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## Keurig Dr Pepper Inc.

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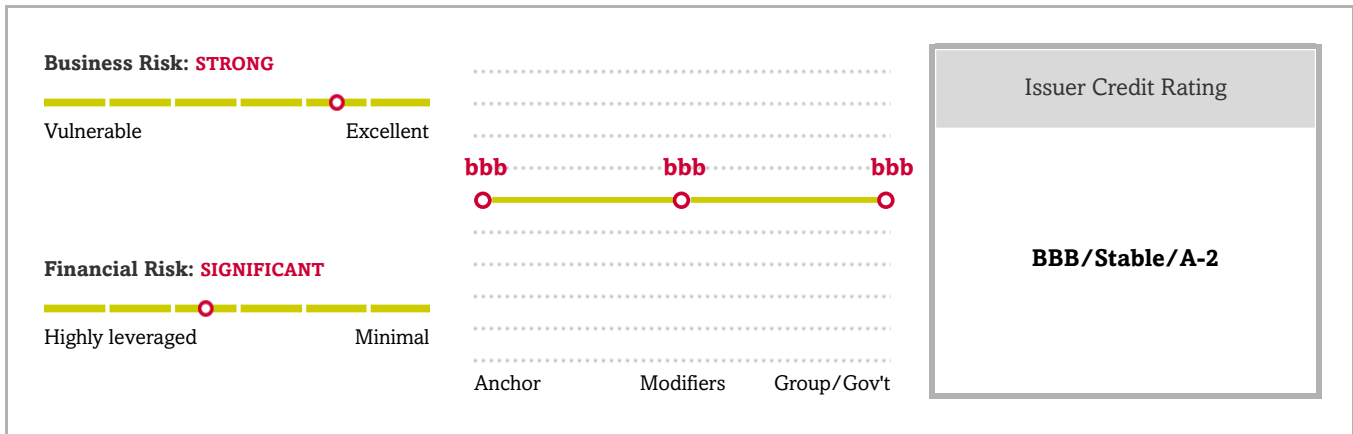
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# Keurig Dr Pepper Inc.



## Credit Highlights

### Overview

Key strengths	Key risks
Favorable growth prospects	Still high adjusted leverage despite continued deleveraging
Strong margins	Capital allocation policy prioritizes mergers and acquisitions (M&A) and shareholder returns
Diversified portfolio with leading shares in categories its closest peers don't dominate	Geographic concentration compared with peers
Good free cash flow generation	

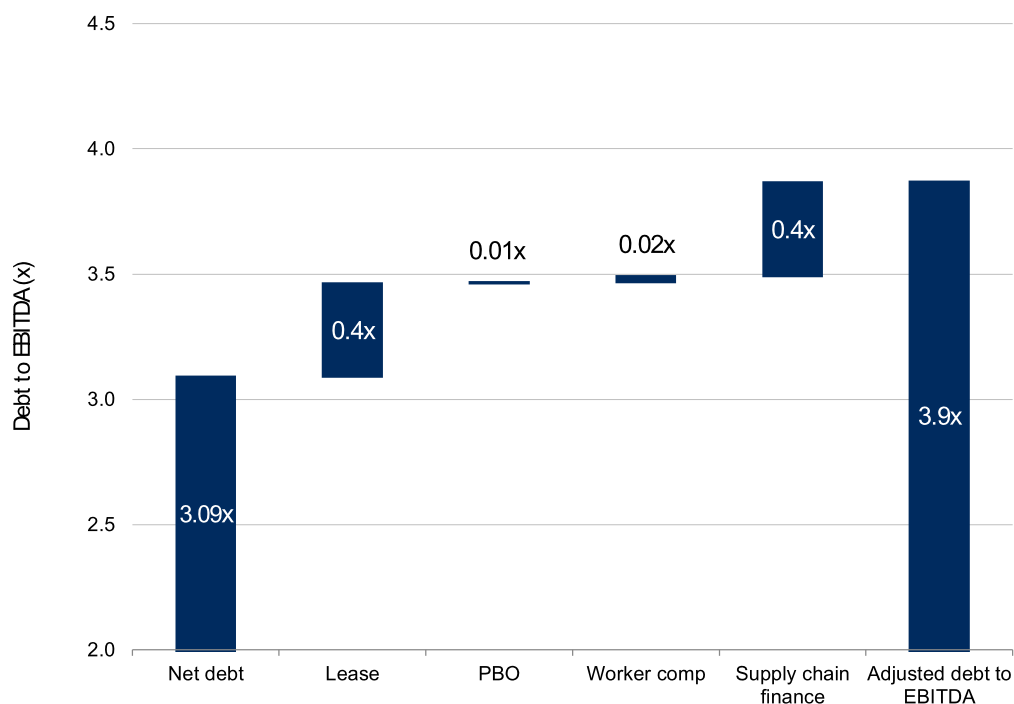
*The company will likely face margin headwinds in 2022 because of input cost inflation as well as moderating sales growth compared with last year's strong performance.* Adjusted EBITDA margins declined by about 60 basis points (bps) year over year in fiscal 2021 as higher input cost inflation and decreased k-cup service levels due to absenteeism at its facilities in the fourth quarter offset pricing, productivity improvements, and post-merger synergies. Although service levels and margins in the coffee business should sequentially improve, we expect pricing to continue to lag input cost inflation resulting in ongoing margin pressure in 2022 and into 2023 when global supply chain and inflationary pressures should start to ease. Moreover, last year's strong 9.2% year-over-year sales growth benefitted from strong pandemic growth tailwinds in packaged beverage, concentrates, and a rebound in Latin America that will face a difficult year-over-year comparison in the coming quarters such that last year's favorable operating leverage in those businesses won't repeat. With input cost inflation and supply chain pressures likely to persist for much of 2022, we are forecasting EBITDA margins to decline by at least 150 bps year over year in 2022 prior to stabilizing thereafter. Despite the margin pressure over the next year or two, we continue to view the company's growth outlook and margin profile favorably.

