

24 November 2020 – Neuss, Germany

## Rating Action / Update:

**Creditreform Rating has confirmed the unsolicited corporate issuer and issue ratings of Snam S.p.A. at BBB+. The outlook is revised from stable to negative.**

Creditreform Rating (CRA) has confirmed the unsolicited corporate issuer rating of Snam S.p.A. as well as the unsolicited corporate issue rating of the long-term local currency senior unsecured notes issued by Snam S.p.A. at BBB+. The outlook has been revised from stable to negative.

Snam S.p.A. (hereinafter also referred to as 'the Company' or 'Snam') is the leading Company on the Italian market for construction and integrated management of natural gas infrastructure. With approximately 3,000 employees, it provides natural gas transportation, dispatching and storage services, liquid natural gas (LNG) regasification services, as well as engineering and technical-operational services for gas operators. Through a range of subsidiaries, Snam also operates in Albania (AGSCo), Austria (TAG and GCA), China (Snam Gas & Energy Services), France (Terêga), Greece (DESFA) and the United Kingdom (Interconnector UK), and is one of the main shareholders of TAP (Trans Adriatic Pipeline), the Company that will transport natural gas from the Caspian Sea to Europe. Most of the Company's revenues are generated on the regulated Italian market, in which Snam holds a natural monopoly position. The Company is also, on a smaller scale, involved in a few non-regulated businesses, such as the construction of biogas and bio-methane plants, the provision of services relating to energy efficiency projects, specialized technical services to unconsolidated foreign companies, the rental and maintenance of fibre optic telecommunication cables, and the sale of CNG compressors for motor transport. The Company manages Europe's most extensive network of natural gas transport lines (more than 32,600 km in Italy, about 41,000 km with international subsidiaries) and also the continent's largest natural gas storage capacity (16.7 billion cubic meters in Italy, about 20 billion cubic meters including international subsidiaries). With a total pro rata regasification capacity of around 8.5 billion cubic meters per year, Snam is also one of the most important regasification operators in Europe.

In 2019, the Company managed to generate revenues of EUR 2,635 million (2018: EUR 2,555 million) and an EAT of EUR 1,090 million (2018: EUR 960 million).

## Current relevant factors for the rating

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

- Strategic importance for Italy
- Monopoly status as the owner of 94% of Italy's gas transportation network
- Stable operating results for the business year 2019 and Q3 2020
- Good degree of the internal financing capability and sufficient liquidity reserves
- Transparent and stable regulatory framework with guaranteed revenues and predictable cash flows
- Business diversification and growth potential in foreign undertakings
- High levels of Investments: net capex of EUR 6.5 billion over 2019-2023
- Cash dividend yield of 5% over the period 2020-2023
- Remaining risks from the further course of the COVID-19 pandemic

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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.

**ESG-criteria:**

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Snam S.p.A., we have not identified any ESG factor with significant influence.

We believe that Snam S.p.A. will, due to their business model, play an important role in the implementation of the Italian and European climate goals. We believe that natural gas will play an important role in the decarbonisation in the energy mix. Additionally, we believe that the measures taken by the Company with regard to CO<sub>2</sub> emissions seem to indicate the right trend. The coming years will show us whether or not this will have a material influence on the rating.

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:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/The%20Impact%20of%20ESG%20Factors%20on%20Credit%20Ratings.pdf>

## Rating result

The current rating attests Snam S.p.A. a highly satisfactory level of creditworthiness, representing a low-to-medium default risk. Despite the weakening Italian economy, we believe the regulatory stability of Snam's activities, the Company's strategic position in the Italian gas transmission and storage sector, as well as the crucial role in the country's energy strategy are more important than the sovereign rating for Italy. That is why, given the positive performance and the results from our analysis of the key financials of Snam over recent years including – according to the results of Q3 2020 – the nine months of the financial year 2020, we have provided the Group with a corporate rating two notches above the sovereign rating for Italy, though the rating of Snam is constrained by the unsolicited sovereign rating of the Italian Republic (CRA: BBB- / negative as of 21 August 2020).

## Outlook

The one-year outlook for the rating is negative. The company operates mainly in Italy. Therefore, we see a significant dependence on the country's overall economic situation. Additionally, the government holds a significant share of the Group. Based on our assessment of the direct and indirect shareholder structure, and the systemic relevance of Snam S.p.A., the sub-rating methodology for "Corporate Issuer Ratings", "Government-Related Companies" was applied. The corporate issuer rating of Snam S.p.A is currently constrained to two notches above the rating of the Italian Republic (CRA: BBB- / negative as of August 2020). Therefore, a further downgrade of the Italian republic would lead to a downgrade for the corporate issuer rating of Snam S.p.A. As the outlook for the sovereign rating of the Italian Republic was changed to negative, we have adjusted the outlook for our corporate issuer rating of Snam S.p.A. accordingly.

