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CREDIT OPINION
27 February 2023

Update

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RATINGS

CECONOMY AG

Domicile	Dusseldorf, Germany
Long Term Rating	B1
Type	LT Corporate Family Ratings
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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CECONOMY AG

Update following downgrade to B1, outlook stable

Summary

On 21 February 2023, we downgraded CECONOMY AG's (Ceconomy) corporate family rating (CFR) to B1 from Ba3, reflecting the company's weak operating margins, the deterioration in its credit metrics and the uncertainty surrounding the company's pace of profitability recovery, which could be a multiyear turnaround given the difficult trading environment and the ongoing transformation projects.

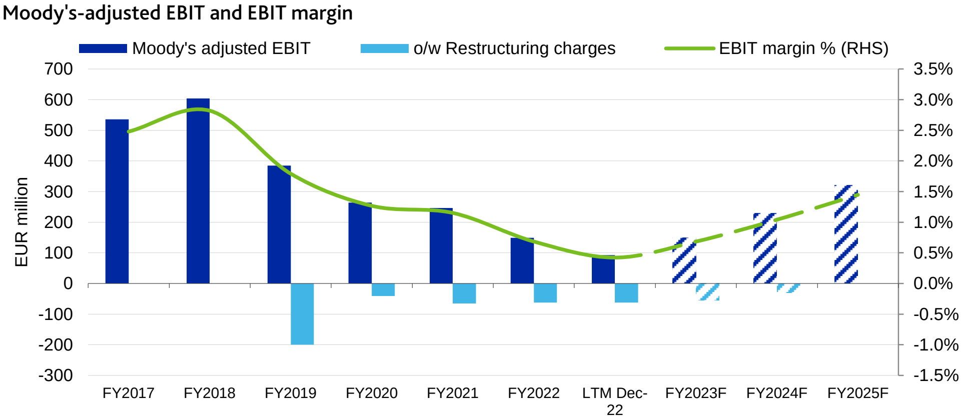
Ceconomy's B1 CFR is constrained by the company's weak profitability and thin profit margins compared with those of its peers; the current difficult trading conditions in Europe because of high inflation, which will likely constrain earnings recovery in the next 12-18 months; the highly competitive, value-driven consumer electronics market, with the accelerated shift to online creating some structural margin dilution; the discretionary and seasonal nature of demand for large parts of the product range; and the company's high management turnover, weak track record of earnings and free cash flow (FCF) improvement since 2018.

More positively, the rating incorporates the company's position as Europe's largest electronics retailer, with geographically diversified operations; strong distribution network and improving omnichannel capabilities; conservative financial profile, supported by low funded debt and short lease commitments; and an equity stake of around 24% in FNAC DARTY SA (Fnac, Ba2 stable) and the related potential long-term benefits.

Exhibit 1

We expect Ceconomy's profitability to remain low over the next 12-18 months

Moody's-adjusted EBIT and EBIT margin



Fiscal year (FY) ends on 30 September.
Source: Moody's Investors Service

Credit strengths

» Largest European consumer electronics retailer, with geographically well-diversified operations across 13 countries

» Leading market positions in Europe, supported by strong brand recognition

» Strong distribution network and improving omnichannel capabilities

» Low funded debt and short lease commitments

Credit challenges

» Very low profitability translating into limited FCF

» A difficult trading environment because of high inflation and weak consumer sentiment

» Exposure to seasonal activities, discretionary products and intense competition

» Highly seasonal business with large working capital swings

» Management turnover and weak track record of earnings and FCF improvement in the last five years

Rating outlook

The stable rating outlook reflects our expectations that Ceconomy's profitability will improve gradually over the next 24 months supporting stronger FCF. The outlook assumes continued progress in the company's transformation plan. The stable outlook also incorporates our expectations that the company will maintain adequate liquidity.

Factors that could lead to an upgrade

A rating upgrade is unlikely at this stage, considering the recent rating downgrades and the difficult operating environment. Upward rating pressure could develop over time if:

» Ceconomy demonstrates an improvement in Moody's-adjusted EBIT margin to well above 2.0% on a sustainable basis, to provide the company sufficient buffer against external pressures and potentially rising cost of debt;

» its interest cover (calculated as the ratio of Moody's-adjusted EBIT to interest expense) improves well above 3.0x;

» its FCF is materially positive on a sustained basis;

» its Moody's-adjusted (gross) debt/EBITDA remains sustainably below 4.0x; and

» it has good liquidity and maintains prudent financial policies.

