

Bulletin:

JAB Holding's Acquisition Of Pret A Manger Is Unlikely To Affect Ratings

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MILAN (S&P Global Ratings) May 30, 2018--S&P Global Ratings said today that our rating on Luxembourg-based JAB Holding Company S.a r.l. (BBB+/Watch Positive/--) are unlikely to be affected by its acquisition of the food-to-go chain Pret A Manger, as we expect no material impact on business risk profile or the loan-to-value ratio from the transaction. We note that our 'BBB+' rating on JAB Holding is currently on CreditWatch with positive implications, pending the closing of the reverse takeover of Dr Pepper Snapple by Keurig Green Mountain.

Pret A Manger, a ready-to-eat food player with leading market positions in the U.K. and an increasing international presence in the U.S., Hong Kong, China, and France, has annual turnover of approximately £880 million, and fits well in JAB Holding's portfolio of assets, in our view. JAB Holding controls Peet's Coffee and Tea, Caribou Coffee, Einstein Noah, Krispy Kreme, and Panera Bread via its 50% stake in intermediary holding JAB Beech.

The deal's financial details are not disclosed, but we assume that JAB Holding will sharing financing responsibilities with JAB Consumer Fund and other co-investors, allowing the holding to stick to its financial policy to keep the average long-term loan-to-value (LTV) between 15-20%.

Only a rating committee may determine a rating action and this report does not constitute a rating action.

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