

## ISSUER COMMENT

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

### JAB's Tender Offer to Repurchase Up to €1 Billion of Bonds Is Credit Positive

[JAB Holding Company S.a r.l.](#)'s (JAB or the company, Baa1 negative) announcement of a multi-series tender offer for notes issued by its financing vehicle JAB Holdings B.V. (the issuer) is credit positive, as it confirms the company's updated financial strategy moving towards more conservative leverage. The tender offer is structured using market-standard, yield-based pricing mechanics. The transaction targets up to €1.0 billion of bonds across six series, providing JAB with flexibility to reduce its outstanding debt and strengthen its credit metrics, including its interest coverage metrics, depending on final acceptance levels.

We expect the tender to be funded with available cash which increased materially following the divestment of [JDE Peet's N.V.](#) (JDEP, Baa3 negative) to [Keurig Dr Pepper Inc.](#) (KDP, Baa3 stable). The transaction closed in April 2026. JAB generated total cash proceeds of \$8.5 billion from the sale of its shares in JDEP net of repayment of intermediate holding company debt at Acorn of \$3.9 billion, increasing its cash balance to \$9.1 billion on a pro forma basis as of 31 December 2025. We positively view the repayment of the debt at Acorn as it contributes to reducing the group's complexity. At the same time, the company reduced its pro forma LTV ratio (as reported by the company) to 10.5% from 24.8% prior to the transaction as of the end of 2025.

The tender offer is expected to be broadly neutral for JAB's LTV ratio, as this metric is calculated on a net debt basis and the reduction in gross debt will be largely offset by the use of cash. However, the transaction should improve interest coverage from a relatively low level pro forma for the loss of dividend income from JDEP - we estimate that interest coverage was 1.2x in 2025 including €238 million of dividend income from JDEP. Indeed, the decrease in interest expense from the repurchased bonds is likely to more than offset the forgone interest income on cash on balance sheet.

In April 2026, JAB announced its updated financial policy alongside its 2025 results. In addition to reiterating its firm commitment to maintaining its strong investment grade credit rating, the company also reduced its loan-to-value (LTV) ceiling from 20% to 15% and committed to maintaining the interest coverage ratio above 1x. JAB intends to operate with a prudent buffer below the LTV ceiling to absorb market fluctuations, including foreign-exchange movements. Such market fluctuations were visible in 2025 as JAB's portfolio companies navigated a challenging consumer market characterized by a more cautious consumer. In the event that the LTV temporarily exceeds the ceiling, JAB is committed to restore headroom through remedial actions in a timely manner.

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