Factors that could lead to a downgrade

A rating downgrade would likely occur if:

» Ceconomy's profitability and FCF do not improve on a sustainable basis in the next 12-24 months, in line with the company's current expectations of a substantial increase in EBIT (as adjusted by the company);

» failure to gradually improve margin towards 2%;

» failure to improve interest cover sustainably towards 2.5x over the next two years before the bond refinancing; or

» more aggressive financial policies, a deterioration in liquidity or signs that trade creditor terms become less favourable.

Key indicators

Exhibit 2
CECONOMY AG

(in EUR billion)	Sep-18	Sep-19	Sep-20	Sep-21	Sep-22	LTM Dec-22	12-to-18 month view
Revenue	21.4	21.5	20.8	21.4	21.8	22.0	21.5 - 22.5
EBIT / Interest Expense	2.9x	2.4x	3.3x	3.1x	1.7x	0.9x	1.5x - 2.5x
RCF / Net Debt	24.6%	36.0%	46.3%	43.9%	21.6%	176.9%	35% - 45%
Debt / EBITDA	3.2x	3.5x	2.9x	3.4x	3.6x	3.9x	3.3x - 3.8x

All figures and ratios are calculated using our estimates and standard adjustments.
Periods are financial year end unless indicated. LTM = Last 12 months.
The forecasts (f) or projections (proj.) are our opinion and do not represent the views of the issuer.
Source: Moody's Investors Service

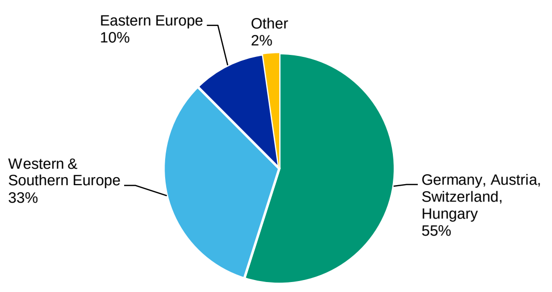
Profile

Headquartered in Düsseldorf, Germany, CECONOMY AG (Ceconomy) is Europe's largest consumer electronics retailer, operating two brands — MediaMarkt and Saturn. The company reported €22 billion in revenue in the 12 months that ended 31 December 2022. It is listed on the Frankfurt Stock Exchange and had a market capitalisation of around €1.3 billion as of 20 February 2023. The company has five anchor shareholders: Convergenta, Haniel, Meridian Stiftung, freenet AG and Beisheim.

Ceconomy owns a c.24% stake in the French consumer electronics retailer Fnac, and includes its proportion of Fnac's earnings in its reported EBITDA and EBIT. However, in accordance with our standard practice, we remove this income from the Moody's-adjusted calculations of the company's profitability and relevant credit metrics.

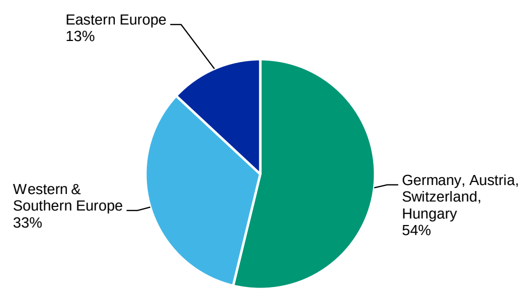
The company was established from the demerger of the former METRO Group, whose operations were split in July 2017 between Ceconomy and Metro Wholesale & Food Specialist (Metro).

Exhibit 3
Large geographical reach in Europe, although with some revenue concentration in the DACH region
Revenue breakdown for the 12 months that ended 30 December 2022



DACH stands for Germany, Austria, Switzerland and Hungary.
Source: Ceconomy

Exhibit 4
Earnings are also somewhat concentrated in the DACH region
Breakdown of EBITDA before special items for the 12 months that ended 30 December 2022 (excluding the segment "Others")



DACH stands for Germany, Austria, Switzerland and Hungary.
Source: Ceconomy

Detailed credit considerations

Deterioration in credit metrics and weak profitability, which will take several years to substantially improve

We expect Ceconomy's profitability to remain weak for the next 12 months because of high inflation and intense competition. Ceconomy's underlying earnings and margins are structurally weak and provide a limited buffer against potential sales volatility. The company has a high fixed-cost structure because of its very large store network and large employee base. As of 31 December 2022, the company had 1,027 stores and employed 44,490 full-time equivalent workers.

