Creditreform Corporate Issuer / Issue Rating

Abertis Infraestructuras S.A.

Creditreform Rating

Rating object	Rating information	
Abertis Infraestructuras S.A. Creditreform ID: 39019 Incorporation: 1967 Based in: Barcelona, Spain (Main) Industry: Toll roads infrastructure development CEO: Francisco José Aljaro Navarrois Rating objects: Long-term Corporate Issuer Rating: Abertis Infraestructuras S.A. Long-term Local Currency (LT LC) Senior Unsecured Issues	SME / Corporate Issuer Rating: **BBB / WATCH UNW**	Type: Initial rating unsolicited
	LT Senior Unsecured Issues, LC: **BBB / WATCH UNW**	Other: **n.r.**
	Rating date: 26 September 2019 Monitoring until: withdrawal of the rating Initial rating: www.creditreform-rating.de Rating methodology: CRA "Corporate Ratings" CRA "Non-Financial Corporate Issue Ratings" CRA "Rating Criteria and Definitions" Rating history: www.creditreform-rating.de	

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Summary

Company

Abertis Infraestructuras S.A. – hereinafter also referred to as Abertis, the Company or the Group – is a public company incorporated in 1967. The Group is a leading company in the area of infrastructure management servicing and mobility and operates toll roads in 15 countries. With 8,600 km of roads under management Abertis achieved revenues from services amounting to EUR 5.050 million (2017: EUR 5.108 million), an EBITDA adj. of EUR 3.724 million (2017: EUR 3.493 million) and an EAT of EUR 1.681 million (2017: EUR 897 million). The Group counted 13,880 employees (2018: 15,046) on average during 2018.

The Group was the target of a joint takeover organized by the German construction company HOCHTIEF, its parent company Actividades de Construcción (ACS) and Atlantia S.p.A. (BBB / WATCH NEW). As of 29 October 2018, the takeover of Abertis Infraestructuras was finalized, and as of that date, the Group's financial statements are consolidated in the financial statements of Atlantia S.p.A. In light of this acquisition, the Group distributed an extraordinary non-cash dividend to its shareholders, for which Abertis assumed the debt that was used for its takeover on its balance sheet, thereby completely changing the Group's financing structure.

Rating result

The current rating attests Abertis Infraestructuras S.A. a highly satisfactory level of creditworthiness, which represents a low-to-medium default risk.

The factors contributing to the rating of Abertis are its high degree of geographical diversification based on a broad portfolio of long-term concession agreements, which generate relatively stable cash flows from its operations.

The downgrade of the rating of Abertis is mainly the result of the non-cash, extraordinary dividend, used to assume the debt of Abertis Holdco, in order to finance the acquisition of Abertis. The extraordinary dividend in combination with the assumed borrowings changed its financial structure significantly and caused the Group's financial key ratios to deteriorate. Additionally, the Group's new shareholders implemented an aggressive dividend policy further limiting the Group's ability to deleverage. Even though we have taken a deterioration in the key financial key ratios into account, a larger deterioration than anticipated might put further downward pressure on the rating result.

Outlook

We do not expect any big changes in the operative performance of the Group. The financial key ratios were negatively influenced due to an extraordinary non-cash dividend in the form of assuming the debt of Abertis Holdco. The exact impact on the financials of Abertis can first be determined after publication of its official audited figures. For this reason, we have assigned this rating the supplement of WATCH UNW.

Relevant rating factors

Table 1: Financials of Abertis Infraestructuras S.A. (Group) I Source: Abertis Infraestructuras S.A. annual report 2018, standardized by CRA

Abertis Infraestructuras S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IFRS, Group)	CRA standardized figures[1]	
	2017	**2018**
Sales (million EUR)	5,860	5,574
EBITDA (million EUR)	3,493	3,724
EBIT (million EUR)	2,072	2,346
EAT (million EUR)	999	1,835
EAT after transfer (million EUR)	897	1,681
Total assets (million EUR)	26,835	26,166
Equity ratio (%)	12.77	19.23
Capital lock-up period (days)	33.77	27.30
Short-term capital lock-up (%)	51.41	53.67
Net total debt / EBITDA adj. (factor)	6.00	4.94
Ratio of interest expenses to total debt (%)	4.45	4.66
Return on Investment (%)	6.85	9.99

Excerpts from the financial key figures analysis 2018

+ Increased EBITDA
+ Equity ratio
+ lower net debt/EBITDA adj.

