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RATINGS

JDE Peet's N.V.

Domicile	Netherlands
Long Term Rating	Baa3
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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JDE Peet's N.V.

Update following rating upgrade to Baa3

Summary

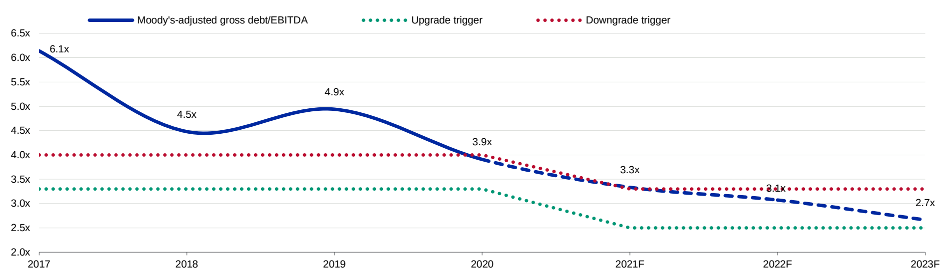
JDE Peet's N.V.'s (JDE Peet's) Baa3 rating reflects the strong business profile of the group as clear number two manufacturer and distributor of coffee globally, enhanced by its presence in the US premium coffee retail segment with its Peet's Coffee's brand. The company benefits from a strong portfolio of brands and good geographical diversification, while growth in coffee consumption is fueled by the solid fundamentals of the coffee industry. The rating is also supported by the company's clear financial policy, with senior management's commitment to reducing leverage, and good liquidity.

These strengths are offset by JDE Peet's high product category concentration in coffee, although across different product offerings, technologies and channels, and the still somewhat high financial leverage for the rating category. Visibility into the company's operating performance over the next six to 12 months is reduced by the uncertainty associated with the ongoing coronavirus pandemic and full recovery in demand will largely depend on the reduction in mobility restrictions, mostly associated with a successful vaccination campaign. We expect solid free cash flow (FCF) generation to support further reduction in leverage.

Exhibit 1

We expect gross leverage to reduce further during 2021 driven by strong FCF generation

Moody's-adjusted gross debt/EBITDA



All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Moody's Forecasts (F) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless indicated.
Source: Moody's Financial Metrics™

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Credit strengths

» Clear number two position in coffee distribution, and largest pure coffee manufacturer and distributor

» Global presence and strong portfolio of leading coffee brands

» Premiumisation within the global coffee category, which provides an opportunity to grow the top line and increase margins

» History of positive FCF and commitment to reducing financial leverage

» Good liquidity, improved governance with revised board structure and simplified capital structure following the refinancing in March 2021

Credit challenges

» Ongoing negative impact of the pandemic

» High fixed cost because of its own-store network, which, however, is a small part of the overall business

» Exposure to low volume growth in Europe and strong competition which could dampen further margin improvement

» Potential short-term volatility in the top line because of coffee price fluctuations

» Acquisition risk, which could slow the expected reduction in leverage, and high level of trade payables, which, if reduced, might result in working capital absorption

Rating outlook

The stable outlook on JDE Peet’s rating reflects our expectation of further deleveraging over the next 12 to 18 months, as well as the expectation that the company will be able to weather any adverse consequences of the coronavirus outbreak, while continuing to generate substantial positive free cash flow. The stable outlook also takes into account our expectations that the company will not engage in any large debt-financed acquisition or increase shareholders' returns before it reaches a net debt to EBITDA of around 2.5x, based on the company’s definition.

Factors that could lead to an upgrade

The rating could be upgraded if Moody's-adjusted debt/EBITDA reduces towards 2.5x and its adjusted retained cash flow/net debt increases above 25%, both on a sustained basis. A rating upgrade would also be subject to the company demonstrating a prudent financial policy, including conservative leverage targets and solid liquidity management.

Factors that could lead to a downgrade

The rating could be downgraded if the company’s operating performance deteriorates or if it engages in large debt-financed M&A transactions, such that Moody’s-adjusted gross debt/EBITDA remains well above 3.3x or Moody’s-adjusted retained cash flow/net debt declines below 17%, both on a sustained basis. A deterioration in the company’s liquidity profile or a more aggressive shareholder return policy could also result in a rating downgrade.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

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Key indicators

Exhibit 2
JDE Peet's N.V.