Ceconomy's trading performance in 2022 was weak because of weak consumer sentiment in its main markets (primarily Germany) and rising operational costs (staff, transportation and energy costs). The company's EBIT (as adjusted by Moody's) was €93 million in the 12 months that ended 31 December 2022, compared with €246 million in the fiscal year that ended on 30 September 2021 (fiscal 2021). Ceconomy has limited levers to significantly improve its operating margins in the next 12-18 months because of rising operational costs. Given the inflationary backdrop and the company's high operating leverage, gross margin improvement will be key for Ceconomy to improve its margins in the coming 12 to 18 months, but the intense competitive environment and deteriorating customer purchasing power will constrain sales growth and gross margin improvement in 2023.

In addition, Ceconomy has launched another cost efficiency programme in 2022, whose implementation costs will weigh on profit and cash flow in the next 12-18 months. We expect the company's operating margin to take two to three years to substantially improve to at least 2% (Moody's-adjusted EBIT margin). We expect the company's EBIT to remain low in 2023 at around €150 million (after around €50 million-€60 million of restructuring charges), broadly flat from the level in fiscal 2022 (€149 million).

Ceconomy's key credit metrics will remain weak in fiscal 2023. In particular, the company's interest cover (calculated as Moody's-adjusted EBIT/interest expense) was 0.9x in the 12 months that ended 31 December 2022. While we expect this ratio to improve to above 2.0x by fiscal 2024, the current level of 0.9x is weak for the rating category.

More positively, we acknowledge that management is executing a plan to improve margins, especially through increased sales of its high-margin Services & Solutions offering (6.2% of sales in fiscal 2022), cost and capital spending reductions, increased logistic efficiency and active stock management. In addition, the 2023 economic outlook for the euro area has improved recently compared with our previous expectations, which could support Ceconomy's recovery prospects for fiscal 2023.

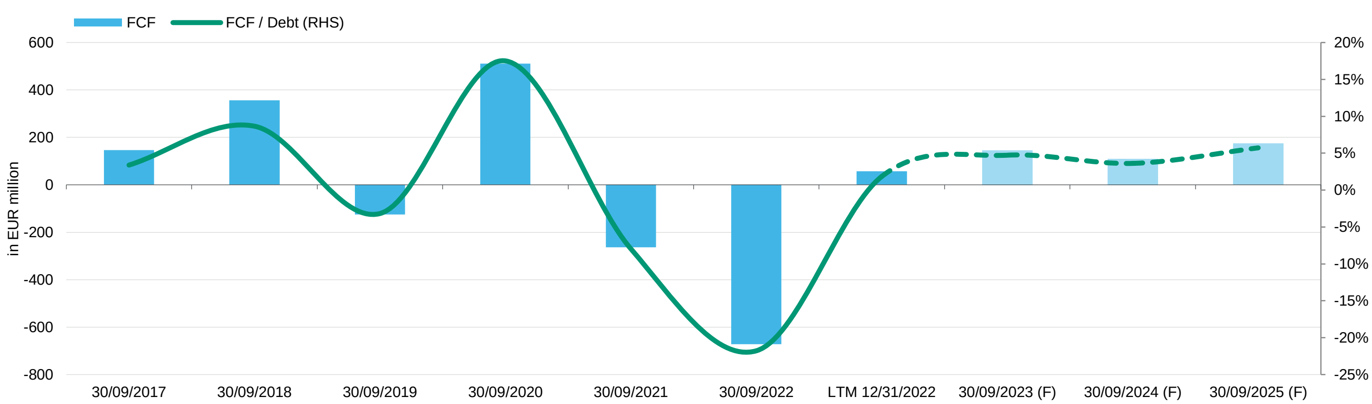
Margins are weak compared with those of its retail peers and translate into limited FCF

The company's low profitability translates into limited FCF, and makes the company vulnerable to adverse working capital movements. The decline in earnings together with some one-off cash payments in fiscal 2022 (Convergenta transaction, tax deferrals from COVID, pension fund contribution and acquisition of store managers' stake) have led to a significant deterioration in its FCF during 2022. In fiscal 2022, Ceconomy's FCF (Moody's-adjusted) was negative at €672 million. We expect the company's FCF to return to positive territory in fiscal 2023, mostly thanks to the absence of one-off elements and some reversal of working capital. However, Ceconomy's FCF will remain limited, at around €100 million, and will be largely dependent on working capital inflow.