- ratio of interest expensess tot total debt

General rating factors

+ Solid business model, generating relatively stable cash flows
+ Market leader in toll road operations in Brazil and Chile and Spain
+ Geographically well-diversified outside of Spain
+ Present in countries with solid legal frameworks
+ High entry barriers

[1] 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.

Please Note:
General rating factors summarize the key issues that – according to the analysts as per the date of the rating – have a significant or long-term impact on the rating, positive (+) as well as negative (-).

Current rating factors are the key factors that have, in addition to the underlying rating factors, an impact on the current rting.

Prospective rating factors are factors and possible events that – according to the analysts as per the date of the rating – would most likely have a stabilizing or positive effect (+) and a weakening or negative effect (-) on future ratings, if they occurred. This is not a full list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

- Transport infrastructure sector sensitive to country risks, macroeconomic development, fuel prices and climatic conditions
- Market conditions can be largely influenced by government (regulations
- Low flexibility with regard to tariffs
- High ongoing investments required

Current rating factors

+ Increased focus on toll motorway industry by selling non-core assets (cellnext and Hispasat)
+ Improved operating performance and strong margins
+ Efficient management of expiring asset replacement / substitution
+ Extending the end term of the concessions in Autopista del Sol S.A., GCO and Ausol

- Deterioration in financial structure following the extraordinary dividend which was used to transfer debt into the consolidated accounts of Abertis Infraestructuras S.A.
- Aggressive dividend policy implemented by its new shareholders further limiting the ability to deleverage
- Negative currency movements affecting the Group's revenues and financial results.
- Some important concessions approaching the end of their term have not yet been extended
- Reduced transparency (no more full interim reporting)

Prospective rating factors

+ Lower dividend distributions / Change in dividend distribution policy
+ Further improved operating performance and portfolio diversification based on synergies through further international acquisitions
+ Increased operating performance

- Integration risks linked to prospective new acquisitions
- Risk of potential increase in fuel prices that would have an impact on traffic volume
- Increase of the share of activities in emerging markets
- Decreased operating performance

Best-case scenario	BBB
Worst case scenario:	BBB-

Please note:

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

Best-case scenario

In our best-case scenario for one year, we assume a rating of BBB. We hold the view that with the Group's increased leverage, and the dividend policy that is currently in place, that an upgrade is unlikely in the short to middle term.

Worst-case scenario

In our worst-case scenario for one year, we assume a rating of BBB-. This could be the case if the financials of the Group would deteriorate. For example due to a reduction in traffic or an increase in operative costs. Furthermore, we do not rule out a further downgrade of the rating, if the financial structure is worse than what we anticipated following the payout of the non-cash extraordinary dividend.

Business development and outlook

During the 2018 business year Abertis generated operating income of EUR 5,255 million (2017: EUR 5,271 million), an EBITDA adj. of EUR 3,724 million (2017: EUR 3,493 million) and an EAT of EUR 1,681 million (2017: EUR 897 million). The revenues from toll road services amounted to EUR 5,050 million (2017: EUR 5,108 million). Despite the traffic increase of 1.8%, and the toll increases at various concessions, the revenues from services decreased marginally. This was mainly the result of adverse currency developments of South American currencies against the Euro. The adverse currency developments also affected the Group's cost structure, and therefore did not affect the Group's EBITDA significantly. The Group increased its EBITDA by approximately 6.5%, which was mainly driven by efficiency improvements. The substantial increase in Abertis' EAT was mainly the result of a non-recurring positive effect of EUR 605 million, resulting from the gain on the sale of 34% of Cellnex. The share in Cellnext Telecom S.A. was sold for EUR 1.703 million. Excluding any non-recurring effects, the Group's EAT would have seen an increase of 15% in comparison with the 2017 business year.