**Best-case scenario: BBB+**

In our best-case scenario for one year, we assumed a rating of BBB+. Such a scenario would occur if the Company's good performance continued without deterioration of the Group's financials or a significantly increased debt burden. Only if our sovereign rating of Italy remains at BBB- level. An upgrade seems only be possible through an improvement in the sovereign rating

of the Italian Republic in connection with the retention of the Snam's current key figures. We currently see this as unlikely for one year.

**Worst-case scenario: BBB**

In our worst-case scenario for one year, we have assumed a rating of BBB. Such a scenario would materialize if the sovereign rating of the Italian Republic were downgraded or if the level of general business activity and consumption behaviour of the population decreased with negative consequences for Snam.

**Business development and outlook**

Table 1: Financials of Snam Group | Source: Snam Group annual report 2019, standardized by CRA

Snam S.p.A. Selected key figures of the financial statement analysis Basis: Consolidated Financial Statements of 31.12. (IFRS)	CRA standardized figures <sup>1</sup>	
	2018	2019
Sales (million EUR)	2,555	2,635
EBITDA (million EUR)	2,074	2,204
EBIT (million EUR)	1,384	1,452
EAT (million EUR)	960	1,090
EAT after transfer (million EUR)	960	1,090
Total assets (million EUR)	22,568	24,054
Equity ratio (%)	27.1	26.5
Capital lock-up period (days)	70.1	67.5
Short-term capital lock-up (%)	183.6	198.8
Net total debt / EBITDA adj. (factor)	7.1	6.7
Ratio of interest expenses to total debt (%)	1.5	1.2
Return on Investment (%)	5.3	5.4

In the 2019 financial year, the Snam Group achieved revenues of EUR 2,635 million (2018: EUR 2,555 million). The majority of this was regulated revenue which continued to be generated by the transportation and dispatching of natural gas (76.1%; +3.3%), the storage of natural gas (19.4%; +0.2%), and regasification services (0.7%; 0%). The residual amount was non-regulated revenue, which contributed 3.8% (+17.4%) to total net sales for the Group in 2019. Due to the increased revenues and positive effects from the efficiency plan measures, EBITDA rose by 6.3% to EUR 2,204 million (2018: EUR 2,074 million). Compared to 2016 (starting year of the efficiency plan), more than EUR 50 million (around EUR 15 million in 2019) has already been saved. The efficiency plan aims to save a total of EUR 65 million by 2023. In contrast, amortization/depreciation rose by 9.0% to EUR 752 million (2018: EUR 690 million), mainly due to the commissioning of new infrastructure and new companies in the consolidation area, as well as to the higher impairment of works in connection with projects of previous years. The EBIT increased by 4.9% and amounted to 1.452 million EUR (2018: EUR 1,384 million). EAT rose from EUR 960 million to

<sup>1</sup> 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.

EUR 1,090 million, corresponding to an increase of 13.5% compared to the previous year. The decisive factor here was the positive net financial result of EUR 13 million (2018: EUR -83 million), which was mainly due to the optimization of the Group's financial structure by reducing the average cost of gross debt from 1.5% to 1.1%, as well as to higher net income from equity investments. The rise in income taxes to EUR 375 million (2018: EUR 341 million) had a negative effect.

At the end of 2019 the Company showed an adequate capital structure. The adjusted equity for 2019 was EUR 6,383 million (2018: EUR 6,113 million), which accounts for 26.5% of the balance sheet total (2018: 27.1%). Despite the high dividend payments for 2018 and the announced interim dividends for 2019 (EUR 746 million and EUR 313 million respectively), the adjusted equity increased mainly due to the drop in the negative reserve for treasury shares amounting to EUR 389 million (2018: EUR -625 million). As of December 31, 2019, long-term and medium-term liabilities accounted for 65.7% of the Group's total liabilities (EUR 11,607 million of EUR 17,671 million). CRA's adjusted ratio of net total debt to EBITDA was 6.7 (2018: 7.1), in our view still adequate given the Group's solid and predictable cash flows from its regulated business.

As part of its strategy of reducing CO<sub>2</sub> emissions and growing presence in the energy transition, Snam was the first in Europe to launch a Climate Action Bond for EUR 500 million in February 2019, for which investments amounting to EUR 235 million were completed in 2019. In addition, in April 2019, the Company obtained a reduction in the margin on its sustainable loan from EUR 3.2 billion after reaching targets related to social and environmental sustainability parameters.