Exhibit 5

FCF will likely remain limited in the next 12-18 months

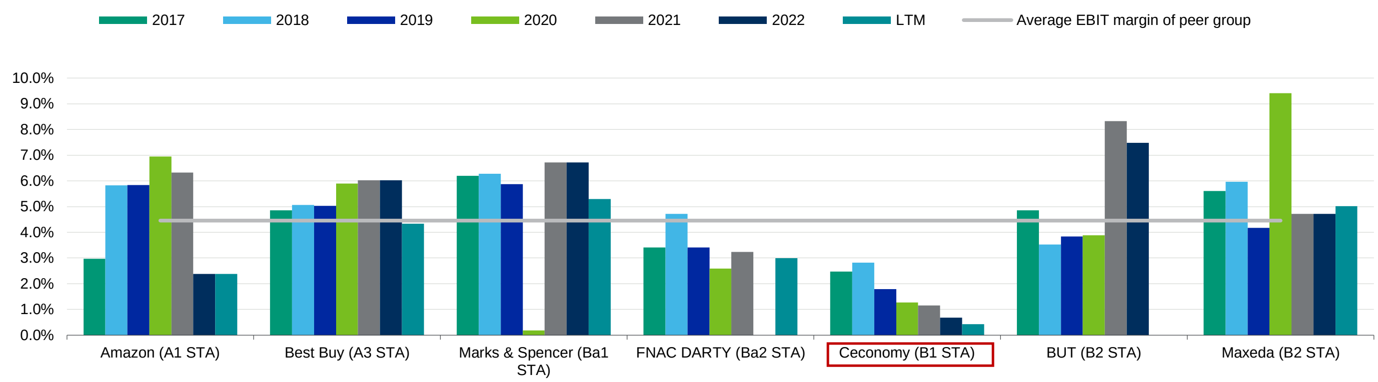
Moody's-adjusted FCF and FCF/debt



Source: Moody's Investors Service

Ceconomy has a strong market position as Europe's largest electronics retailer with geographically well-diversified operations and a strong distribution network, which could support a turnaround and an improvement in FCF. But the fact that margins remain under pressure highlights the company's sensitivity to external events beyond management's control. The company's Moody's-adjusted EBIT margin was 0.4% in the 12 months that ended December 2022, significantly lower than that of its peers (see Exhibit 6).

Exhibit 6
Ceconomy's profitability is lower than that of its peers
Moody's-adjusted EBIT margin



Source: Moody's Financial Metrics™

Over time, from fiscal 2024, and under more normalised trading conditions, we expect the company's strategic initiatives launched in the last two years to support margin improvement. The company aims to improve operational efficiency by centralising the group further, notably in terms of IT platforms and supply chain management; introducing new product categories (smart home, urban mobility, and health and wellness), including a gradual shift to services and solutions (repair, warranties and consumer financing); and increasing online penetration (towards 30% of sales targeted in the mid-term, vs. 24.6% in fiscal 2022); expansion of its own marketplace; and development of retail media activities.

Low funded debt and conservative financial profile; low earnings and weak FCF mean limited capacity to incur additional debt

Ceconomy maintained a modest leverage (Moody's-adjusted gross debt/EBITDA) of 3.9x as of 31 December 2022, supported by low funded debt. As of the same date, the company reported funded debt of €1.1 billion, equivalent to 1.4x its reported EBITDA. We expect its leverage to remain below 4.0x in the next 12-18 months.

While the company's low level of funded debt gives it some financial flexibility and time to improve its earnings to more appropriate levels, the company does not have the ability to carry high levels of debt given its weak profitability, which is persistently translating into limited FCF.

Largest European consumer electronics retailer, with geographically well-diversified operations across 12 countries

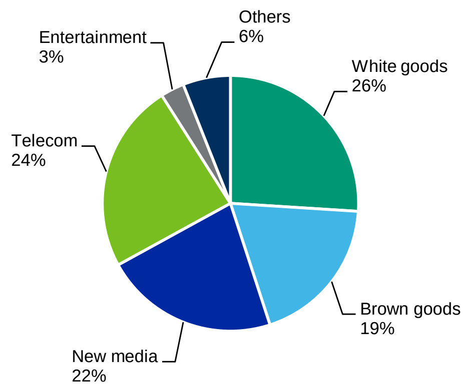
With its two brands, MediaMarkt and Saturn, Ceconomy has a long history in consumer electronics retail and very high brand awareness in all the countries where it operates. The company is Europe's largest consumer electronics retailer by a significant margin — its revenue is around 2x that of Currys plc. and 3x that of Fnac. Ceconomy has outright market leadership in five countries, including the large markets — Germany and Spain. In its home market of Germany, and in Austria, the company has the largest market shares. These high market shares are vital drivers of Ceconomy's performance, largely because they afford better economies of scale than those of its key competitors.

