USD 10.1 billion available under committed long-term credit facilities (2023: USD 20.5 billion, 2022: USD 20 billion). The main financing instruments are bonds, with a pre-tax coupon of approximately 4% and with 98% of the bond portfolio fixed rates. The maturity profile is comfortable with an average weighted maturity of over 14 years and no significant payments scheduled for the medium-term perspective. Over the next 3 years to 2026, a bond debt of USD 6.5 billion (8.3% of gross financial debt) is due for repayment. The Company´s debt portfolio has no financial covenants and comprises a variety of currencies, thus diversifying foreign exchange risk.

The financial risk for AB InBev is average. Due to the Group's strong internal financing power, considerable progress could be made in reducing its indebtedness, cutting gross debt over the last 5 years by USD 24.9 billion. The Company has thus proven its commitment to deleveraging and achieving the necessary financial strength.

AB InBev displayed consistent positive development in 2023, despite the overall inflationary environment, and increased cost of sales and marketing expenses. The Company was able — through successful brand policy and innovation, including the introduction of non-alcoholic and non-beer products, targeted marketing actions, and the development of modern distribution channels including digital solutions — to retain its strong market position, and gain market share for some of its products. In 2023, 70% of the Company's revenues were digital (2022: 63%). The premiumization policy led to a further expansion of AB InBev's global brands beyond their home markets. For 2024, the Company expects EBITDA growth between 4-8%, given current inflation and high commodity prices. The Company plans capital expenditure for 2024 in the amount of USD 4.5 to 5.0 billion, and assumes the average gross debt coupon in 2024 to be around the 2023 level (4%). Based on the currently overall stable markets in emerging countries, with growing demand for beer, and combined with AB InBev's proven successful product policy as well as distribution strategy and digitalization, we consider the Company's expectations, reflecting moderate EBITDA growth plans, and in light of its targeted price increases, to be realistic and feasible. This assessment is underpinned by the strong market position of AB InBev.

Further ratings

Based on the long-term issuer rating and taking into account our liquidity analysis, the short-term rating of Anheuser Busch N.V./S.A. was set at L2 (exceptional mapping), which corresponds to a high level of liquidity for one year.

The rating objects of this issue rating are exclusively the long-term senior unsecured issues, denominated in euro, issued by Anheuser Busch InBev N.V./S.A., which are included in the list of ECB-eligible marketable assets.

The notes have been issued within the framework of the Euro Medium Term Note (EMTN) Programme, of which the latest base prospectus dates from 15 March 2024. This EMTN Programme amounts to EUR 40 billion. Following the documentation on the Programme, all issues under the Programme are unconditionally and irrevocably guaranteed by:

- Anheuser-Busch Companies, LLC, State of Delaware, USA, holding company;
- Anheuser-Busch InBev Finance Inc., State of Delaware, USA, financing vehicle;
- Anheuser-Busch InBev Worldwide Inc., State of Delaware, USA, financing vehicle of the Group and the holding company of Anheuser-Busch Companies;
- Brandbev S.à r.l., Grand Duchy of Luxembourg, holding company;
- Brandbrew S.A., Grand Duchy of Luxembourg, which finances operations by granting loans to companies which are part of the Group;
- Cobrew NV, Belgium, Group internal service company (administration and other duties).

Each guarantor is a 100% subsidiary of Anheuser-Busch InBev N.V./S.A. and is consolidated with the Issuer.

We assign a rating of BBB+ with positive outlook to the EUR long-term senior unsecured debt securities issued by AB InBev within the framework of the EMTN Programme. The decision is derived from the unsolicited corporate Issuer rating and its outlook. Given the fact that the guarantors are part of the AB InBev Group, the guarantee does not lead to an upgrade of the rating but has rather a stabilizing effect on the rating.

Long-term local currency senior unsecured notes issued by Anheuser Busch InBev N.V./S.A., which have similar conditions to the current EMTN Programme, denominated in euro and included in the list of ECB-eligible marketable assets, generally receive the same ratings as the current LT LC senior unsecured notes issued under the EMTN Programme. Notes issued in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Table 5: Overview of CRA Ratings I Source: CRA

Rating Category	Details	
	Date of rating committee	Rating
Anheuser-Busch InBeV N.V./S.A. (Issuer)	02.05.2024	BBB+ / positive / L2
Long-term Local Currency (LC) Senior Unsecured Issues issued by Anheuser-Busch InBev N.V./S.A.	02.05.2024	BBB+ / positive
Other	--	n.r.

Appendix

Rating history

The rating history is available under the following link.

Table 6: Corporate Issuer Rating of AB InBev N.V./S.A.

Event	Rating created	Publication date	Result
Initial rating	07.10.2016	14.10.2016	A- / stable

Table 7: LT LC Senior Unsecured Issues issued by AB InBev N.V./S.A.

Event	Rating created	Publication date	Result
Initial rating	01.08.2018	07.08.2018	A-

Table 8: Short-term issuer rating of AB InBev N.V./S.A.

Event	Rating created	Publication date	Result
Initial rating	02.05.2024	www.creditreform-rating.de	L2

Regulatory requirements

The rating[2] was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

With Rated Entity or Related Third Party Participation	No
With access to Internal Documents	No
With Access to Management	No

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

[2] In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.4	July 2022
Corporate Short-Term Ratings	1.0	June 2023
Non-financial Corporate Issue Ratings	2.0	March 2024
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Elena Damijan	Lead-analyst	E.Damijan@creditreform-rating.de
Natallia Berthold	Analyst	N.Berthold@creditreform-rating.de
Liudmyla Iuzhda	Analyst	L.Iuzhda@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Tobias Stroetges	PAC	T.Stroetges@creditreform-rating.de

On 2 May 2024, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 2 May 2024. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

Creditreform Rating AG ensures that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final ratings reports any ancillary services provided for the rated entity or any related third party. No ancillary services in the regulatory sense were carried out for this rating object.

For the complete list of provided ancillary services please refer to the Creditreform Rating AG's website: https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html#non-core-business-activities.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report

2. Website

3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating

2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic

Data Information Card as a “rating action”; initial release is indicated as “initial rating”, other updates are indicated as an “update”, “upgrade” or “downgrade”, “not rated”, “confirmed”, “selective default” or “default”.

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website.

An explanatory statement of the meaning of Creditreform Rating AG’s default rates are available in the credit rating methodologies disclosed on the website.

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