During 2018, average daily traffic rose by 1.8% in total, driven by increases of 3.3% and 1.7% in Spain and France respectively. France and Spain remained the biggest contributors to the Group's EBITDA with EUR 1,200 million and EUR 1,172 million respectively, followed by Chile with EUR 420 million, Brazil with EUR 293 million and Italy with EUR 235 million. Argentina, Puerto Rico, and the rest of world were smaller contributors.

During the 2018 business year, the Group recorded a total of 491million in capital expenditure. The largest part of this was allocated to expanding road capacity, especially in Brazil (EUR 257 million), and France (EUR 185 million). Additionally, the Group invested EUR 341 million in inorganic expansions. Abertis acquired a shareholding of 6,47% in A4 holding for EUR 33 million, and 26% in JEPL for EUR 15 million , raising their shareholdings to 90.03% and 100% respectively. Moreover, the Group purchased a further 32.3% of the share capital of Hispasat for EUR 293 million, raising the ownership to 89.68% due to an agreement made with third party shareholders. On the third of October 2019 the Group disclosed that it had closed the sale of its 89.7% shareholding in Hispasat to Red Eléctrica Corporación. The stake in Hispasat was sold for a total consideration of EUR 933 million. The Group announced in 2017 their intention to sell Hispasat.

The Abertis group has been the object of an acquisition by Actividades de Construcción y Servicisios S.A (ACS), its subsidiary Hochtief AG and Atlantia S.p.A. The acquisition was finalized as of 29 October 2018 and the Group is since then consolidated in the financial statements of Atlantia S.p.A. Abertis was acquired for a total consideration of EUR 16,520 million, which was financed with approximately EUR 9,782 million debt. Following the acquisition of Abertis, its shares were delisted from the Madrid, Barcelona, Valencia and Bilbao stock markets effective on 6 August 2018.

According to the half-year results of 2019, the Group increased its revenues by 2.4% to EUR 2,596 million and its EBITDA by 6.5% to EUR 1.784 million. The Group invested EUR 282 million of which EUR 142 million in Brazil and EUR 79 million in France. On 19 March 2019, the ordinary general shareholders meeting approved an extraordinary dividend in the amount of EUR 9,963 million. This transaction follows the acquisition of Abertis. Instead of paying out the dividend in cash, Abertis will assume the debt of Abertis Holdco S.A., which was used to finance the acquisition. Abertis has therefore become the borrower under the facility agreements in the amount of EUR 8,895 million, and EUR 970 million respectively.

Immediately following the debt transfer, the Group made prepayments to redeem debt in the amount of EUR 1,343 million resulting from the proceeds obtained from the sale of its share in Cellnex Telecom S.A., and refinanced EUR 3,068 million by a bond issued on 18 March 2019 with different maturities.

The general shareholders meeting also approved a dividend of EUR 875 million for the 2018 year, representing EUR 0.96 gross for each existing and outstanding share. The Group will continue to focus on international growth, and key areas, seeking efficiencies and on shareholder returns. This growth will be realized either through new acquisitions, or by extending new concessions in exchange for new investments.

Structural risk

Abertis Infraestructuras S.A. is an international toll road operator headquartered in Barcelona, Spain. The Group carries out its activities in 15 different countries around the world and has 8,200 km of toll roads under management, of which 7,759 km under direct management

In line with its strategy of focusing exclusively on the toll road operations sector, the Group disposed of all its activities in the satellite transmission sector with the sale of Hispasat, and the sale of its 34% in Cellnex. The Group is now only active in the toll motorway industry.

During the business year of 2018, Atlantia S.p.A., Actividades de Construcción y Servicisios S.A. (ACS), and Hochtief Aktiengesellschaft jointly acquired Abertis Infraestructuras S.A. Within the framework of the shareholder agreement, the parties established the holding company Abertis Holdco S.A., of which 50% plus one share is held by Atlantia S.p.A., 30% is held by ACS, and 20% minus one share is held by Hochtief. Abertis Holdco S.A. then established the company Abertis Participaciones S.A., which holds 98.7% of the shares of the Abertis group. Because Atlantia S.p.A. is the majority shareholder, Abertis will be consolidated in the financial statements of the Atlantia Group. On 3 August 2018, the Group announced that it would delist its shares from the Barcelona, Bilbao, Madrid and Valencia stock exchanges, effective on 6 August.