On 14 February 2023, the company announced its decision to sell most of its activities in Sweden to local retailer Power Sweden. Although Ceconomy will pay a mid-double-digit million euro amount as part of the transaction, we view this disposal as credit positive in the long term because Swedish activities were a drag on its EBIT and FCF in the last few years.

Demand for a large portion of Ceconomy's product range is seasonal and discretionary

In addition to the general macroeconomic drivers of overall consumer spending, the consumer electronics sector is influenced by a number of other factors, including product evolution, demographic changes, as well as high and growing digitalisation and connectivity. The discretionary nature of the different product categories within the consumer electronics sector varies widely. White goods (more than 40% of the European market), such as washing machines and dishwashers, are less discretionary and largely replacement driven, while products such as home entertainment gadgets are highly discretionary, with demand being more volatile and subject to the strength in consumer confidence.

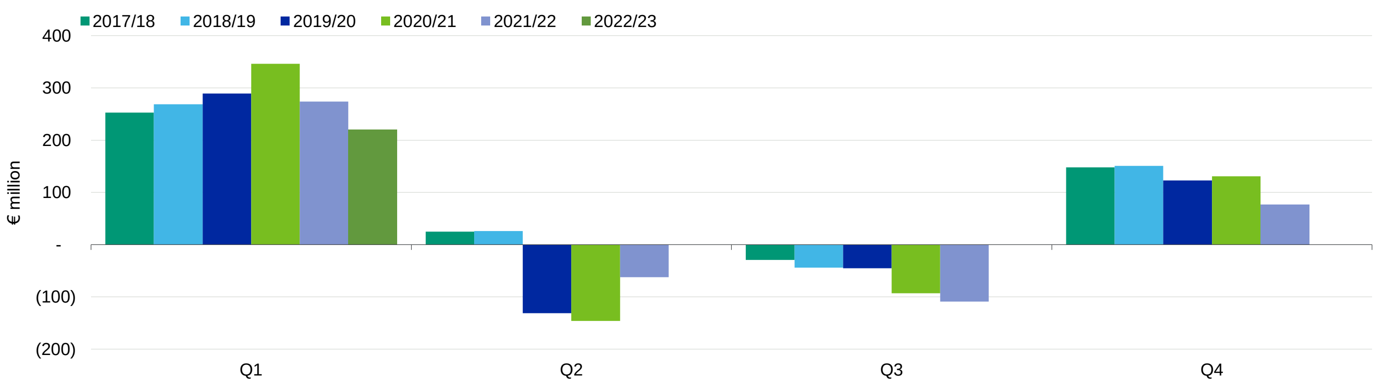
Exhibit 7
High reliance on consumer electronics products
Revenue split by product category (excluding services sales) in fiscal 2022



Source: Company's annual results presentation

Ceconomy's business is highly seasonal, with the Christmas quarter accounting for around one-third of its annual sales, but more than 50% of annual EBIT. In recent years, the arrival of the Black Friday concept in Europe, celebrated at the end of November every year, has added further complexity to seasonality as retailers now have to carefully manage two peak periods within a short time frame.

Exhibit 8
Ceconomy's business is highly seasonal
Breakdown of reported EBIT by quarter over the last five years



Source: Ceconomy's quarterly reports

High working capital swings and reliance on supplier funding

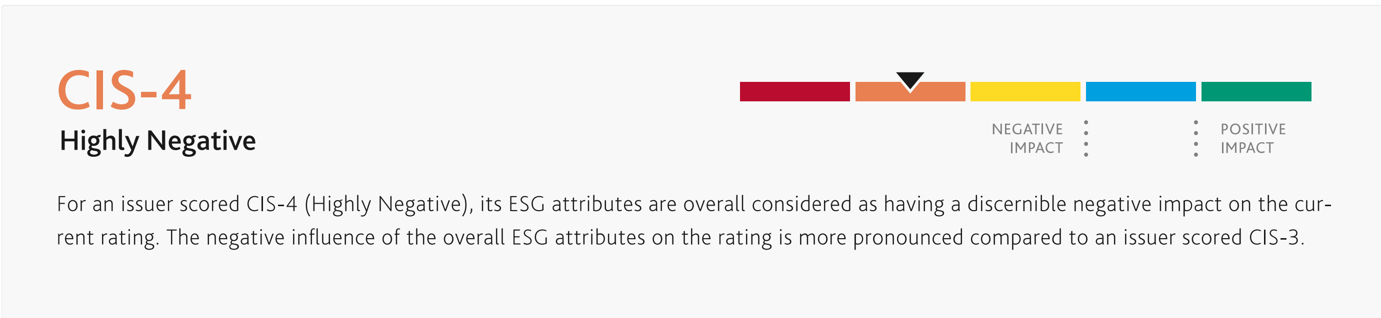
The company's working capital swings are even more seasonal than its profit, with a cash swing of more than €1 billion between the end of September and the end of December, which reverses at the end of March. Strong cash sales receipts and reductions in inventory in the first quarter of Ceconomy's fiscal year are followed by large supplier payments for the Christmas season only being made in the new year, that is, the second quarter of the fiscal year.