JDE Peet's N.V.						
EUR Millions	**Dec-17**	**Dec-18**	**Dec-19**	**Dec-20**	**Dec-21 F**	**Dec-22 F**
Revenue	6,530	6,664	6,945	6,651	6,837	7,077
EBITA Margin %	15.2%	18.0%	18.0%	18.1%	18.8%	19.0%
Debt / EBITDA	6.1x	4.5x	4.9x	3.9x	3.3x	3.1x
RCF / Net Debt	-1.5%	14.4%	15.7%	19.1%	18.0%	21.6%
EBITA / Interest Expense	3.7x	3.8x	5.2x	6.5x	10.2x	11.0x

All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's Forecasts (f) or Projections (proj.) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless indicated. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Profile

Headquartered in the Netherlands, JDE Peet's N.V. (JDE Peet's) was created in late 2019 by the combination of JACOBS DOUWE EGBERTS Holdings B.V. (JDE Holdings) and Peet's Coffee. JDE Peet's is the second-largest coffee company in the world, and manufactures and distributes coffee and tea products for the retail and out-of-home (OOH) markets and directly to consumers in more than 100 countries across Europe, Africa, Asia, Latin America, Australia and, with the addition of Peet's Coffee, the US. JDE Peet's owns more than 50 brands, including some key names like Peet's Coffee, Douwe Egberts, Jacobs, Tassimo, Moccona, Senseo, L'OR, Super, Kenco, Pilão and Gevalia.

Following the IPO on Amsterdam's stock exchange in June 2020, JDE Peet's is majority indirectly owned by JAB Holding Company S.a.r.l. (Baa2 stable) through an intermediate holding company, Acorn Holdings B.V. (AHBV), which owns 60.5%, and indirectly by Mondelez International, Inc. (Mondelez, Baa1 stable), which owns 22.9%. The rest is free float.

In 2020, JDE Peet's generated €6.65 billion of revenue and €1.57 billion of company-adjusted EBITDA.

Detailed credit considerations

Relatively stable operating performance in 2020 although exposure to the pandemic reduces visibility into operating performance over the next six to 12 months

The ongoing pandemic and the uncertainty around the successful rollout of vaccines globally reduce the visibility into the company's operating performance over the next six to 12 months. In this respect, the company's top line was relatively stable in 2020 because strong demand for premium products, in particular in the in-home channel, compensated for the drop in the away-from-home channel.

During a difficult 2020, JDE Peet's organic revenue was broadly flat compared with that in 2019 (-0.2%) because organic revenue of the in-home channel, which represented 75% of group revenue before the pandemic, was up 9.1% and compensated for a 30% drop in organic revenue in the away-from-home channel. Despite the disruption caused by the pandemic, the company benefited from ongoing premiumisation in the coffee category, and demand for its in-home products benefited from increasing penetration in the most attractive categories, namely single serve (revenue up 18%), beans (+28%) and teas (+20%), strong growth in both developed (+11%) and emerging markets (+5%), and strong acceleration in e-commerce activity (+71%).

Although JDE Peet's exposure to owned-store sales is limited, and the company closed 88 nonperforming stores in 2020, and its performance so far has remained relatively immune to the pandemic, weak consumer sentiment and ongoing disruption in consumption patterns could strain the company's cash flow over the next six months. Despite all this, we expect the company to manage potential volatility in demand, grow its revenue at low-single-digit percentages, and maintain good margins and strong FCF.

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Strong market position and diversification by coffee products and channel in the attractive global coffee industry compensate for high business concentration

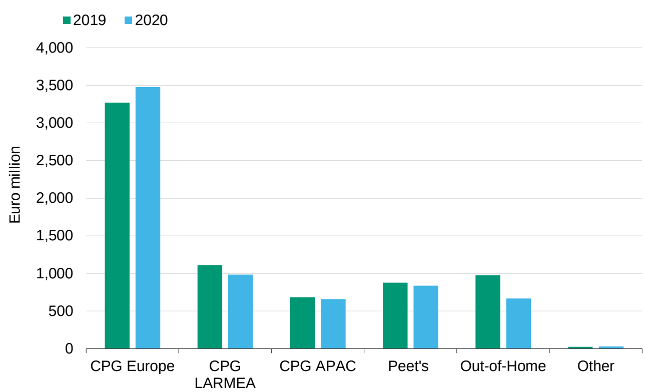
With 10% of the global market according to Euromonitor, JDE Peet's is the second-largest global coffee company by retail value, behind Nestle S.A. (Nestle, Aa3 stable), the leader in the coffee industry (25% market share), and well ahead of the third-largest company Lavazza S.p.A. (2.6%). JDE Peet's key markets have distinct consumption characteristics and brands. Company-reported revenue generated from countries where it holds number one or two position represented 78% of its total revenue. The strength of JDE Peet's position within its key markets is supported by its strong global and regional brands. Furthermore, the company's presence in different coffee categories through a multibrand approach allows it to compete across a number of different price points, providing a degree of protection during economic crises.

