

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of JAB Holding Company S.a r.l.

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Frankfurt am Main, August 09, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of JAB Holding Company S.a r.l. and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 5 August 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. 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.

Key rating considerations are summarized below.

JAB's Baa2 rating remains supported by the company's strong investment portfolio comprising cash-generative and typically defensive global consumer businesses. Its investments in JDE Peet's and KDP, which accounted for approximately 56% (including direct shares) of JAB's portfolio value at year-end 2020, should continue to protect the group's credit quality. JAB's coffee and beverage business as well as the petcare platform exhibited resilience in 2020 under turbulent market conditions, whereas the valuation of Coty and Pret Panera declined during the same period.

While JAB has started simplifying its intermediate structures with the partial repayment of contingent liabilities at Acorn Holdings level from IPO proceeds of JDE Peet's and through the amendment of the contractual terms of the long term incentive plans that are now accounted for as equity in JAB Holding's accounts, the rating remains held back by the company's leveraged capital structure at intermediate holding companies, an elevated point-in-time market value leverage above its own financial policy target of net MLV of 15 to 20% (25.1% in 2020) and a history of aggressive financial policies.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Investment Holding Companies and Conglomerates published in July 2018. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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