Ceconomy has a negative net working capital, with reliance on trade creditor funding. As of 31 December 2022, the company had around €7.3 billion of trade and other payables, of which a large part relates to trade creditors. These trade payables largely exceed the company's inventory balance of €3.3 billion. Trade payables usually peak at the end of December, the first quarter of the fiscal year, which is the company's key trading period. These begin to unwind at the beginning of each calendar year. If trading performance during Christmas is weak in comparison to what has been planned by the company itself, pressure on liquidity could occur. In view of the company's significant working capital swings during the year and its sizeable trade payables balance, there is a risk that these trade payables begin to unwind if supplier terms become less favourable or the top line is weaker than the company plans. To date we have not witnessed any significant negative shift in supplier's payment terms. But such a scenario would lead to deterioration in liquidity.

ESG considerations

CECONOMY AG's ESG Credit Impact Score is Highly Negative CIS-4

Exhibit 9
ESG Credit Impact Score



Source: Moody's Investors Service

CIS-4. Economy's ESG Credit Impact Score is highly negative, which mostly reflects its exposure to governance risks. Ceconomy's high corporate governance risks, reflects its high management turnover and a limited track record of earnings improvement in the past five years, which is mitigated to some degree by the company's intention to maintain conservative financial policies. Exposure to environmental and social risks is moderate. Environmental risks mostly relate to carbon transition in the company's retail operations namely transportation, while social risks reflect Ceconomy's exposure to customer relations and societal trends, notably the ongoing shift to online.

Exhibit 10
ESG Issuer Profile Scores

Source: Moody's Investors Service

Environmental

E-3. Ceconomy's varied assortment of products means its environmental risks are moderate and mostly relate to carbon transition in respect of transportation costs to its retail network.

Social

S-3. Social risks are moderate for Ceconomy and mainly relate to customer relations and demographics & societal trends. This mostly reflects business risks associated with the structural shift of the retail consumer electronics sector towards e-commerce, which creates intense competition and margin pressure for incumbent retailers. However, Ceconomy has significantly strengthened its online capabilities in the past 5 years, which somewhat mitigates this risk.

Governance

G-4. Ceconomy's highly negative governance risk score reflects the company's high management turnover and limited track record of earnings improvement in the past 5 years. We believe that the recent deterioration in earnings as well as the limited track record in being able to reliably forecast earnings and cash flow effects, despite some external events being beyond management's control, translates into a highly negative score for Management Credibility & Track Record. More positively, Ceconomy has low funded debt and has paid very limited dividends to date, which evidences the company's intentions on having conservative financial policies. The management structure has been streamlined since 2021 with one CEO and one CFO for both Ceconomy and its MediaMarktSaturn subsidiary. In 2022, Ceconomy also completed the Convergenta transaction, which simplified the group's decision-making and has unlocked substantial tax savings.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

The company's liquidity profile is adequate. Ceconomy had around €2.6 billion of cash available at the end of December 2022 and its committed revolving credit facility (RCF) of €1.06 billion was undrawn. The company has no major debt maturities until 2026, with only €83 million of short-term commercial paper due over the next 12 months.

However, Ceconomy's business is highly seasonal and remains heavily reliant on trade creditor funding (€7.3 billion of trade payables as of the end of December 2022), which is very material in the context of the company's overall liquidity profile and limited FCF. We have not witnessed any significant negative shift in supplier's payment terms in recent months. However, a shortening of payment terms can be a key risk for Ceconomy, which may cause substantial working capital swings and rapid liquidity deterioration.

Structural considerations

The senior unsecured notes are rated B2, one notch below the B1 CFR. The notes rank behind large non-debt liabilities, including sizeable trade claims and short-term lease liabilities, both at the operating subsidiary level. The magnitude of these non-debt liabilities creates structural subordination for debt at the holding company level, including the senior unsecured notes, which do not benefit from upstream guarantees. Ceconomy's capital structure also includes around €121 million of promissory notes and the €1.06 billion syndicated bank facilities.