*Free cash flow generation remains healthy and should enable continued deleveraging, but the full benefit of its debt reduction is partially offset by its aggressive use of supply chain finance, a portion of which we consider debt-like.* The company continues to be a strong cash flow generator and increased its reported free operating cash flow by just under \$500 million year over year in 2021 to \$2.4 billion. The company was able to reduce reported debt by \$1.6 billion year over year while returning close to \$1 billion to shareholders through a combination of free cash flow and investment proceeds from its BODYARMOR divestiture and associated settlement receipts. Still, debt leverage remains elevated and only declined moderately on an adjusted debt-to-EBITDA basis to 3.9x at fiscal year-end 2021

compared with a ratio of 4.2x as our debt adjustments include a significant portion of debt related to the company's accounts payable program, which we commonly refer to as supply chain finance (see following paragraph below). Based on our assumption the company will continue to use this program, we project leverage will modestly decline to the mid-3x area in 2022 and closer to 3x thereafter as margin headwinds keep 2022 EBITDA largely unchanged and as the company deemphasizes debt repayment over growth investments and shareholder returns.

**Chart 1**

**Keurig Dr Pepper--Debt To EBITDA**



Source: S&P Global Ratings.

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We consider the portion of the company's accounts payable balances under its supply chain program(s), which stretches its payable days well beyond the 90 days typically viewed as standard for corporate issuers, as debt-like. As of Dec. 31, 2021, our debt adjustment for its supply chain finance program totaled \$1.4 billion, which added 0.4x turns to our adjusted debt to EBITDA ratio. (Please refer to our article "Supply Chain Finance: How to Remedy Flawed Financial Reporting," published June 7, 2021, which summarizes how we typically adjust debt for payables with longer than customary payment terms).

**Outlook: Stable**

The stable rating outlook on KDP reflects our expectations that the company will continue to generate 4%-5% organic sales growth over the next two years, maintain leverage below 4x in fiscal 2022, and reduce leverage closer to 3x thereafter once input cost inflation starts easing. This outlook assumes an increase in annual share repurchase activity and/or mergers and acquisitions (M&A) under its new capital allocation policy, including \$1 billion for these priorities over the next year remaining below \$2 billion annually thereafter.

**Downside scenario**

We could lower the rating if the company sustains debt to EBITDA above 4x to the extent the company aggressively pursues M&A without pausing share repurchases or front loads share repurchase under its four-year authorization while remaining moderately acquisitive.

Leverage could be sustained above 4x beyond several quarters if:

- The company closes on an acquisition costing well over \$3 billion, EBITDA margins remain more than 150 bps below fiscal 2021 levels beyond 2022, and share repurchases are not temporarily suspended; or
- The company buys back most of its \$4 billion share repurchase authorization within two years while pursuing midsize M&A (\$500 million to \$1 billion annually).

**Upside scenario**

Although unlikely given the company's financial policy and the current inflationary operating environment, we could raise the rating if KDP:

- Sustains organic growth across all business segments;
- Expands EBITDA margins above 30%; and
- Adopts a new financial policy commitment to sustain leverage below 3x.

