

16 December 2022 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has set the unsolicited corporate issuer rating of Engie to **A-** / **negative**

Creditreform Rating (CRA) has affirmed the ratings of the unsolicited, public corporate issuer rating of Engie S.A. – hereafter referred to as Engie, the Company, or the Group - as well as the unsolicited corporate issue rating of long-term local currency senior unsecured notes issued by Engie S.A. at **A-** / **negative**.

Analysts

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Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

- Strong market position in France and Europe
- Stable and predictable cash flows from regulated and contracted activities
- Due to higher volumes and prices remarkable operating performance in 2021 and 9M 2022 enabling an improved and promising business outlook for 2022
- Commitment to maintain leverage ratio economic net debt to EBITDA at or below 4.0x
- CRA's equity and net total debt / EBITDA adj., dampened largely by margin calls / derivative instruments, fair value adjustments and financial debt rise
- Increased counterparty and financial risks (margin calls, derivative instruments)
- Expecting significant proceeds through the disposal of EQUANS, enabling reduction of net financial debt by around EUR 7.1 billion and securing growth for the energy transition
- Exposure to volatility of power prices is limited as considerable amount of energy sales have already been hedged for 2022 and securing energy supply due to expanding sources
- Strong liquidity position and proved access to capital markets
- Worsening market conditions due to rising interest rates and risk of recession in Europe coupled with a high uncertainty regarding further geopolitical course and actual economic consequences

ESG factors are factors related to environment, social issues and, governance. For more information, please see the "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

ESG-criteria:

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Engie S.A. we have not identified any ESG factors with significant influence.

Although we have not identified any ESG factors for Engie, which would influence the rating, ESG factors play an important role for the Company.

Engie stringently pursues the goal of accelerating the gradual transition to a carbon-neutral economy and has also integrated this goal into its corporate strategy. Engie aims to play a leading role in the energy transition and climate protection in Europe. Therefore, in February 2020, 19 new 2030 targets were set to monitor its corporate social responsibility (CSR) performance in the most concrete way possible. These targets are fully in line with the 17 Sustainable Development Goals set by the United Nations for 2030.

The Company has made significant progress on ESG in recent years and the transformation is likely to continue as the company pursues its corporate strategy. Engie is a major player in the renewable energy sector in Europe, with an installed capacity of 34 GW in 2021. In France, Engie is the leading producer of onshore wind and solar energy and the second-leading producer of hydropower.

Engie has set itself the target to accelerate the development of renewable energy internationally, planning to add an average of 4 GW per year of renewable energy by 2025. In 9M 2022, the Company added 2.5 GW of renewable capacity. In addition, the Company acquired a 6GW portfolio of solar and storage capacity projects. Its ambitious targets are very capital intensive, reflected in its high capex (see chapter business development), but also necessary to cope with the energy transition. As financial support the European Commission has approved a contribution of EUR 5 billion to the development of Hydro.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Rating result

The current rating of **A-** attests a high level of creditworthiness to the unsolicited corporate rating of Engie S.A., representing a low default risk. Our rating assessment reflects the strong market position of Engie as one of the leading network operators and low-carbon electricity producers in Europe as well as in other relevant markets. The Company has a resilient, integrated business model and diversified product portfolio focusing on future-oriented low-carbon electricity generation and energy efficiency solutions. A substantial part of the Company's earnings is generated in regulated or contracted businesses, creating a basis for predictable and sustainable cash flows. The Group has strengthened its business profile by optimizing its activities with the divestiture of coal-fired power plants and enlarging the share of regulated and contracted activities. The Company is exposed to changes in commodity prices, weather, and regulation, as well as to operational and financial risks related to nuclear power generation. The Company's growth strategy in sustainable energy generation and efficiency solutions, as well as its network operator activities in times of the energy transition, are associated with substantial capital expenditure. Given the French state's current interest in Engie's share capital, as well as its systemic importance for the country, we consider the Company to be government-related. This fact has a positive impact on our rating assessment; however, this supportive rating effect could be lost if the French state (CRA's unsolicited sovereign rating of French Republic: **AA / negative**; state of the report 5 May 2022)¹ were to further decrease its stake in the Company.

