

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

24 Oct 2019

NOTE: On October 25, 2019, the press release was corrected as follows: The second paragraph of the key rating considerations section was changed to "The rating also incorporates JAB's net MVL of 14.9% as per 30 June 2019 (16%-18% expected for year-end 2019, pro forma of the NVA acquisition), its complex organisational structure and leveraged capital structure at intermediate holding companies, the consecutive and sizeable M&A activity over the last 24 months as well as financial risks related to liabilities of the company's Long-Term Incentive Plan." Revised release follows.

Frankfurt am Main, October 24, 2019 -- 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 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.moody's.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

JAB Holding Company S.a r.l.'s (JAB) Baa1 rating reflects the company's clearly-defined and successful investment strategy, its conservative net MVL target of around 15% (excluding the debt of the newly created SPV related to the investment in Coty) and an investment portfolio comprising cash-generative and typically defensive global consumer businesses. The rating also reflects JAB's commitment to maintain an interest cover of at least 2.0x as well as its strong liquidity profile supported by the company's access to EUR2.6 billion of unused credit lines and a large proportion of listed assets of around 55%.

The rating also incorporates JAB's net MVL of 14.9% as per 30 June 2019 (16%-18% expected for year-end 2019, pro forma of the NVA acquisition), its complex organisational structure and leveraged capital structure at intermediate holding companies, the consecutive and sizeable M&A activity over the last 24 months as well as financial risks related to liabilities of the company's Long-Term Incentive Plan.

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.moody's.com for a copy of this methodology.

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