**Our Base-Case Scenario**

S&P Global Ratings acknowledges a high degree of uncertainty about the extent, outcome, and consequences of the military conflict between Russia and Ukraine. Irrespective of the duration of military hostilities, sanctions and related political risks are likely to remain in place for some time. Potential effects could include dislocated commodities markets--notably for oil and gas--supply chain disruptions, inflationary pressures, weaker growth, and capital market volatility. As the situation evolves, we will update our assumptions and estimates accordingly. See our macroeconomic and credit updates here: [Russia-Ukraine Macro, Market, & Credit Risks](#).

- Sales grow 4%-6% in fiscal 2022 as the company continues to take pricing to partially offset inflation and expands volume 2%-3% with ongoing innovation and modest market share gains across its packaged beverage portfolio
- Sales growth slows to 2%-4% in fiscal 2023 reflecting lower pricing but largely unchanged volume growth compared with 2022
- EBIT margins decline by at least 150 bps in fiscal 2022 reflecting higher input cost inflation, which is partially offset by service levels in the coffee business, hedges on key inputs like aluminum, and continued pricing actions
- Capital expenditures total about \$450 million annually in 2022 and beyond
- Dividends grow by 2%-4% annually in 2022 and beyond
- The company repurchases about \$1 billion in shares in 2022 as M&A opportunities remain muted given uncertainty in financial markets
- The company starts executing possible M&A likely beyond 2022, assumed to be moderate-size (below \$2 billion)

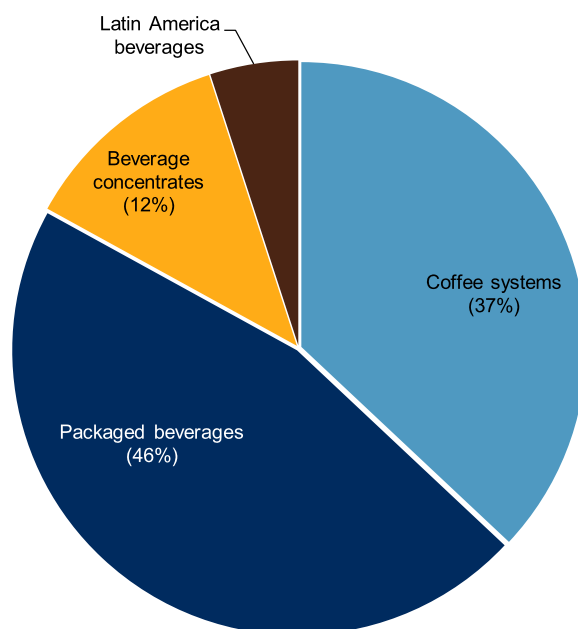
### Keurig-Dr Pepper Inc. --Key Metrics

	--Fiscal year-end Dec. 31--				
	2020a	2021a	2022e	2023f	2024f
<b>(Mil. \$)</b>					
Revenue	16,189	12,683	13,376	13,886.20	14,376
Revenue growth (%)	0.5	9.2	5.5	3.6	3.5
EBITDA	3,587	3,714	3723.5	4132.4	4384.2
EBITDA margin (%)	30.9	29.3	27.8	29.4	30.5
Debt to EBITDA (x)	4	4	3.7	3.3	3.1

All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast.

## Company Description

KDP is a major beverage company in North America with a diverse portfolio of flavored (noncola) carbonated soft drinks (CSDs), specialty coffee and noncarbonated beverages, and the No. 1 single-serve coffee brewing system in North America. KDP has a national distribution system that provides its portfolio of more than 125 owned, licensed, and partner brands to consumers. Its coffee business is modestly more profitable than its cold beverage business.

**Chart 2****Keurig Dr Pepper Inc.--Business Segments**  
Sales mix

Source: Company data.

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**Peer Comparison****Table 1****Keurig Dr Pepper Inc. -- Peer Comparison**

	<b>Keurig Dr Pepper Inc.</b>	<b>The Coca-Cola Co.</b>	<b>PepsiCo Inc.</b>	<b>Constellation Brands Inc.</b>	<b>Molson Coors Beverage Co.</b>
Ratings as of March 23, 2022	BBB/Stable/A-2	A+/Negative/A-1	A+/Stable/A-1	BBB/Stable/A-2	BBB-/Stable/A-3
Fiscal Year Ended	Dec. 31, 2021	Dec. 31, 2021	Dec. 25, 2021	Feb. 28, 2021	Dec. 31, 2021
(Mil. \$)					
Revenue	12,683.0	38,655.0	79,474.0	8,614.9	10,279.7
EBITDA	3,714.0	13,709.0	14,768.0	3,248.2	2,142.0
Funds from operations (FFO)	2,702.3	10,761.2	11,594.9	2,568.6	1,645.0
Interest expense	528.7	1,638.8	1,919.1	434.8	274.1
Cash interest paid	505.7	779.8	1,240.1	489.9	270.0
Cash flow from operations	2,317.3	12,552.2	12,122.9	2,828.5	1,632.9