The Group has a board of directors, which it renewed following the change in the shareholding structure. The board of directors now consists of five members, and was reduced from nine members in order to simplify the corporate governance structure. The Board of directors consists out of two by ACS/Hochtief appointed members and two members appointed by Atlantia. The fifth member is Francisco José Aljaro Navarro, the CEO of the Group. The governance of the Group is arranged by a shareholders' agreement between Atlantia, Hochtief and ACS. The Atlantia group has control over the Group because it has a majority of shares. However, ACS, as the second largest shareholder has additional rights, which allows it to veto far-reaching decisions such as acquisitions or divestments, the strategic commercial behavior, investment decisions and financing or pre-financing of projects.

Overall, we see no core structural risks for Abertis Infraestructuras S.A. The planned further internationalization via concessions acquisitions entails integration risks and the risk of non-realization of expected gains and synergies. We do not see any large core risks that arise from the change in shareholder structure. We believe that Atlantia's controlling position is limited due to the built-in veto rights for ACS.

Business risk

The Group holds a range of concessions for different motorways around the world, offering services in construction, maintenance and the operation of toll roads and is market leader in Brazil, Chile and Spain, but also has a significant presence in France, Italy and Puerto Rico. Other countries where the Group is present are Argentina, India, Colombia, Ireland, UK, USA, Canada and Croatia

The Group has a geographically well-diversified portfolio and generates approximately 73% of its revenue and 68% of its EBITDA outside of its domestic market (Spain). The Group focusses on international growth and has as a result, reduced its exposure to France and Spain. It is however to be noted that France and Spain together still generated 66% of the Group's EBITDA during the business year of 2018.

Its current concession portfolio consists out of 32 different concession agreements over which it has complete or shared management as of the end of 2018. The average unweighted time to expiry is approximately 12 years. Seven concession agreements will expire before 2025, of which two will expire in 2019 (Centrovias in (Brazil, 218 km) and Aumar (Spain, 468 km)).

The general strategy of the Group is based on achieving international growth in the toll road segment and increasing its efficiency. The Group focusses on public-private partnerships in striving to obtain new concessions, and hence to increase diversification in their portfolio. The Company negotiates with authorities on investing in the toll motorway in exchange for extensions of their terms (i.e. Autopista del Sol, Gco and Ausol in 2018).

The Group generates a large part of its revenue outside of the EU (32%), of which a large part in South American economies. During the business year of 2018, the Brazilian Real and the Argentine Peso depreciated against the Euro by 19% and 130% respectively. Additionally, the Group has particular exposure to the Chilean Peso, the US Dollar and the Indian Rupee. The Group reduces currency exposure by natural hedging strategies and tries to hedge any residual currency risk.

We believe that the Group has a solid business risk profile. Based on long-term concession agreements, Abertis generates relatively stable cash flows and has a geographically well-diversified portfolio. The Group focusses on further international diversification, which is in line with its strategy. Based on the market position of the Group and the importance of the services it offers, we see good chances for Abertis to manage its portfolio rotation in the future.

Financial risks

For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. Contrary to our normal practice, we deducted the goodwill shown on the balance sheet from equity only by 50%, suggesting a certain recoverability of goodwill. The following descriptions and indicators are based primarily on these adjustments.

As of 31 December 2018, the Group has a stable capital structure with a sufficient adjusted equity ratio of 19.23% (2017: 12.77%). The Group has good earnings power with a return on investment of 9.99% (2017: 6.85) and excluding the gain of Cellnex: 7.67% (2017: 6.85) and a solid net debt/EBITDA of 4.94 (2017: 6.00).