Sales for in-home consumption across Europe (segment reported as CPG Europe in the chart) still represent most of the company's revenue and profit as Exhibits 3 and 4 show. While around 75% of JDE Peet's sales are distributed via retailers or online, the company also holds a strong market position in the OOH channel, particularly in the Netherlands, Germany and the UK, which contributes a further 10% of sales (16% in 2019). Although some of its OOH markets benefit from multiyear contracts, which provide some revenue visibility, the division is suffering from the lockdown and social-distancing measures as a number of outlets and food service shops have been closed or are operating at lower capacity. Profitability of the OOH division was close to zero in 2020, down from €179 million in 2019. We expect profitability in this business to recover gradually during 2021 as outlets reopens.

Exhibit 4

In-home sales in Europe represent 50% of the company's sales ...

Revenue breakdown by segment

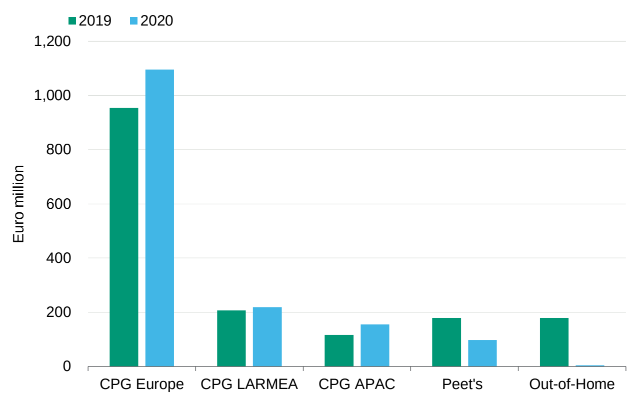


Source: Company's annual report 2020

Exhibit 5

... and an even greater share of its 2020 profit

EBIT breakdown by segment



Source: Company's annual report 2020

Most of JDE Peet's sales are concentrated in the global coffee industry, with tea representing around 3% of the company's sales. The high product category concentration is balanced against growth in the global coffee industry, which is one of the fastest-growing categories within the food and beverage sector, and we expect it to remain attractive for the foreseeable future. According to Euromonitor International, global retail coffee is a €78 billion industry, which is likely to grow in the low- to mid-single-digit percentages over the next two to three years. Recent trends towards value-added innovation, such as convenience and premiumisation (that is, single serve), and customisation (that is, products tailored for local preferences) provide key industry participants with the ability to expand profit margin, especially in developed markets. Historically, market growth was primarily driven by prices and the product mix, although higher volume growth expectations are prevalent in developing markets.

Concentration in the coffee industry is partially offset by a degree of diversification by product segment and technology, as the company is active across all product categories within the coffee industry, from the more premium single-serve business to roast and ground and instant serve. JDE Peet's benefits from one of the most complete offerings among its competitors. In addition, Peet's Coffee also offers increasing exposure to coffee shops, adding its stores, mainly in the US, to JDE's existing network of stores mainly in Asia, for a total of 520 as of December 2020. However, the own-store network represents higher fixed costs and increases the company's

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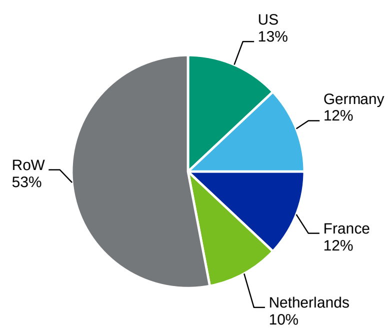
exposure to negative consequences of the pandemic. On the positive side, this is mitigated by the company's manufacturing footprint, producing in house most of its products, which allows for greater efficiency and product innovation capabilities than most of its peers.