¹ For more details, see the rating report published on our website: www.creditreform-rating.de

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Outlook

The one-year outlook is **negative**. We assume a further, largely stable, global demand for power as a result of the overall improved post-pandemic economic situation despite certain declines as a result of higher prices and gas shortages. In addition, due to reduced global investments in upstream activities during the pandemic in combination with the restrictions on Russian gas, we expect elevated price levels for hydrocarbons and nuclear power to persist, more than compensating for reduced gas transmission. Nevertheless, earnings potential will be further dampened by policy measures in connection with the energy crisis. Against this backdrop, and taking into consideration Engie's largely improved financials in combination with the positive Group forecast, we assume that the Company will be able to maintain the rating within one year and to sustain possible economic fluctuations. The outlook may be revised if the risk of a persistent economic downturn in Europe, resulting from the tense geopolitical situation and paired with an energy and commodities supply crisis, should materialize.

Against the background of the partial deterioration of the financial ratios in recent fiscal years, in particular with regard to the economic equity ratio (calculated by CRA) and the debt ratios, a timely review of the outlook and the rating grade will be carried out after the business figures for 2022 have been presented.

Best-case scenario: A-

In our best-case scenario for one year, we assume a rating of A-. Despite the overall economic recovery in 2021 and 2022 and the stabilization of most of the Group's financials, we do not expect a rating upgrade within a horizon of one year. This is based on elevated risks of a wider economic downturn resulting from the current tense geopolitical situation, increased interest rates, as well as the exacerbated financial risks in connection with higher liquidity needs resulting from margin calls and with disruptions in gas supply. Furthermore, the high investment requirements in line with its strategy in favor of the energy transition, dampening free cash flow, also constrains a rating upgrade based on an annual review.

Worst-case scenario: BBB+

In the worst-case scenario for one year, we assume a rating of BBB+. In this scenario, we assume that the economic environment will worsen following the energy and supply crisis, resulting in a deterioration of the Company's earnings or an enduring disproportionate increase in debt compared to earnings. A downgrade of the unsolicited sovereign Rating of France, with no impact on Engie's economic situation, would not necessarily lead to a downgrade of the Company, as the sovereign rating grade has a certain buffer.

Business development and outlook

Against the backdrop of the relaxation of the COVID-19 containment measures and the associated economic recovery, the Company reported significantly improved revenues and earnings compared to the previous year. Revenues amounted to EUR 57,866 million (2020: EUR 44.306 million), improving by 30.6% compared to 2021, but without reaching their pre-crisis levels, with reference to the fiscal year 2019 (see Table 2). Excluding foreign exchange and scope effects, Engie achieved a revenue increase of 33.1%, partly supported by higher prices in hydro and nuclear power as well as a higher output of nuclear power, and colder temperatures than in 2020. Every segment apart from Networks achieved double-digit growth. The Networks segment recorded a slight drop of 0.3% compared to 2020 as result of foreign exchange and scope effects; excluding these effects, the segment would have recorded a growth of 1.8%. With an EBIT of 5,997 million (2020: EUR 835 million), the Company exceeded even the 2019 result by 1.9x-times due to significantly lower impairment losses and negative one-off effects than in the last two years, enabling a decrease in other operating expenses of roughly EUR 3.0 billion compared to 2020 and approximately EUR 1.7 billion compared to 2019. The Company also benefited from higher net income from investments and a better financial result compared to the previous years, so that the Company achieved a strong net income of EUR 3.758 million (2020: -892 million; 2019: 1.648), more than twice as high as in 2019 with 2.28x.

Table 1: Financials I Source: Engie S.A. Annual Report 2021, standardized by CRA

| Engie S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IFRS, Group) | CRA standardized figures ² | |
|---|---------------------------------------|---------|
| | 2020 | 2021 |
| Sales (million EUR) | 44,306 | 57,866 |
| EBITDA (million EUR) | 5,203 | 10,367 |
| EBIT (million EUR) | 835 | 5,997 |
| EAT (million EUR) | -892 | 3.758 |
| EAT after transfer (million EUR) | -1,536 | 3,661 |
| Total assets (million EUR) | 143,991 | 216,042 |
| Equity ratio (%) | 20.20 | 18.72 |
| Capital lock-up period (days) | 139.14 | 203.09 |
| Short-term capital lock-up (%) | 68.97 | 100.36 |
| Net total debt / EBITDA adj. (factor) | 11.98 | 14.72 |
| Ratio of interest expenses to total debt (%) | 1.87 | 1.17 |
| Return on Investment (%) | 0.53 | 2.39 |