In line with the debt transfer during the 2019 business year the Group assumed additional debt in the amount of EUR 9,954 million (EUR 9,828 million drawn). This debt transfer has been structured via an extraordinary dividend that was not paid in cash. Instead, Abertis took over the obligations of Abertis Holdco S.A. that arose in connection with the financing of the acquisition of Abertis. This structured debt transfer resulted in an adverse change in the capital structure of Abertis in 2019. The leverage increased significantly due to the increase in borrowings from approximately EUR 16 billion to EUR 26 billion and the deduction of equity in approximately the same amount.

According to the half-year figures of 2019, the financial debt stands at EUR 26,069 million as of 31 June 2019. During 2019, the Group issued two bonds, in the amount of EUR 3.000 million, and EUR 1.300 million with different maturities in order to refinance outstanding debt and restructure the maturities the Group took over from Abertis Holdco. The Group also used the cash inflow (EUR 1,703 million) obtained from the disposal of Cellnex Telecom S.A. to reduce outstanding debt in the amount of EUR 1,342 million. Following these measures, the Group refinanced a significant part of the borrowings the Group adopted. However, we expect a negative development of the adjusted financial key ratios with a negative equity quote, increased Net debt /EBITDA and a higher interest burden, as well as worsened profitability key figures. The Group's maturity profile is well distributed: EUR 1.000 million and EUR 2.700 million will be maturing in 2019 and 2020. EUR 10,164 million will be maturing between 2021 and 2023 and EUR 12,205 million during 2024 and after.

As of 31 June 2019, the Group disposed over cash and cash equivalents in the amount of EUR 2.104 million (31.12.2018: 2,737 million). The Group has strong EBITDA generation and is able to finance their capital expenditure without having to assume further borrowings. The Group had a cash flow from operating activities in the amount of EUR 1.908 million (2017: EUR 2,391 million). For the 2018 business year, the Group paid out an ordinary dividend of EUR 875 million. The Group plans to distribute dividends in the total amount of EUR 2,675 million between the years 2018 and 2020, as long as the notes of Abertis hold a rating of BBB from the rating agency Standard and Poors and will be changed in case of a realisitic chance of a downgrade, but will not fall below 55.5%.

The financial profile of the Group is negatively impacted by the debt transfer with Abertis Holdco. As a result, the Group's financial key figures have deteriorated, with increased leverage and higher interest burden which is putting downwards pressure on the rating. Furthermore, the shareholders' aggressive dividend distribution policy makes it difficult for the Group to significantly reduce its leverage in the short to mid-term.

Issue rating

Issue ratings details

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

The notes have been issued under the current EMTN-programme, with its latest prospectus dating from 6 March 2019. This EMTN programme amounts to EUR 7.000 million. The notes under the EMTN programme constitute direct, general, unconditional, unsubordinated and unsecured obligations. The terms and conditions of these notes under this EMTN programme contain a negative pledge provision and a cross-default clause. A change of control clause is not provided in the terms and conditions.

Corporate issue rating result

We have provided the debt securities issued by Abertis Infraestructuras S.A., with a rating of BBB. The rating is mainly based on the corporate rating of Abertis Infraestructuras S.A.

Other types of debt instruments or issues denominated in other currencies have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform rating AG.

Overview

Table 2: Overview of CRA Ratings I Source: CRA

Rating objects	Details	
	Date	Rating
Abertis Infraestructuras S.A. (Issuer)	26 September 2019	BBB / WATCH UNW
Long-term Local Currency (LT LC) Senior Unsecured Issues	26 September 2019	BBB / WATCH UNW
Other	--	n.r.

Table 3: Overview of 2019 Euro Medium Note Programme I Source: Base Prospectus Abertis Infraestructuras S.A.