The current year has seen the start of the fifth regulatory period, which includes four years for transportation and regasification activities and six years for storage. The mechanism and key parameters were set by the regulatory authority ARERA. The new tariff method offers high visibility and considerable stability for Company forecasts over the entire horizon up to 2023, with only the allowed return on regulated asset base to be updated at the beginning of 2022; however, we do not expect any significant changes to the corresponding formula. Nevertheless, changes in the Italian and European regulatory systems and legislations could have a significant impact on the operating activities and the financial position of the Company. Given the systemic national relevance of Snam, we consider extremely negative changes in the tariff system to be rather unlikely.

The impact of the COVID-19 pandemic has remained limited. Since the majority of revenue (more than 95%) is generated from the regulated activities, and thus offer a stable and predictable cash flow generation, Snam is not exposed to any significant price or volume risks. During the coronavirus crisis, the Company took many proactive measures to ensure smooth operations and the energy security of the country. In addition, the Company has allocated EUR 20 million to initiatives supporting the healthcare system. Nonetheless, if the pandemic or its economic consequences persist, an indirect negative effect on Snam cannot be ruled out.

In the first nine months of 2020, the Company's sales increased by 3.9% to EUR 2,032 million (30 September 2020: EUR 1,955 million). Over the same period, the EBITDA rose by 0.5% to EUR 1,670 million (30 September 2020: EUR 1,661 million), largely caused by the results of the cost efficiency programme. The 0.7% increase of EAT to EUR 873 million (30 September 2020: EUR 867 million) was favourably influenced by the decline in interest rates.

The cash flow from operating activities amounted to EUR 1,335 million, which covers all high investments and financial investments for the first nine months of 2020 in the amount of EUR 1,325 million. The net investments are mainly composed of capex in the amount of EUR 762 million, the acquisition of a jointly controlled 49.07% stake of OLT (Offshore LNG Toscana S.p.A.)

including ancillary costs in the amount of EUR 335 million, as well as acquisition of 49% stake of ADNOC Gas Pipeline Assets LLC in consortium with five international funds, including ancillary costs amounting to EUR 221 million. As a result of the committed dividend payments (EUR 779 million) and the payments for the share buyback initiative (EUR 114 million), net debt increased by 7.4% to EUR 12,805 million as of 30 September 2020 (31 December 2019: EUR 11,923 million).

Liquidity at the end of September 2020 was sufficient: As of 30 September 2020 the Company had cash and cash equivalents of EUR 3,157 million and unused committed long-term credit lines with a total volume of EUR 3.2 billion.

Furthermore, Snam has an active EMTN (Euro Medium Term Notes) Programme and a Euro Commercial Paper Programme (ECP). The current year saw the annual renewal of the EMTN programme for a maximum total value of EUR 11 billion, and the extension of the ECP programme from a maximum total amount of EUR 2.0 billion to EUR 2.5 billion with potential ESG content was approved. As part of these programmes, Bonds worth approx. EUR 7.8 billion and commercial papers worth EUR 2.0 billion have already been issued.

The budget for capex for the period between 2019 and 2023 will be EUR 6.5 billion according to Snam's updated strategic plan, an increase of 14% compared to the previous plan. EUR 5.3 billion will be allocated to investments in transportation, EUR 0.8 billion for investments in regasification and storage, as well as EUR 0.4 billion for the energy transition. The investments will mainly serve to strengthen and expand the national network, the completion of connections in the north-west, the network in Sardinia, and the launch of the conversion of the six compression and storage plants into hybrid gas-electricity facilities. With the OLT- and ADNOC-transactions carried out in 2020, which are in line with the Company's future-oriented strategies, we see good opportunities for Snam to strengthen its resilience as well as to promote the growth and market importance at the international level. While OLT is the second-largest LNG (liquefied natural gas) terminal in Italy, with a maximum annual regasification capacity of 3.75 billion cubic meters, thus strengthening the infrastructure activities of the Snam Group, ADNOC owns the tariff-based rights for the 38 pipelines and thereby provides entry into the networks of the United Arab Emirates. Moreover, with the new plan, Snam wants to strengthen its role in decarbonisation processes and contribute in project developments for the use of hydrogen as a clean energy source.

In summary, the Company showed stable development in the 2019 financial year and in the first three quarters of 2020, underlining the basic functionality of the systemically important business model, which is reflected in the satisfactory relevant key figures. Most of Snam's revenues are derived from transparent and stable cash flows generated through regulated business activities. In addition, the Company benefits from proven access to the capital markets. We see no significant short or medium-term financial risks for Snam, taking into consideration its adequate current cash position with unused credit lines and liquidity reserves, its reliable cash flows and well-coordinated investment plans. Further significant increases of net debt could, however, have a negative impact on the rating assessment.