Improving geographical diversification; potential consolidation in the industry presents some degree of event risk albeit mitigated by the company's target financial leverage

JDE Peet's is present in more than 100 countries, with some concentration in the top five: the US, Germany, the Netherlands, France and Russia. With the addition of Peet's Coffee, the company gained presence in the important US market, which JDE did not have before. The US coffee market is the largest globally and is valued at around €14.9 billion according to Euromonitor International. JDE has been successful in growing in emerging markets, and in 2020, the company generated 79% (77% in 2019) of its revenue from developed markets.

Faster organic growth in Asia and expansion through small M&A will improve the group's geographical diversification over time. In this respect, 2020, with developed market revenue up 11% and emerging market revenue up 5%, was an exception because of the shift in demand towards the in-home channel, which is overly represented in Western Europe. Although JDE Peet's acquisition appetite exposes the company to a degree of event risk in case of medium-sized to large acquisitions, we expect it to maintain a moderate approach, with focus mainly on small bolt-on acquisitions.

Exhibit 6
Geographic diversification has improved with the addition of Peet's Coffee in the USRevenue breakdown by geography, 2020



Source: Company's annual report 2020

Premiumisation and growing consumption in Asia to support revenue and profit growth; coffee bean prices could result in revenue volatility but neutral on profit

Excluding the impact from the pandemic, volume growth across a number of Western European markets is likely to remain modest because of the already-high coffee consumption per capita and the highly competitive environment. However, the company's organic revenue growth will continue to be supported both by increasing coffee consumption in Asia and the ongoing premiumisation in mature markets. Premiumisation across Europe and the US is happening mainly because of fast growth in single-serve coffee products, like capsules, which carry a price premium, compared with alternative solutions, and result in a better operating margin for JDE Peet's. We expect the company's top line to grow at low- to mid-single-digit percentages over the next two to three years, except for some possibly short-term disruption in 2021 because of the pandemic.

The company's top-line growth can fluctuate as JDE Peet's passes through to its customers coffee bean prices. Prices remain low despite some volatility in recent months, but could help the company's top-line growth if they continue to rise. We expect this risk, however, not to affect the company's ability to generate cash. Green coffee bean prices are affected by the quality and availability of supply, changes in the value of the US dollar in relation to other currencies and consumer demand for coffee products. Logistic costs and shipping in particular, which have recently increased, are also a key driver. Prices can be volatile and can increase pricing pressure during periods of decline and cost pressure during periods of increase. The company has demonstrated its ability to manage coffee price volatility well using hedging and its pricing policy, although with a time lag. Despite growing coffee consumption, the current oversupply in coffee bean production is resulting in a relatively favourable price environment, which is also helping the company's profitability.

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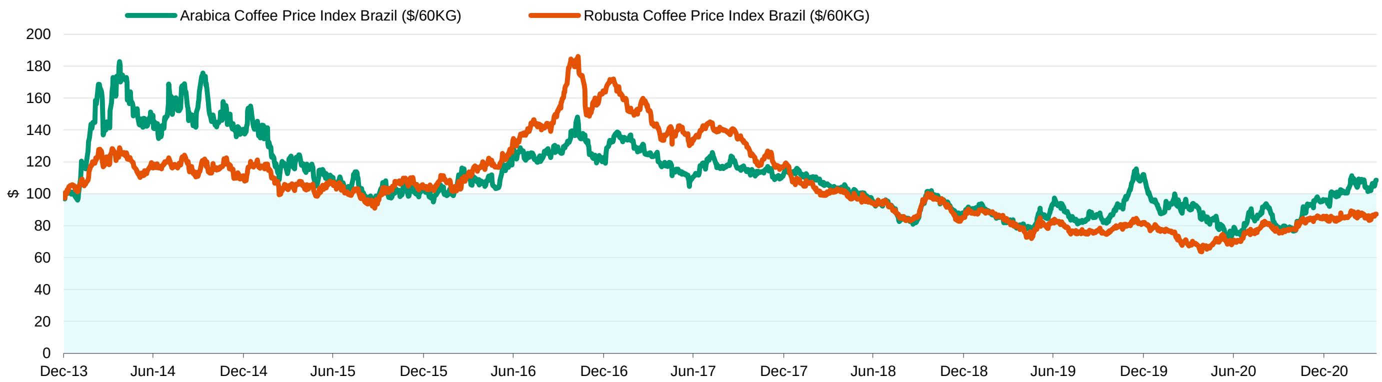
Exhibit 7
After touching historically low levels, commodity prices are still subdued
Arabica and Robusta Coffee Price Index Brazil ($/60 kg)