Table 1

Keurig Dr Pepper Inc. -- Peer Comparison (cont.)					
	Keurig Dr Pepper Inc.	The Coca-Cola Co.	PepsiCo Inc.	Constellation Brands Inc.	Molson Coors Beverage Co.
Capital expenditure	455.0	1,367.0	4,625.0	833.1	513.8
Free operating cash flow (FOCF)	1,862.3	11,185.2	7,497.9	1,995.4	1,119.1
Discretionary cash flow (DCF)	782.3	3,822.2	1,484.9	1,377.7	971.3
Cash and short-term investments	567.0	12,625.0	5,988.0	460.6	637.4
Debt	14,371.4	35,839.3	39,884.6	10,640.9	6,748.8
Equity	24,972.0	24,860.0	16,151.0	13,929.1	13,664.1
<b>Adjusted ratios</b>					
EBITDA margin (%)	29.3	35.5	18.6	37.7	20.8
Return on capital (%)	7.2	19.9	20.1	11.9	6.2
EBITDA interest coverage (x)	7.0	8.4	7.7	7.5	7.8
FFO cash interest coverage (x)	6.3	14.8	10.4	6.2	7.1
Debt/EBITDA (x)	3.9	2.6	2.7	3.3	3.2
FFO/debt (%)	18.8	30.0	29.1	24.1	24.4
Cash flow from operations/debt (%)	16.1	35.0	30.4	26.6	24.2
FOCF/debt (%)	13.0	31.2	18.8	18.8	16.6
DCF/debt (%)	5.4	10.7	3.7	12.9	14.4

Source: S&P Global Ratings, company reports.

## Business Risk: Strong

KDP is the No. 1 player in the North American single-serve coffee sector, and it holds the No. 3 position in the North American liquid refreshment beverage industry. We expect single-serve coffee to continue as the fastest-growing segment of the coffee market, and we expect noncola carbonated beverages to grow faster than the overall carbonated beverage market. We believe KDP's diversified portfolio of hot and cold beverages, as well as its scalable, multichannel selling and distribution system, should enable it to steadily grow sales and profits. Its demonstrated ability to pivot operations to address changes in demand and channel mix also supports our expectation that the company can grow organic sales by 3%-4% annually for at least the next five years.

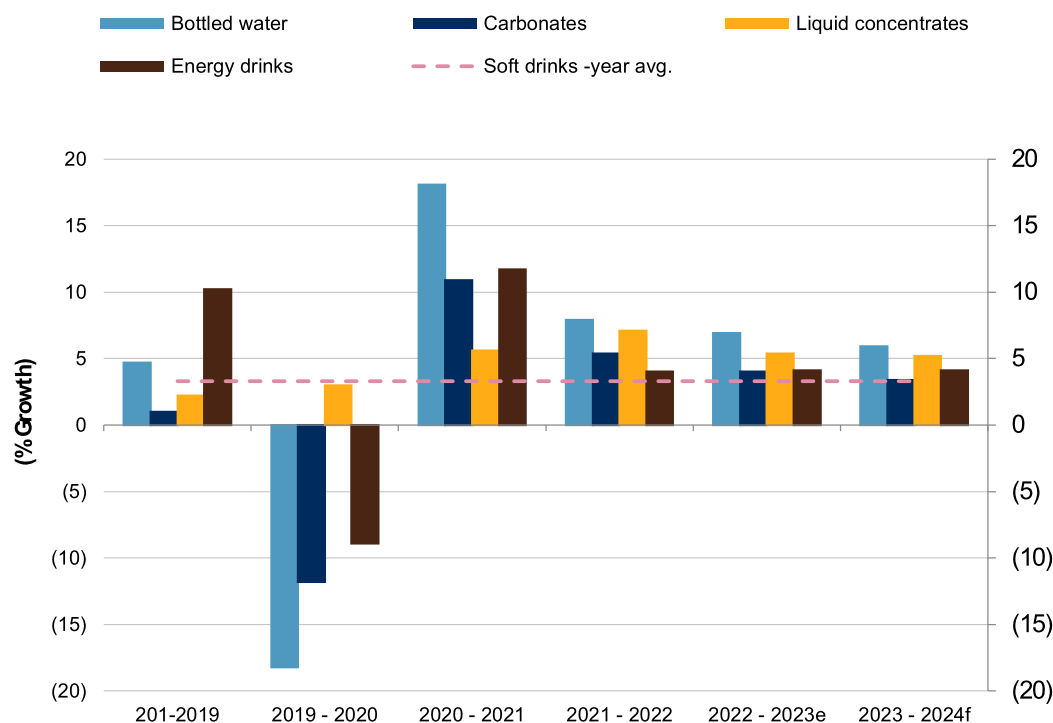
KDP has very defensible market positions in its packaged beverage business, given the strength of its core and difficult-to-replicate Dr Pepper brand, customer loyalty, and favorable demographic trends across many of its flavored carbonated drinks. It also has strong brands in noncarbonated drinks. Moreover, its core CSD business does not overlap much with that of its large competitors, Coke and PepsiCo. KDP's strategy focuses on fragmented categories. The North American off-premise soft drink category is large, at \$136 billion in 2021, according to market research firm Euromonitor. We believe industry sales in off-premise channels will grow 4% over the next five years because of price