² For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

Table 2: The development of business of Engie S.A. | Source: Annual Report 2019, 2020 and 2021, reported information

| In million EUR | 2019 | 2020 | 2021 |
|----------------|--------|--------|--------|
| Sales | 60,058 | 44,306 | 57,866 |
| EBIT | 3,205 | 835 | 5,997 |
| EAT | 1,648 | -892 | 3,758 |

While operative performance benefitted from rocketing prices, the increasing commodity prices led to significantly higher margin requirements for Engie's derivatives, referred to as margin calls, impairing cash flow. In 2021, higher margin calls led to a net cash outflow of around EUR 2.2 billion, which could put pressure on liquidity needs. However, the margin calls were partly offset by a higher operating cash flow of 1.3 billion and an increase on borrowings of approx. EUR 8.4 billion, so that liquidity remained strong with cash and cash equivalents totaling EUR 14 billion, and undrawn committed credit facilities amounting to EUR 12 billion, together covering current financial liabilities roughly 2.3 times. In addition, Engie monitors and streamlines the cash movements related to the margin calls, partly based on stress tests.

Net financial debt increased by EUR 2.9 billion compared to 2020, standing at EUR 25.3 billion (2020: EUR 22.5 billion). The increase of 12.9% was also due to the reported high capital expenditures (EUR 8.0 billion), dividend payouts to Engie's shareholders (EUR 1.4 billion), and debt repayments and others (EUR 1.5 billion), partly dampened by disposals (EUR 2.0 billion)³ in addition to the higher cash flow from operations. Of the total capex (excluding Synatom investments amounting to EUR 1.3 billion), EUR 1.8 billion was for maintenance and EUR 4.3 billion for the Group's growth strategy, focusing largely on the expansion of Renewables (44.1%) and Networks (30.9%). In contrast to its cash flow from operating activities (relating to continuing operations), amounting to EUR 6.8 billion in 2021, we consider the investment requirements to be very high, but also necessary with regard to the energy transition. In particular, investments in renewable energy and diversified energy sources are currently proving profitable against the backdrop of the energy crisis in connection with the Russia-Ukraine war (see business development in 9M 2022, in the following section). Despite the increase in financial debt, partly dampened by a decrease in provisions, the reported economic net debt / EBITDA ratio improved from 4.0x according to the annual report 2020 to 3.6x in 2021 due to better EBITDA, keeping its commitment to maintain its leverage ratio equal to or under 4.0x. The Company expects further improvements related to proceeds from disposals in line with its strategy of simplifying Engie's portfolio, focusing on its core activities. As of 31. December 2021 Engie had already signed or completed disposals of EUR 9.2 billion in total. Through the disposals, the Company expects a positive impact on financial debt of at least EUR 11 billion between 2021 and 2023, after which it is expected to slow down due to portfolio limitations. The proceeds are to be used to fund investments in order to expand Renewables, Infrastructure and Asset-based activities in Energy Solutions for creating long-term growth, but also to enable a stronger financial position for Engie.

Fair value adjustments of derivative instruments and margin deposits caused an immense balance sheet extension, deteriorating CRA's financial key figures equity ratio and net total debt / EBITDA adj. (see the figures in table 1). However, as these are temporary effects, and the Com-

³ In particular through the sale of an 11.5% stake in GRTgaz, on 22 December 2021.

pany has sufficient financial headroom, these factors do not currently affect the rating. The margin deposits will be returned to Engie when the underlying positions go into delivery, or when prices normalize.