Source: Factset

Financial leverage remains high, although we expect further improvements by year-end 2021; commitment to reduce leverage is positive

The company's Moody's-adjusted debt/EBITDA improved by 1.0x from 4.9x to 3.9x as of December 2020. Although this is still high for an investment-grade rating, we expect further improvement in the ratio over the next six to 12 months, with the ratio reducing towards 3.3x by year end and further reducing thereafter. Reduction in leverage will be driven by profit growth and lower restructuring costs, which were incurred in 2020 and should not repeat in the future.

Further debt reduction will also be supported by the company's strong FCF generation and clear financial and dividend policies (€0.70 per share, still to be approved by the AGM). In this respect, we note JDE Peet's capital allocation priority, and its commitment to reach and maintain net debt/EBITDA, as reported by the company, of around 2.5x (around 3.0x on a Moody's gross adjusted basis) before considering large acquisitions or increasing shareholder distribution, including dividend.

Further improvement in metrics should stem from the ongoing, although modest, top-line growth, further operating margin improvements and ongoing strong FCF generation. We expect the combined group to generate around €600 million of FCF per annum (as per our definition, that is, after interests and dividend payments). However, leverage may be volatile, affected by fluctuations in the mark-to-market of derivatives related to hedging of green coffee purchases, included in its Moody's-adjusted EBITDA.

Over the years, the company has been able to significantly improve its working capital, which supported FCF. This was also achieved because of a relevant increase in trade payable days outstanding that are currently very high. Any reduction in the current level might result in a permanent increase in working capital, slowing down the expected reduction in financial leverage. Although we would expect trade payable days to not increase further, in light of the potential risk of working capital absorption, the key ratios required to maintain the rating are more demanding for the company than for its peers that we rate similarly.

ESG considerations

Environmental and social risks are normally modest for consumer products companies. We score the consumer goods sector as having low environmental risk according to our environmental heat map. However, JDE is exposed to some environmental risks because of the concentration of coffee beans procurement in certain parts of the world, mainly across emerging markets. Sustainability of raw material sources is a cause of concern and a clear focus by a number of consumers but this is not expected to influence the rating at this stage.

The consumer goods sector has a moderate social risk according to our social risk heat map. We regard the pandemic as a social risk under our ESG framework, given the substantial implications for public health and safety. Uncertainty over the duration of the pandemic, the economic impact of the restrictions related to travel and social distancing, and the impact on short- to medium-term consumer behaviour and consumption remains high. Prolonged lockdown measures, together with second wave of cases globally, could affect the company's cash generation over the coming six to 12 months.

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The company's largest shareholder is JAB Holding Company S.a.r.l., which historically had a high tolerance for risk. However, the recent listing provides the associated benefits of increased transparency, improved corporate governance standards and more predictability of financial policies. In this context, JDE Peet's will have a one-tier board structure comprising an executive director and 13 nonexecutive directors, with a balance of seven independent and seven nonindependent directors. JDE Peet's has announced its intention to achieve and maintain net debt/EBITDA leverage of around 2.5x.