mix. The on-premise channel, which represents about 10% of KDP's sales, plunged 36% in 2020, and recovered to 89% of pre-Covid levels in 2021. We forecast the channel will grow at a 5% compound annual growth rate from 2021 through 2025.

The noncola flavored carbonated market has been growing faster than the cola market, and KDP's portfolio has benefited from the strength of its Dr Pepper and Canada Dry brands. According to Euromonitor, off-premise volume in the North American carbonated beverage market has declined about 1%-2% annually for the past 14 years. This trend, except for in 2020, should continue over the next five years because of consumers' shift toward drinks with lower sugar content as well as energy drinks and noncarbonated drinks. Moreover, growth trends in noncola carbonated drink share outpaced those of the industry. According to Euromonitor, the KDP's market share increased to 17.9% in 2021, up from mid-15% in 2011, which compares favorably to Coke's flat share growth and PepsiCo's nearly four-percentage-point decline over the 10-year period. We attribute this to the difficult-to-replicate taste of KDP's Dr Pepper brand and the popularity of its Canada Dry brand as mixers in alcoholic beverages.

**Chart 3**

**Keurig Dr Pepper Inc.--Growth Trends By Category**



e--Estimate. f--Forecast. Source: EUROMONITOR.

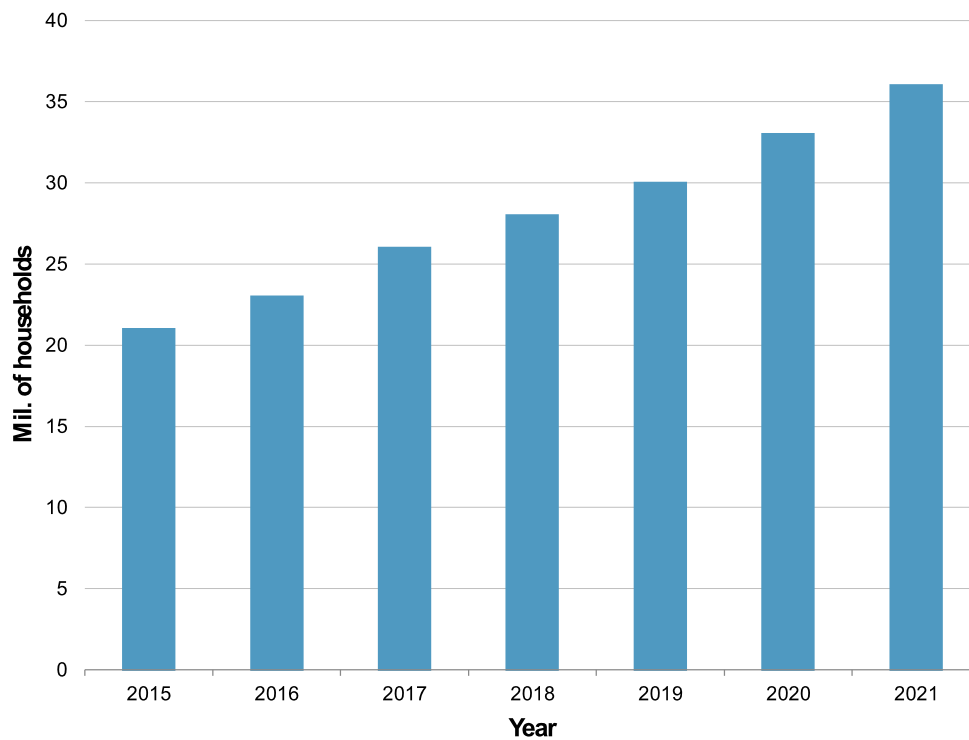
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We believe KDP will also benefit from its noncarbonated drinks portfolio. The company should be able to compete in the water segment, which is the second-largest segment of the soft drink market and has better growth prospects compared to all other subcategories of the soft drink industry, given consumers' shift toward healthier beverages. KDP



