

Research Update:

# JAB Holding 'BBB+' Ratings Placed On Watch Neg On Acquisition Of U.S. Insurance Prosperity Life Group

February 13, 2025

## Rating Action Overview

- Luxembourg-based investment holding company JAB Holding Co. S.a.r.l (JAB) announced it will buy 100% of U.S.-based Prosperity Life Group, whose parent holding company is Prosperity Group Holdings L.P. (BBB-/Watch Neg/--), with operating companies National Western Life Insurance Co. and S.USA Life Insurance Co. Inc. (both A-/Watch Neg/--).
- The acquisition of Prosperity will improve JAB's asset diversification but will increase the weight of unlisted assets within the company's portfolio.
- We placed our ratings, including our 'BBB+' long-term issuer credit rating on JAB and 'BBB+' issue rating on JAB Holdings B.V.'s senior unsecured debt, on CreditWatch with negative implications.

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## Rating Action Rationale

**The CreditWatch placement reflects that we could lower our ratings on JAB if the acquisition of Prosperity, a U.S.-based annuities and life insurance business, negatively affects our assessment of the liquidity of JAB's portfolio and there is no meaningful offsetting effect.** By acquiring Prosperity, JAB will improve its asset diversification away from its exposure to the consumer products and retail industry, which is facing volatile market conditions, but will also increase the weight of unlisted assets within JAB's portfolio. The company's share of listed assets was already well below our 70% threshold commensurate with the rating as of June 30, 2024. JAB has indicated that the financing of the transaction will align with its financial policy, but the impact on the company's loan-to-value ratio is unclear. The transaction is to close in second-half 2025, subject to regulatory approvals.

## CreditWatch

We plan on resolving the CreditWatch placement within the next 90 days after reviewing information on JAB's overall portfolio composition and financial policy.

## Company Description

Investment holding company JAB focuses on defensive and fast-moving consumer goods and services, as well as consumer retail assets and insurance. Following the acquisition of National Veterinary Association, the company has veterinary health care services. In 2022, it started investing in the pet insurance business. With the acquisition of Prosperity Life Group expected to close in second-half 2025, JAB is expanding its investments into individual annuity and life insurance markets. The company actively manages most of its assets, with significant control and influence over the assets' capital structure and dividend flows.

JAB is a privately held company. All shares are fully paid and are not listed on any stock exchange. Together, Agnatén SE and Lucesca SE hold about 90% of JAB through wholly owned subsidiary Joh. A. Benckiser B.V. (formerly Donata Holdings B.V.). JAB's management team and other investors hold the remaining stake of approximately 10%.

## Related Criteria

- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- 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
- Criteria | Corporates | Industrials: Methodology: Investment Holding Companies, Dec. 1, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Ratings List

### Ratings Affirmed; CreditWatch Action

	To	From
<b>JAB Holding Co. S.a.r.l.</b>		
Issuer Credit Rating	BBB+/Watch Neg/--	BBB+/Negative/--
<b>JAB Holdings B.V.</b>		
Senior Unsecured	BBB+/Watch Neg	BBB+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceid/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings). Alternatively, call S&P Global Ratings' Global Client Support line (44) 20-7176-7176.

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