Liquidity analysis

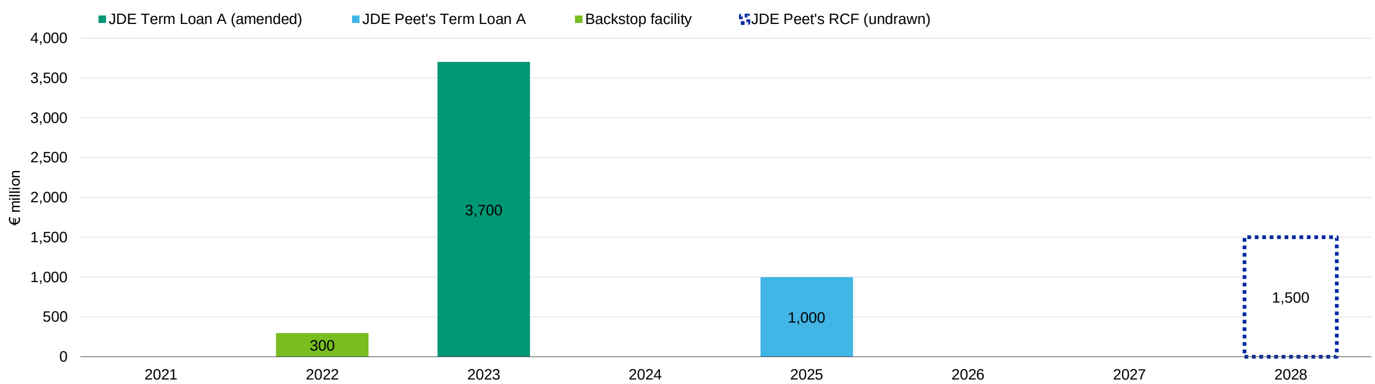
JDE Peet’s liquidity is good, consisting of €414 million of unrestricted cash on balance sheet as of December 2020, large availability under the new €1.5 billion revolving credit facility (RCF), due in 2026 (plus two years term out options), which we expect to remain largely available to the group, and solid FCF generation on an ongoing basis, in excess of €600 million according to our expectations and definition.

Available liquidity is deemed sufficient to cover working capital seasonality, capital spending needs and dividend payments. The next debt maturity is that of the €300 million term loan put in place as part of the recent refinancing, due in March 2022 (with six month term-out options). The new debt instruments do not include maintenance financial covenants and we expect the company to proactively address its refinancing needs, particularly that of its main term loan due in 2023.

Exhibit 8

No major debt refinancing needs until 2023

Debt maturity breakdown



Source: Company information

Structural considerations

In March 2021, the company successfully amended the outstanding term loan available at JDE International (€4 billion due in 2023), releasing the collateral, removing financial covenants and adding JDE Peet’s amongst the guarantors. In addition, JDE Peet's raised new debt facilities comprising a €1 billion term facility due in 2025 and a €1.5 billion RCF due in 2026 (plus term-out options). The new facilities are connected to the company’s sustainability ambitions. These will constitute most of the debt of the company, and the new term loan, the new RCF and the existing term loan at JDE International rank pari passu.

The Baa3 issuer rating assumes that any future debt issue will rank pari passu with the existing debt, benefitting from the same cross-guarantees from both parent company JDE Peet’s and operating companies, JDE International and Peet’s Coffee, and that within the next couple of years the company will transition to a non-guarantee structure with guarantees removed from all debt instruments and no material debt at operating companies.

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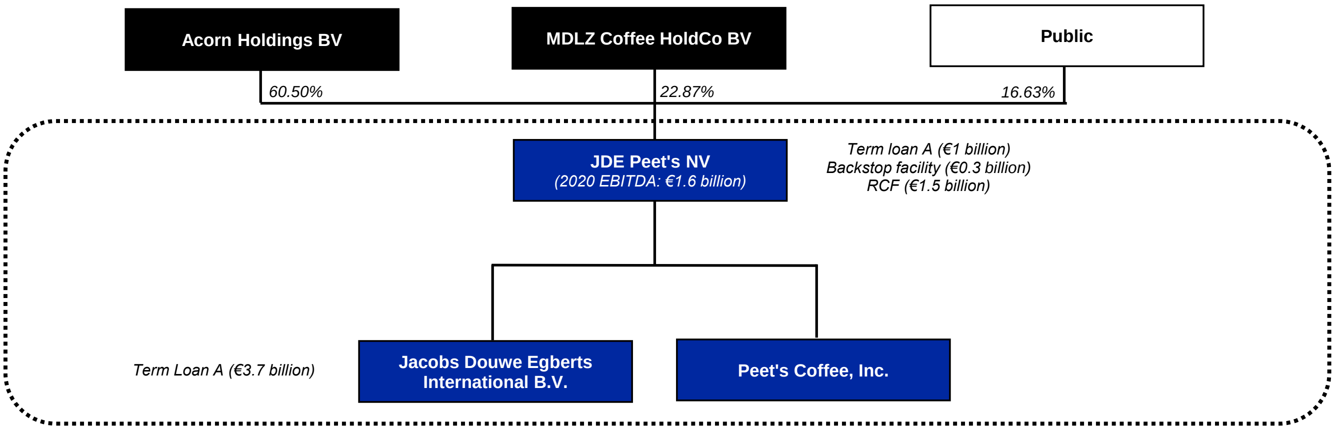
Exhibit 9
Simplified group structure