purchased Bai in 2017 and Core in 2018, and distribution partnerships for Polar and evian. According to Euromonitor, Nestle S.A., is the clear branded leader in the category, with its portfolio of water brands commanding a 17.9% share of the industry. Coke is the next-largest player; its water brands have a 9.3% share. PepsiCo has an 8.4% water brand market share. Still, the category is very fragmented, and no individual brand has more than a 7.1% share. Most brands have less than a 1% share. According to Euromonitor, KDP's owned brands have a 0.4% share of the market. The company has an advantage over smaller and regional brands, given its national distribution capabilities. We expect KDP to build on the premium water segment, as well as other faster-growing categories such as sport and energy, as well as ready-to-drink (RTD) tea and coffee. Although KDP is a small player in the fast-growing energy segment, we consider it a major participant, given consumers' use of coffee as an energy booster. Overall, we believe KDP's cold beverages will gain share because of the company's focus on noncola beverages, its water offerings, its RTD Peet's coffee, and its allied brands.

KDP also has the No. 1 position in the single-serve coffee segment in North America. It is successful because it has more than 125 brands and large distribution. The company's dollar share of pods manufactured in the U.S. was 83.5% in 2021. The North American coffee market is large; it accounted for \$17.1 billion of sales (excluding retail coffee shops) in 2021, according to Euromonitor. Single-serve products constituted a 41% share in 2021 on a dollar basis in North America, up from 2% in 2008. The category is benefiting from an expansion of work-from-home policies because of the pandemic, as well as the company's good execution. Generally, the Keurig brand consistently grows household penetration by 2 million households per year. In 2020, it added about 3 million new households. Moreover, the number of cups of coffee consumer per brewer has increased. Typically, that number has remained steady. We estimate overall household penetration in the U.S. totaled more than 35 million at year-end 2021, up from 21 million in 2015. We believe demand for at-home coffee occasions will be higher for at least the next five years compared with 2021, given the acceleration of household penetration, the shift in employers' work-from-home policies, and an increase in consumers' desire to work remotely. According to Euromonitor, it expects coffee pod growth of about 4.2% in 2022 and then growth of 2.5%-3.5% annually from 2023-2026. The overall coffee category's volume declined 3% in 2020 because of the loss of on-premise business. The category is expected to grow 4.8% in 2022 because of incremental recovery in the on-premise market. Thereafter, it is expected to grow 3.5-4.0% through 2026.

**Chart 4****Keurig Dr Pepper--Household Adoption**

Source: Company data.

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**Peer comparison**

KDP has several close beverage peers, including the The Coca-Cola Co. (Coke) and PepsiCo Inc. Their credit protection measures are stronger than KDP's, and both are larger with greater product and geographic diversity. PepsiCo's margins are weaker than KDP's because of its lower-margin snack portfolio whereas Coke's higher margins primarily reflect its asset-light business model in which bottling and distribution is primarily handled by dedicated regional bottlers across the various regions in which it operates.

KDP's business strength is comparable to Constellation brands. Although its margins are not as high because of its lower margin product mix in coffee and nonalcoholic beverages, which do not have as much premium pricing potential as Constellation beer, wine, and Spirits portfolio. KDP has comparable geographic diversity and only moderately weaker growth prospects. Constellation has similar financial policy that balances M&A and growth capex with shareholder returns, but it has more cushion to execute on any unexpected M&A as its leverage ratio is closer to 3x.

We view KDP's business risk more favorably than Molson Coors Beverage Co.'s, which has weaker growth prospects and lower margins. However, Molson Coors has similar cash flow generation, lower leverage and a firmer commitment to further deleverage.