To weather the energy crisis, implicating strong government efforts, the Company is subject to several policy measures, especially in France and in Belgium, such as a tariff shield and price cap mechanism for state and customer relief, mitigating earnings potential. Due to government profit-sharing mechanisms, Engie made a contribution of EUR 0.9 billion in the first nine months of 2022. In addition, in Belgium, based on the draft law approved in first reading by the Council of Ministers on 29 October 2022 a rent cap at EUR 130/MWh was approved retroactively from August 1, 2022 lasting until at least June 30, 2023, expected to affect Engie's revenues from nuclear assets. As the average achieved prices for Nuclear amounted to 95.6 EUR/MWh in H1 2022, we assume the impact on the results will be largely moderate. In France, a first draft for the implementation of the inframarginal rent cap was introduced in the Finance Act, but it is expected to be modified within the parliamentary process. The rent cap will range from EUR 100/MWh to EUR 260/MWh, applying from December 2022 to the end of 2023 (as at 16 December 2022). Engie expects that its drawing rights on two EDF nuclear power plants and its own combined cycle gas turbines will be affected. The proposals, which have not yet been finalized, are expected to come into force at the end of the year.

Despite windfall profit taxes and other mechanisms, as well as warmer temperature in Europe compared to the same period in the previous year, the current fiscal year was also marked by significant improvements based on the current market conditions. Engie recorded further a significant rise in revenues and results in 9M 2022, driven by higher energy prices and volumes, and in particular by strong commercial and trading performance (Global Energy Management & Sales). Engie recorded revenues of EUR 69,344 million (9M 2020: EUR 37,420 million), up 85.3% on a gross basis and 82.9% on an organic basis. The reported EBIT amounted to EUR 7,254 million (9M 2020: 3,934 million), up 85.3% on a gross basis and 82.9% on an organic basis. As is common, in its third-quarter report, the Company does not report the net income. According to Engie's Guidance 2022 statement, the Company upgraded the net recurring income (continuing activities) range forecast to EUR 4.9-5.5 billion, including Engie's estimate of the potential impact of the EU emergency measures, largely in France and Belgium. In the first half of the year, the range was set at EUR 3.8-4.4 billion. Moreover, the half year results show a significantly higher net recurring income than in the same period of 2021 - at 3.2 billion (H1 2021: 1.3 billion), up 2.5x.

As a result of the Company's solid performance, cash flow from operations was also very strong, amounting to EUR 8.4 billion (9M 2021: EUR 5.3 billion). Negative effects due to higher commodity prices and government emergency policy measures affecting working capital (- EUR 3.7 billion) were more than offset by the positive effects of margin calls (+ EUR 3.2 billion) and other positive changes (+EUR 1.3 billion). A further source of cash inflow was proceeds of EUR 1.7 billion due to the sale of the 6% share of GTT and SUEZ. Nevertheless, net financial debt increased by EUR 2.2 billion compared to 31 December 2021, and economic net debt increased by 0.7 billion compared to 31 December 2021; however, the improved EBITDA enabled an economic net debt / EBITDA of 2.8 as of 30 September 2022, far below Engie's maximum target value. Nevertheless, we expect that this value will be rather temporary due to political emergency measures, the high investment requirements, as well as the high volatility of energy prices.

Another highlight in the current year has been the completion of the sale of EQUANS to Bouygues in October 2022, enabling Engie to reduce its net financial debt by around EUR 7.1 billion. The cash inflow also has strategic importance, as described above.

Despite the Group's extraordinary performance, benefitting in part from the current market conditions, Engie faces a range of uncertainties which could have a negative impact on its business as a result of the war in Ukraine. Against the backdrop of increased energy prices, disruptions in supply chains and an inflationary environment, the risks of a persistent economic downturn or even a recession in Europe have become more acute. To cover its energy needs, the Company has started a range of initiatives, especially through new contracts and new supply sources such as LNG. Engie has been able to withstand significant disruptions in Russian gas flows with no impact on physical supply, thus playing a leading role in supporting security of supply in Europe. The new sources, including LNG, should also replace the dependence on Russia's gas in the future. The Group has also strengthened its financial headroom by increasing its liquidity reserves, to counter the ongoing phase of extreme volatility in the energy commodities market.

Overall, the Group displays satisfactory development aided by strong market dynamics, enabling a strong improvement in operating performance, but also causing significant adjustments related to its financial instruments and margin requirements, which temporarily affected the Group's financial statements and increased liquidity needs. However, the Company has sufficient liquidity headroom, and its very good capital market access combined with its positive business outlook will serve to mitigate these temporary effects. Nonetheless, it remains to be seen how the economy will develop in line with the geopolitical situation, and what the actual impact will be, as it is currently characterized by a high degree of uncertainty, also reflected in the volatile energy price development.