In addition, assets owned by Ceconomy, notably its 24% stake in Fnac, previously provided some mitigation to structural subordination. However, the protection for the senior unsecured notes is weaker than in the past given the decline in the value of Fnac's stake, worth only around €250 million as of 23 February 2023.

Methodology and scorecard

The principal methodology used in rating Ceconomy was the Retail rating methodology, published in November 2021. The scorecard-indicated outcome based on Ceconomy's financials in the 12 months that ended December 2022 and our forward-looking view is Ba2, two notches above the CFR. The difference with the CFR is explained by the company's very low operating margins, weak interest coverage, and limited FCF, which are not likely to improve significantly in the next 12-18 months.

Exhibit 11

Rating factors

CECONOMY AG

Retail Industry Scorecard [1][2]	Current LTM 12/31/2022		Moody's 12-18 Month Forward View [3]	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue (USD Billion)	$23.2	Baa	$22.6 - $23.6	Baa
Factor 2 : Business Profile (30%)				
a) Stability of Product	Ba	Ba	Ba	Ba
b) Execution and Competitive Position	B	B	B	B
Factor 3 : Leverage and Coverage (45%)				
a) EBIT / Interest Expense	0.9x	Caa	1.5x - 2.5x	B
b) RCF / Net Debt	176.9%	Aaa	35% - 45%	A
c) Debt / EBITDA	3.9x	Ba	3.3x - 3.8x	Ba
Factor 4 : Financial Policy (15%)				
a) Financial Policy	Ba	Ba	Ba	Ba
Rating:				
a) Scorecard-Indicated Outcome		Ba2		Ba2
b) Actual Rating Assigned		B1		B1

[1] All ratios are based on 'Adjusted' financial data and incorporate our Global Standard Adjustments for Non-Financial Corporations.
[2] As of 09/16/2021.
[3] This represents our forward view, not the view of the issuer, and unless stated in the text, does not incorporate significant acquisitions and divestures.
Source: Moody's Investors Service

Ratings

Exhibit 12

Category	Moody's Rating
CECONOMY AG	
Outlook	Stable
Corporate Family Rating	B1
Senior Unsecured -Dom Curr	B2/LGD5
Commercial Paper -Dom Curr	NP

Source: Moody's Investors Service

Appendix

Exhibit 13

Moody's-adjusted debt reconciliation

CECONOMY AG

(in EUR million)	FYE Sep-17	FYE Sep-18	FYE Sep-19	FYE Sep-20	FYE Sep-21	FYE Sep-22	LTM Dec-22
As Reported Total Debt	**544**	**440**	**302**	**2,422**	**2,865**	**2,773**	**2,766**
Pensions	622	530	556	496	442	314	327
Operating Leases	3,170	3,140	3,060	0	0	0	0
Non-Standard Adjustments	0	0	14	0	0	0	0
Moody's Adjusted Total Debt	**4,336**	**4,110**	**3,932**	**2,918**	**3,307**	**3,087**	**3,093**

Source: Moody's Financial Metrics™

Exhibit 14

Moody's-adjusted EBITDA reconciliation for Ceconomy

(in EUR million)	FYE Sep-17	FYE Sep-18	FYE Sep-19	FYE Sep-20	FYE Sep-21	FYE Sep-22	LTM Dec-22
As Reported EBITDA	**641**	**494**	**516**	**739**	**1,120**	**826**	**766**
Operating Leases	634	628	612	0	0	0	0
Pensions	(12)	(3)	0	0	(1)	(1)	(1)
Unusual	0	202	3	13	0	0	0
Non-Standard Adjustments	0	(21)	(22)	267	(154)	30	30
Moody's Adjusted EBITDA	**1,263**	**1,300**	**1,109**	**1,019**	**965**	**855**	**795**

All figures are calculated using our estimates and standard adjustments.
Periods are financial year end unless indicated. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 15