## Financial Risk: Significant

### Financial summary table

Table 2

Keurig Dr Pepper--Financial Summary					
Industry Sector: Beverages					
	--Fiscal year ended Dec. 31--				
	2021	2020	2019	2018	2017
<b>(Mil. \$)</b>					
Revenue	12,683.0	11,618.0	11,120.0	7,442.0	6,690.0
EBITDA	3,714.0	3,587.0	3,497.0	1,801.5	1,697.5
Funds from operations (FFO)	2,702.3	2,465.3	2,520.2	1,345.2	1,280.2
Interest expense	528.7	628.7	676.8	467.3	179.3
Cash interest paid	505.7	539.7	543.8	246.3	157.3
Cash flow from operations	2,317.3	2,544.3	2,533.2	1,646.2	1,063.2
Capital expenditure	455.0	517.0	365.0	180.0	207.0
Free operating cash flow (FOCF)	1,862.3	2,027.3	2,168.2	1,466.2	856.2
Discretionary cash flow (DCF)	782.3	1,181.3	1,324.2	1,234.2	43.2
Cash and short-term investments	567.0	240.0	75.0	83.0	61.0
Gross available cash	567.0	240.0	75.0	83.0	61.0
Debt	14,371.4	15,174.8	15,882.3	16,760.9	4,692.9
Equity	24,972.0	23,830.0	23,257.0	22,533.0	2,451.0
<b>Adjusted ratios</b>					
EBITDA margin (%)	29.3	30.9	31.4	24.2	25.4
Return on capital (%)	7.2	7.0	6.7	5.5	20.5
EBITDA interest coverage (x)	7.0	5.7	5.2	3.9	9.5
FFO cash interest coverage (x)	6.3	5.6	5.6	6.5	9.1
Debt/EBITDA (x)	3.9	4.2	4.5	9.3	2.8
FFO/debt (%)	18.8	16.2	15.9	8.0	27.3
Cash flow from operations/debt (%)	16.1	16.8	15.9	9.8	22.7
FOCF/debt (%)	13.0	13.4	13.7	8.7	18.2
DCF/debt (%)	5.4	7.8	8.3	7.4	0.9

Sources: S&P Global Ratings, company reports.

### Reconciliation

Table 3

Keurig Dr Pepper--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts						
--Fiscal year ended Dec. 31, 2021--						
Keurig Dr Pepper Inc. reported amounts (mil. \$)						
	Debt	EBITDA	Operating income	Interest expense	S&P Global Ratings' adjusted EBITDA	Cash flow from operations
	12,024.0	3,602.0	2,894.0	500.0	3,714.0	2,874.0

Table 3

Keurig Dr Pepper--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (cont.)						
S&P Global Ratings' adjustments						
Cash taxes paid	--	--	--	--	(506.0)	--
Cash interest paid	--	--	--	--	(477.0)	--
Reported lease liabilities	1,384.0	--	--	--	--	--
Operating leases	--	121.0	28.7	28.7	(28.7)	92.3
Postretirement benefit obligations/deferred compensation	19.8	--	--	--	--	--
Accessible cash and liquid investments	(538.7)	--	--	--	--	--
Share-based compensation expense	--	88.0	--	--	--	--
Nonoperating income (expense)	--	--	(1.0)	--	--	--
Debt: Workers compensation/self insurance	85.3	--	--	--	--	--
Debt: Other	1,397.0	--	--	--	--	--
EBITDA: Other	--	(97.0)	(97.0)	--	--	--
Operating cash flow: Other	--	--	--	--	--	(649.0)
Total adjustments	2,347.4	112.0	(69.3)	28.7	(1,011.7)	(556.7)
S&P Global Ratings' adjusted amounts						
	Debt	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations
	14,371.4	3,714.0	2,824.7	528.7	2,702.3	2,317.3

Sources: S&P Global Ratings, company reports.

## Liquidity: Adequate

We assess KDP's liquidity as adequate, reflecting our expectation that projected sources will cover uses by more than 3.5x over the next 12 months. We expect sources will continue exceeding uses even if forecast EBITDA declines 30%. Although KDP's ratio of sources to uses would qualify for a more favorable liquidity assessment, we don't believe KDP could absorb high-impact, low-probability events without refinancing given its acquisition strategy. We believe KDP has a strong standing in the credit markets, strong relationships with its banks, and EBITDA cushion of more than 15% on its debt-to-EBITDA covenant.

