

## ISSUER COMMENT

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## JAB Holding Company S.a r.l.

### JAB launches IPO of JDE Peet's, a credit positive

On 19 May, JDE Peet's announced its intention to launch an initial public offering (IPO) and to list on the Amsterdam Stock Exchange. A successful IPO of JDE Peet's would be credit positive for ultimate controlling shareholder [JAB Holding Company S.à r.l.](#) (Baa2 stable) because it would increase the share of listed assets in JAB's investment portfolio and JAB could use the IPO proceeds to reduce contingent instruments at Acorn Holdings, an intermediate holding company of JAB Holding.

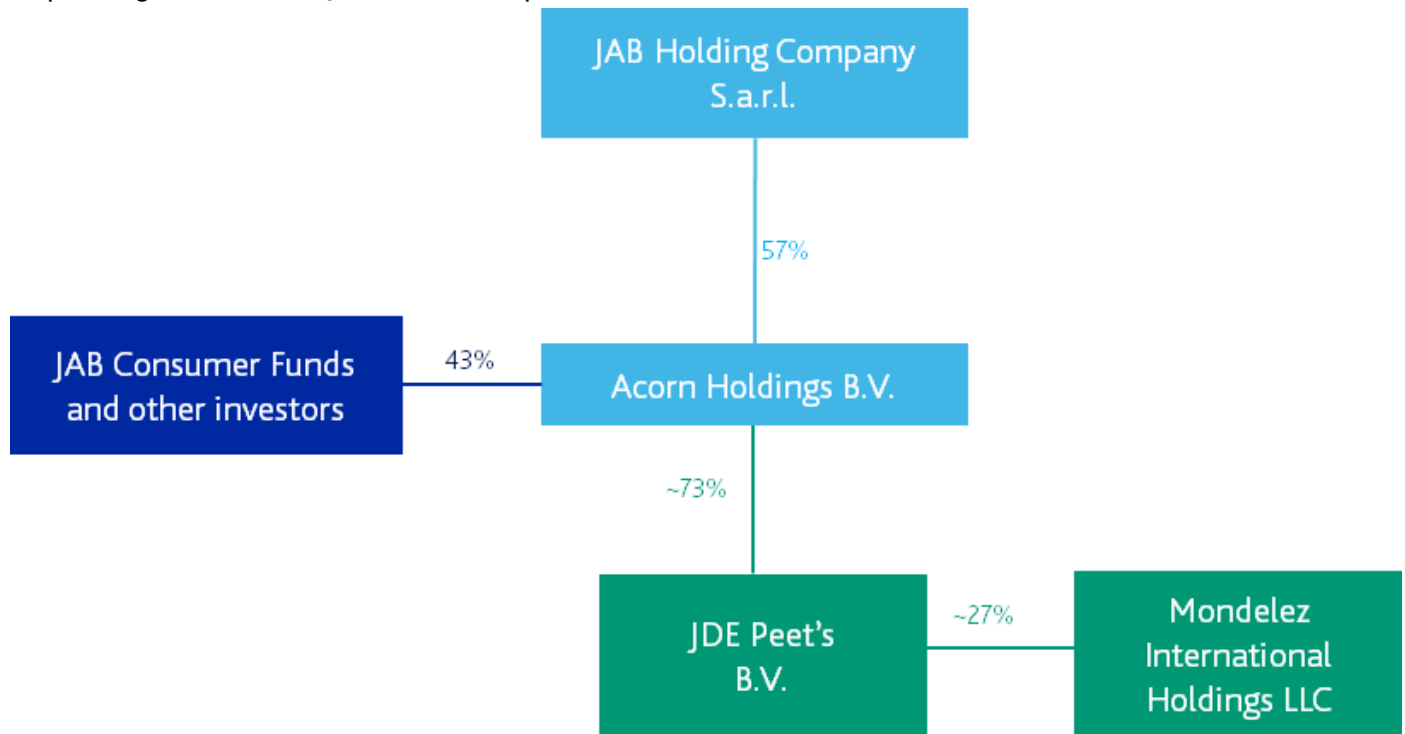
JDE Peet's expects the primary component of the offering to be around €700 million, and will use the proceeds to repay debt at JDE Peet's. The company has indicated that it intends to obtain an investment-grade rating from a major rating agency within one to two years of the publication date of the prospectus. JAB also stated that it intends to remain a majority shareholder of JDE Peet's, but that it will aim to create a meaningful free float in JDE Peet's at admission to trading.

A successful listing of JDE Peet's will significantly increase the share of listed investments in JAB's portfolio, and enhance the liquidity of the portfolio. At year-end 2019, JAB had approximately 53% of its investments publicly listed, but with a strong concentration of value in [Keurig Dr Pepper](#) (Baa2 negative), while the value of New York Stock Exchange-listed [Coty Inc.](#) (Caa1 negative) only accounted for slightly more than 10% of the overall portfolio value.

With the listing of JDE Peet's we expect the value of JAB's publicly listed assets to be less concentrated on Keurig Dr Pepper. JDE Peet's intention to target an investment grade capital structure for its listed business should also benefit JAB because it will reinforce the credit quality of its portfolio of investments. Beyond the higher liquidity of the portfolio, a large share of the value of the portfolio will be in companies with investment-grade credit profiles, a credit positive for JAB's creditors.

The JDE Peet's IPO also should allow JAB to reduce, at least partially and subject to a successful offering, some of the contingent instruments (preference shares and equity warrants) at Acorn Holdings, a privately owned intermediate holding company majority owned by JAB. Acorn holds approximately 73% of the shares of JDE Peet's (see exhibit below). The contingent instruments at Acorn Holdings have contributed to JAB's complex structure, and a simplification would improve JAB's overall risk profile and transparency.

## Simplified organisation chart of JDE Peet's ownership structure



Sources: JAB Holding Company S. à r.l. and Moody's Investors Service

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