Peer comparison

	CECONOMY AG B1 Stable			Best Buy Co., Inc. A3 Stable			Mobilux 2 SAS (BUT) B2 Stable			FNAC DARTY SA Ba2 Stable			Maxeda DIY Group BV B2 Stable		
(in USD million)	FYE Sep-21	FYE Sep-22	LTM Dec-22	FYE Jan-21	FYE Jan-22	LTM Oct-22	FYE Jun-21	FYE Jun-22	LTM Sep-22	FYE Dec-20	FYE Dec-21	LTM Jun-22	FYE Jan-21	FYE Jan-22	LTM Oct-22
Revenue	25,533	23,614	23,165	47,262	51,761	47,928	2,404	2,447	2,344	8,549	9,516	9,030	1,797	1,769	1,599
Operating Profit	250	145	83	2,746	3,107	2,071	231	197	175	227	315	283	163	79	76
EBITDA	1,153	928	838	4,322	4,688	3,680	351	336	310	619	723	663	281	212	197
Total Debt	3,833	3,023	3,287	4,161	4,097	4,156	1,043	949	881	3,384	2,569	2,281	1,171	1,178	1,027
Cash & Cash Equiv.	1,833	753	2,811	5,494	2,936	932	140	200	206	1,919	1,343	366	104	67	54
EBIT / Interest Exp.	3.1x	1.7x	0.9x	21.3x	33.6x	21.0x	3.1x	3.6x	3.3x	3.5x	4.8x	4.3x	2.7x	1.4x	1.5x
Debt / EBITDA	3.4x	3.6x	3.9x	1.0x	0.9x	1.1x	3.0x	3.1x	3.1x	5.1x	3.7x	3.7x	4.0x	5.9x	5.6x
RCF / Net Debt	43.9%	21.6%	176.9%	-234%	298.9%	82.2%	-0.1%	28.7%	30.0%	32.9%	44.2%	22.5%	22.1%	13.1%	13.4%
FCF / Debt	-9.8%	-21.8%	1.9%	87.3%	44.2%	10.1%	-19.3%	9.4%	2.1%	5.1%	5.1%	-5.4%	13.5%	-2.1%	-2.6%

All figures and ratios are calculated using our estimates and standard adjustments.
FYE = Financial year end. LTM = Last 12 months. RUR* = Ratings under review, where UPG = for upgrade and DNG = for downgrade.
Source: Moody's Financial Metrics™

Exhibit 16
Moody's-adjusted metrics

	FYE	FYE	FYE	FYE	LTM	FYE	FYE	FYE
(in EUR million)	Sep-19	Sep-20	Sep-21	Sep-22	Dec-22	Sep-23 (F)	Sep-24 (F)	Sep-25 (F)
INCOME STATEMENT								
Revenue	21,455	20,831	21,361	21,768	21,980	21,800	22,000	22,200
EBITDA	1,109	1,019	965	855	795	895	975	1,067
EBIT	384	264	246	149	93	149	229	321
Interest Expense	163	80	80	89	103	81	81	81
BALANCE SHEET								
Cash & Cash Equivalents	1,213	1,484	1,582	769	2,634	885	944	1,118
Total Debt	3,932	2,918	3,307	3,087	3,093	3,077	3,027	3,027
CASH FLOW								
Capital Expenditures	(695)	(714)	(720)	(752)	(772)	(760)	(770)	(780)
Dividends	29	24	21	104	78	0	0	0
Retained Cash Flow (RCF)	980	664	758	501	787	836	860	953
RCF / Debt	24.9%	22.8%	22.9%	16.2%	25.4%	27.2%	28.4%	31.5%
Free Cash Flow (FCF)	(164)	439	(339)	(672)	57	146	110	173
FCF / Debt	-4.2%	15.0%	-10.3%	-21.8%	1.8%	4.7%	3.6%	5.7%
PROFITABILITY								
% Change in Sales (YoY)	0.2%	-2.9%	2.5%	1.9%	5.9%	0.1%	0.9%	0.9%
EBIT margin %	1.8%	1.3%	1.2%	0.7%	0.4%	0.7%	1.0%	1.4%
EBITDA margin %	5.2%	4.9%	4.5%	3.9%	3.6%	4.1%	4.4%	4.8%
INTEREST COVERAGE								
EBIT / Interest Expense	2.4x	3.3x	3.1x	1.7x	0.9x	1.8x	2.8x	3.9x
EBITDA / Interest Expense	6.8x	12.8x	12.0x	9.6x	7.7x	11.0x	12.0x	13.1x
(EBITDA - CAPEX) / Interest Exp.	2.5x	3.8x	3.1x	1.2x	0.2x	1.7x	2.5x	3.5x
LEVERAGE								
Debt / EBITDA	3.5x	2.9x	3.4x	3.6x	3.9x	3.4x	3.1x	2.8x
Debt / (EBITDA - CAPEX)	9.5x	9.6x	13.5x	30.0x	134.5x	22.8x	14.8x	10.5x

Source: Moody's Financial Metrics™

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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