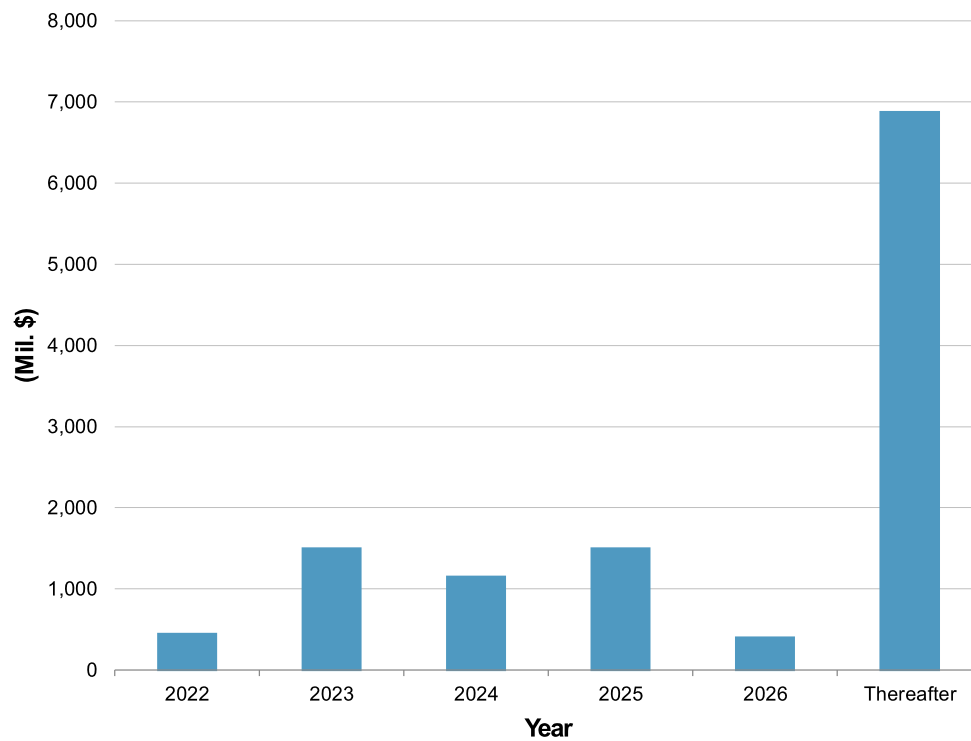
Principal Liquidity Sources	Principal Liquidity Uses
<p>As of Dec. 31, 2021</p> <ul style="list-style-type: none"> <li>Cash totaling \$567 million</li> <li>About \$4 billion of revolving credit facility capacity maturing in 2027</li> </ul>	<ul style="list-style-type: none"> <li>\$446 million of debt maturities over the next 12 months</li> <li>\$100 million of seasonal working capital outflows</li> <li>\$460 million of capex</li> <li>\$990 million of dividends</li> </ul>

- \$2.7 billion of cash funds from operations (FFO)

## Debt maturities

### Chart 5

#### Keurig-Dr Pepper--Debt Maturity Profile



Source: Company data.

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## Covenant Analysis

### Compliance expectations

We forecast KDP will maintain a covenant cushion of more than 20% over the next two years.

### Requirements

KDP is subject to a 3.25x minimum EBITDA interest coverage ratio under its senior unsecured revolver.

## Environmental, Social, And Governance

### ESG Credit Indicators

E-1	<b>E-2</b>	E-3	E-4	E-5	S-1	<b>S-2</b>	S-3	S-4	S-5	G-1	<b>G-2</b>	G-3	G-4	G-5
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ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumeric 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

ESG factors are an overall neutral consideration in our credit rating analysis of Keurig Dr Pepper Inc. Although the company faces some social risk because of its sugary soft drinks, its portfolio is well diversified, including about 40% of its sales in coffee and coffee systems. In addition, its noncoffee beverage portfolio includes several growing nonsugary offerings such as teas and flavored water that reduces its aggregate portfolio exposure to sugary soft drinks well below 50%.

## Issue Ratings - Subordination Risk Analysis

### Capital structure

KDP's capital structure consists of senior unsecured debt, all of which is issued at the holding company. The company has no secured debt or priority subsidiary debt.

### Analytical conclusions

We rate KDP's unsecured debt 'BBB', the same as the issuer credit rating, because we believe that any subordination risk that may exist is not significant enough to warrant a notch down.

## Ratings Score Snapshot

### Issuer Credit Rating

BBB/Stable/A-2

### Business risk: Strong

- **Country risk:** Low
- **Industry risk:** Very low
- **Competitive position:** Strong

### Financial risk: Significant

- **Cash flow/leverage:** Significant

**Anchor:** bbb

## Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : **bbb**

## Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	Intermediate	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
<b>Strong</b>	aa/aa-	a+/a	a-/bbb+	<b>bbb</b>	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

## Ratings Detail (As Of March 31, 2022)\*

### Keurig Dr Pepper Inc.

Issuer Credit Rating

BBB/Stable/A-2

**Ratings Detail (As Of March 31, 2022)\*(cont.)**

Commercial Paper

*Local Currency*

A-2

Senior Unsecured

BBB

**Issuer Credit Ratings History**

14-May-2018

BBB/Stable/A-2

29-Jan-2018

BBB+/Watch Neg/A-2

13-Nov-2013

BBB+/Stable/A-2

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.



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