Source: Company information

Methodology and scorecard

In assessing the credit quality of JDE, we apply the [Consumer Packaged Goods Methodology](), published in February 2020. The scorecard-indicated outcome, based on data as of December 2020 already reflects the current rating. The outcome based on our forward-looking expectation is Baa2, on notch above the current rating. The differential between the rating and the score is justified by the fact that the company still has to build up a track record to achieve and maintain its targeted leverage, but also the aggressive working capital management with very long payable days.

We have recently changed the financial policy score to Baa from Ba reflecting the company's track record of debt reduction and its conservative financial leverage target of net debt/EBITDA of 2.5x (equivalent to a Moody's adjusted gross debt/EBITDA of 3.0x).

The scorecard-indicated outcome is supported by the solid business fundamentals in light of the company's strong geographical diversification, solid market share and high profitability. However, key credit metrics such as financial leverage remains weak for the rating category.

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Exhibit 10
Rating factors
JDE Peet's N.V.

JDE Peet's N.V.				
Consumer Packaged Goods Industry Scorecard [1]	Current FY 12/31/2020		Moody's 12-18 Month Forward View As of April 2021 [2]	
Factor 1 : Scale (20%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue (USD Billion)	$7.6	Baa	$8.2 - $8.5	Baa
Factor 2 : Business Profile (30%)				
a) Geographic Diversification	Baa	Baa	Baa	Baa
b) Segmental Diversification	B	B	B	B
c) Market Position	A	A	A	A
d) Category Assessment	Baa	Baa	Baa	Baa
Factor 3 : Profitability (10%)				
a) EBITA Margin	18.1%	Baa	18.8% - 19%	Baa
Factor 4 : Leverage and Coverage (25%)				
a) Debt / EBITDA	3.9x	Ba	3.1x - 3.3x	Baa
b) RCF / Net Debt	19.1%	Ba	18% - 21.6%	Ba
c) EBITA / Interest Expense	6.5x	Baa	10.2x - 11x	A
Factor 5 : Financial Policy (15%)				
a) Financial Policy	Ba	Ba	Baa	Baa
Rating:				
a) Scorecard-Indicated Outcome		Baa3		Baa2
b) Actual Rating Assigned				Baa3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] This represents Moody's Forward View, not the view of the issuer, and unless noted in the text, it does not incorporate acquisitions
Source: Moody's Financial Metrics™

Ratings

Exhibit 11

Category	Moody's Rating
JDE PEET'S N.V.	
Outlook	Stable
Issuer Rating	Baa3
JACOBS DOUWE EGBERTS INTERNATIONAL B.V.	
Outlook	Stable
Bkd Sr Unsec Bank Credit Facility -Dom Curr	Baa3

Source: Moody's Investors Service

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Appendix

Exhibit 12
Peer comparison

(in US millions)	JDE Peet's N.V. Baa3 Stable FYE Dec-19	FYE Dec-20	LTM Dec-20	Keurig Dr Pepper Inc. Baa2 Stable FYE Dec-19	FYE Dec-20	LTM Dec-20	Barry Callebaut AG Baa3 Stable FYE Aug-19	FYE Aug-20	LTM Aug-20	Froneri International Limited B1 Stable FYE Dec-17	FYE Dec-18	FYE Dec-19
Revenue	$7,775	$7,591	$7,591	$11,120	$11,618	$11,618	$7,359	$7,136	$7,136	$2,839	$3,074	$4,800
EBITDA	$1,711	$1,675	$1,675	$3,537	$3,678	$3,678	$825	$745	$745	$344	$513	$707
Total Debt	$8,460	$7,020	$7,020	$15,756	$14,518	$14,518	$2,571	$3,575	$3,575	$1,241	$2,138	$5,834
Cash	$892	$476	$476	$75	$240	$240	$565	$1,546	$1,546	$245	$363	$269
EBIT Margin	16.0%	16.0%	16.0%	25.4%	25.3%	25.3%	8.3%	7.2%	7.2%	4.8%	8.2%	11.9%
EBIT / Int. Exp.	4.6x	5.7x	5.7x	4.3x	4.6x	4.6x	5.0x	4.8x	4.8x	2.6x	2.7x	4.5x
Debt / EBITDA	4.9x	3.9x	3.9x	4.5x	3.9x	3.9x	3.1x	4.5x	4.5x	3.4x	4.7x	3.9x
RCF / Net Debt	15.7%	19.1%	19.1%	8.4%	10.7%	10.7%	25.4%	22.8%	22.8%	20.7%	13.2%	16.6%
FCF / Debt	11.8%	9.9%	9.9%	8.0%	7.6%	7.6%	7.2%	5.6%	5.6%	-4.5%	2.2%	3.2%