## Issue rating

### Issue rating details

The rating objects of this issue rating are exclusively the long-term senior unsecured issues, denominated in Euro, issued by Snam S.p.A. and which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The Notes have been issued within the framework of the EMTN programme, launched by Snam in 2012 and most recently renewed in November 2020. According to the Company's press release, on 12 October 2020 Snam's Board of Directors approved the annual renewal of the EMTN programme, to be carried out by 12 October 2021 for a maximum total value of Euro 11 billion. As part of the EMTN programme, bonds have been issued for approximately Euro 7.8 billion, net of the Euro 500 million bond repaid on 26 October 2020. The notes and coupons under the EMTN programme constitute direct, unconditional, unsubordinated, unsecured obligations of the Issuer, and rank at least pari passu among themselves and with all other present and future unsecured obligations of the issuer. Additionally, the notes benefit from a negative pledge provision, a change of control clause, and a cross default mechanism.

### Corporate issue rating result

We have provided the debt securities issued by Snam S.p.A. with a rating of **BBB+**. The rating is based on the corporate rating of Snam S.p.A.. Other types of debt instruments or issues denominated in other currencies of the issuer have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

### Overview

Table 2: Overview of CRA Ratings | Source: CRA

Rating objects	Details	
	Date	Rating
Snam S.p.A. (Issuer)	24.11.2020	BBB+/ negative
Long-Term Local Currency Senior Unsecured Issues	24.11.2020	BBB+/ negative
Other	--	n.r.

Table 3: Overview of 2020 Euro Medium Term Note Programme | Source: Snam S.p.A.j, Base Prospectus dated 9 November 2020

Overview 2020 EMTN Programme			
Volume	EUR 11,000,000,000	Maturity	Depending on the respective bond
Issuer	Snam S.p.A.	Coupon	Depending on the respective bond
Arranger	BNP Paribas	Currency	Depending on the respective bond
Credit enhancement	none	ISIN	Depending on the respective bond

All future LT LC senior unsecured Notes issued by Snam S.p.A. with similar conditions to the current EMTN programme, denominated in euros and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unsecured notes issued under the EMTN programme. Notes issued under the programme 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. For the time being, other emission classes or programmes (such as commercial paper programme) and issues not denominated in euro will not be assessed. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

## Appendix

### Rating history

The rating history is available under:

<https://www.creditreform-rating.de/en/ratings/published-ratings.html>

Table 4: Corporate issuer rating of Snam S.p.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial Rating	22.10.2018	05.11.2018	Withdrawal of the rating	BBB+ / stable

Table 5: LT LC senior unsecured issues by Snam S.p.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	22.09.2018	05.11.2018	Withdrawal of the rating	BBB+ / stable

### Regulatory requirements

The rating<sup>2</sup> was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is an unsolicited rating in the regulatory sense. 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

<sup>2</sup> 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 information.

List of documents
<b>Accounting and controlling</b>
<ul style="list-style-type: none"> <li>Annual report Snam 2019</li> <li>Half year report Snam 2020</li> <li>Nine months results Snam 2020</li> <li>Sustainability report 2019</li> </ul>
<b>Finance</b>
<ul style="list-style-type: none"> <li>Snam EMTN Base Prospectus dated 9 November 2020</li> <li>Final terms of the outstanding notes</li> </ul>
<b>Additional documents</b>
<ul style="list-style-type: none"> <li>Press releases</li> </ul>

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

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

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

Rating methodology	Version number	Date	Website
Corporate Ratings	2.3	29.05.2019	<a href="https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Corporate%20Ratings.pdf">https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Corporate%20Ratings.pdf</a>
Government-related Companies	1.0	19.04.2017	<a href="https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Government-Related%20Companies.pdf">https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Government-Related%20Companies.pdf</a>
Non-financial Corporate Issue Ratings	1.0	October 2016	<a href="https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Non-Financial%20Corporate%20Issue%20Ratings.pdf">https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Non-Financial%20Corporate%20Issue%20Ratings.pdf</a>
Rating Criteria and Definitions	1.3	January 2018	<a href="https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/CRAG%20Rating%20Criteria%20and%20Definitions.pdf">https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/CRAG%20Rating%20Criteria%20and%20Definitions.pdf</a>

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
Natalia Berthold	Lead analyst	N.Berthold@creditreform-rating.de
Rudger van Mook	Analyst	R.vanMook@creditreform-rating.de

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

Name	Function	Mail-Address
Christian Konieczny	PAC	C.Konieczny@creditreform-rating.de

On 24 November 2020 the analysts presented the rating to the rating committee, and the rating was determined. The rating result was communicated to the Company on 24 November 2020. There has been no 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 changes occur in crucial assessment parameters.

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:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/The%20Impact%20of%20ESG%20Factors%20on%20Credit%20Ratings.pdf>

#### Conflicts of interest

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.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

#### 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.

No amendments were made to the credit rating between the time of disclosure of the credit rating to the rated entity and the public disclosure.

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 to only 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: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>

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

### Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

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