Overview 2019 EMTN Programme			
Volume	EUR 7,000,000,000	Maturity	Depending on the respective bond
Issuer / Guarantor	Abertis Infraestructuras S.A.	Coupon	Depending on the respective bond
Arranger	BNP Paribas J.P. Morgan	Currency	Depending on the respective bond
Credit enhancement	none	ISIN	Depending on the respective bond

All future LT LC senior unsecured notes that will be issued by Abertis Infraestructuras S.A. and that 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 and issues that do not denominate in euro will not be assessed. For a list of a ll currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Financial ratio analysis

Table 4: Financial key ratios I Source: Abertis Infraestructuras S.A. consolidated annual report 2018, structured by CRA

Asset Structure	2016	2017	2018
Fixed asset intensity (%)	77.39	72.11	65.35
Asset turnover	0.18	0.21	0.21
Asset coverage ratio (%)	74.92	69.70	78.76
Liquid funds to total assets (%)	9.02	9.16	10.46
Capital Structure			
Equity ratio (%)	20.32	12.77	19.23
Short-term-debt ratio (%)	13.41	14.45	14.45
Long-term-debt ratio (%)	37.65	37.48	32.24
Capital lock-up period (in days)	50.89	33.77	27.30
Trade-accounts-payable ratio (%)	2.25	2.02	1.59
Short-term capital lock-up (%)	60.60	51.41	53.67
Gearing	3.48	6.11	3.66
Leverage	5.23	6.01	6.27
Financial Stability			
Cash flow margin (%)	51.67	38.55	53.34
Cash flow ROI (%)	8.37	8.44	11.39
Total debt / EBITDA adj.	7.37	6.70	5.67
Net total debt / EBITDA adj.	6.53	6.00	4.94
ROCE (%)	8.85	10.64	12.37
Total debt repayment period	8.10	18.70	14.28
Profitability			
Gross profit margin (%)	100.30	88.39	91.18
EBIT interest coverage	1.71	1.99	2.38
EBITDA interest coverage	2.81	3.35	3.78
Ratio of personnel costs to total costs (%)	12.78	10.84	10.41
Ratio of material costs to total costs (%)	0.00	11.85	9.01
Cost income ratio (%)	65.98	67.32	62.35
Ratio of interest expenses to total debt (%)	4.85	4.45	4.66
Return on investment (%)	5.73	6.85	9.99
Return on equity (%)	20.71	21.89	43.38
Net profit margin (%)	22.24	17.00	32.85
Operating margin (%)	40.80	35.26	42.01
Liquidity			
Cash ratio (%)	67.22	63.39	72.39
Quick ratio (%)	121.45	147.66	179.40
Current ratio (%)	168.56	193.02	239.81

Appendix

Rating history

The complete rating history is available under:
https://www.creditreform-rating.de/de/ratings/published-ratings/

Table 5: Corporate issuer Rating of Abertis Infraestructuras S.A.

Event	Rating date	Publication date	Monitoring period	Result
Update	26 September 2019	www.-creditreform-rating.de	Withdrawal of the rating	BBB / WATCH UNW
Initial rating	14 June 2017	www.creditreform-rating.de	23 Juni 2017	BBB+/ Stable

Table 6: LT LC Senior Unsecured issues issued by Abertis Infraestructuras S.A.

Event	Rating date	Publication date	Monitoring period	Result
Update	26 September 2019	www.creditreform-rating.de	Withdrawal of the rating	BBB / WATCH UNW
Initial Rating	24 August 2018	www.creditreform-rating.de	23 Juni 2017	BBB+ / Stable

Regulatory requirements

The present rating[2] is an unsolicited rating. Creditreform Rating AG was not commissioned by the Issuer with the preparation of the rating. The present analysis was prepared on a voluntary basis.

The rating is based on the analysis of published information and on internal evaluation factors. The rating was conducted based on Creditreform Rating AG's "Corporate Ratings" methodology, the "Non-Financial Corporate Issue Rating" methodology, as well as on the "Rating Criteria and Definitions".

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies. A complete description of Creditreform Rating AG's rating methodologies and Creditreform Rating AG's basic document "Rating Criteria and Definitions" is published on the following internet page:

www.creditreform-rating.de/en/regulatory-requirements/

This rating was carried out by analysts Rudger van Mook (r.vanmook@creditreform-rating.de) and Elena Damijan (e.damijan@creditreform-rating.de), both located in Neuss, Germany. A management meeting did not take place.

On 26 September 2019, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 30 September 2019. There has not been a subsequent change to the rating.

[2] 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 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.

Please note:

This report exists in an English version only.

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.

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: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

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

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