Source: Moody's Financial Metrics™

Exhibit 13
Breakdown of Moody's-adjusted gross leverage

Moody's-Adjusted Debt

(in EUR Millions)	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21 (F)	Dec-22 (F)
As Reported Debt	**7,427**	**6,187**	**7,292**	**5,480**	**4,947**	**4,747**
Pensions	183	178	245	257	257	257
Operating Leases	243	258	-	-	-	-
Unusual	-	-	-	-	-	-
Non-Standard Adjustments	7	9	-	-	-	-
Moody's-Adjusted Debt	**7,860**	**6,632**	**7,537**	**5,737**	**5,204**	**5,004**

Moody's-Adjusted EBITDA

(in EUR Millions)	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21 (F)	Dec-22 (F)
As Reported EBITDA	**1,115**	**1,341**	**1,491**	**1,312**	**1,533**	**1,609**
Pensions	(10)	5	(4)	-	-	-
Operating Leases	81	86	-	-	-	-
Unusual	94	49	39	156	28	20
Non-Standard Adjustments	1	-	1		-	-
Moody's-Adjusted EBITDA	**1,281**	**1,481**	**1,527**	**1,468**	**1,561**	**1,629**

Moody's-adjusted gross leverage	**6.1x**	**4.5x**	**4.9x**	**3.9x**	**3.3x**	**3.1x**

Source: Moody's Financial Metrics™

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Exhibit 14

Select historical and projected Moody's-adjusted financials ratios

Historical and projected figures for 2017-22

Eur (Million)	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21 F	Dec-22 F
INCOME STATEMENT						
Net sales	6,530	6,664	6,945	6,651	6,837	7,077
EBITDA	1,281	1,481	1,527	1,468	1,561	1,629
EBITA	990	1,200	1,251	1,201	1,287	1,346
EBIT	854	1,071	1,108	1,062	1,164	1,218
Interest expense	267	312	241	185	126	123
BALANCE SHEET						
Cash and cash equivalents	511	741	795	389	233	588
Total Debt	7,860	6,632	7,537	5,737	5,204	5,004
CASH FLOW						
Funds From Operations (FFO)	455	938	1,126	1,108	1,068	1,225
Retained Cash Flow (RCF)	(110)	848	1,058	1,019	893	954
Cash Flow From Operations (CFO)	915	1,186	1,338	1,002	1,075	1,240
Capital Expenditure (CapEx)	306	353	381	345	300	309
Cash Dividends	565	90	68	89	175	271
Free Cash Flow (FCF)	44	743	889	568	599	660
KEY CREDIT METRICS						
% Sales in Sales (YoY)	n.a.	2.1%	4.2%	-4.2%	2.8%	3.5%
EBITA margin %	15.2%	18.0%	18.0%	18.1%	18.8%	19.0%
EBITA / Interest Expense	3.7x	3.8x	5.2x	6.5x	10.2x	11.0x
Debt / EBITDA	6.1x	4.5x	4.9x	3.9x	3.3x	3.1x
Net Debt / EBITDA	5.7x	4.0x	4.4x	3.6x	3.2x	2.7x
Debt / (EBITDA - CAPEX)	8.1x	5.9x	6.6x	5.1x	4.1x	3.8x
RCF / Net Debt	-1.5%	14.4%	15.7%	19.1%	18.0%	21.6%
FCF / Debt	0.6%	11.2%	11.8%	9.9%	11.5%	13.2%

Retained cash flow = Funds from operations - dividends.
Free cash flow = Cash flow from operations - capital expenditure - dividends.
Source: Moody's Financial Metrics™

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