Issue rating

Issue rating details

The rating objects of this issue rating are exclusively the long-term senior unsecured notes, denominated in euro and issued by Engie S.A. (issuer), which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The notes have been issued under the EMTN program with its latest prospectus from 24 May 2022. This EMTN program amounts to EUR 25 billion. The notes and coupons under the EMTN program constitute unconditional, unsubordinated, unsecured obligations of the Issuer, and rank at least pari passu among themselves and with all other present and future unsecured obligations and guaranties of the Issuer. The notes issued under the EMTN program benefit from a negative pledge provision and a cross acceleration mechanism. A redemption at the option of the noteholders following a change of control can be specified in the final terms of each series.

Result corporate issue rating

We derive the rating of the euro-denominated bonds of the issuer from the corporate issuer rating of Engie S.A. The rating of the notes is therefore set equal to the corporate rating of the issuer. The rating result is **A-** with **negative** outlook. For the issue rating we have applied our rating methodology for corporate issues.

Overview

Table 3: Overview of CRA Ratings | Source: CRA

| Rating Category | Details | |
|---|------------|---------------|
| | Date | Rating |
| Engie S.A. (Issuer) | 16.12.2022 | A- / negative |
| Long-term Local Currency (LC) Senior Unsecured Issues | 16.12.2022 | A- / negative |
| Other | -- | n.r. |

Table 4: Overview of 2022 Euro Medium Note Programme | Source: Base Prospectus dated 24 May 2022

| Overview 2022 EMTN Programm | | | |
|-----------------------------|--------------------|----------|------------------------------|
| Volume | EUR 25,000,000,000 | Maturity | Depending on respective bond |
| Issuer / Guarantor | Engie S.A. | Coupon | Depending on respective bond |
| Arranger | Deutsche Bank | Currency | Depending on respective bond |
| Credit enhancement | none | ISIN | Depending on respective bond |

All future LT LC senior unsecured Notes that will be issued by Engie S.A. and have similar conditions to the current EMTN programme, denominated in euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unsecured notes issued under the EMTN programme. Notes issued under the programme in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG. For the time being, other emission classes or programmes (such as the Commercial Paper Programme) and issues that do not denominate in euro will not be assessed.

Appendix

Rating history

The rating history is available under:

<https://www.creditreform-rating.de/en/ratings/published-ratings.html>

Table 5: Corporate issuer rating of Engie S.A. | Source: CRA

| Event | Rating date | Publication date | Monitoring period | Result |
|----------------|-------------|------------------|-------------------|-------------|
| Initial Rating | 30.12.2016 | 09.01.2017 | 23.04.2017 | A- / stable |

Table 6: Corporate Issue rating of Engie S.A. | Source: CRA

| Event | Rating date | Publication date | Monitoring period | Result |
|----------------|-------------|------------------|-------------------|-------------|
| Initial rating | 28.09.2018 | 09.10.2018 | 14.05.2020 | A- / stable |

Regulatory requirements

The rating⁴ was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

| | |
|--|----|
| With Rated Entity or Related Third Party Participation | No |
| With access to Internal Documents | No |
| With Access to Management | No |

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

| Rating methodology | Version number | Date |
|---|----------------|--------------|
| Corporate Ratings | 2.4 | July 2022 |
| Government-related Companies | 1.0 | April 2017 |
| Non-financial Corporate Issue Ratings | 1.0 | October 2016 |
| Rating Criteria and Definitions | 1.3 | January 2018 |

The documents contain a description of the rating categories and a definition of default.

⁴ In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The rating was carried out by the following analysts:

| Name | Function | Mail-Address |
|---------------|--------------|-----------------------------------|
| Holger Becker | Lead-analyst | H.Becker@creditreform-rating.de |
| Esra Höffgen | Analyst | E.Hoeffgen@creditreform-rating.de |

The rating was approved by the following person (person approving credit ratings, PAC):

| Name | Function | Mail-Address |
|-----------------|----------|----------------------------------|
| Stephan Giebler | PAC | S.Giebler@creditreform-rating.de |

On 16 December 2022, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 19 December 2022. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report at this point:

No ancillary services in the regulatory sense were carried out for this rating object.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the [ESMA website](#).

An explanatory statement of the meaning of Creditreform Rating AG's default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

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