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CREDIT OPINION
17 March 2022

Update

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RATINGS

CECONOMY AG

Domicile	Dusseldorf, Germany
Long Term Rating	Ba1
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

Annual update

Summary

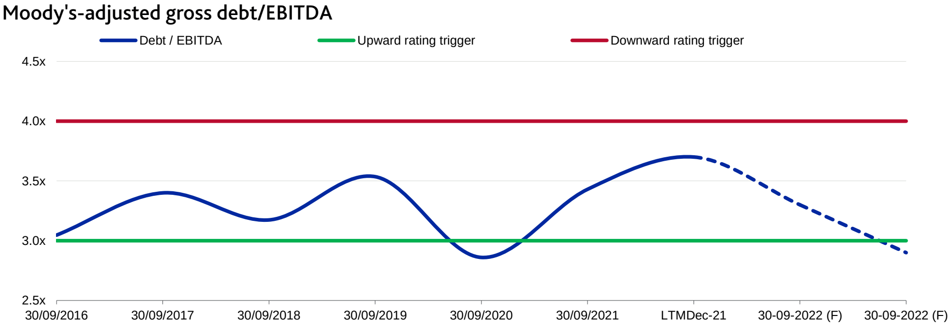
CECONOMY AG's (Ceconomy) Ba1 corporate family rating (CFR) reflects the company's position as Europe's largest electronics retailer, with geographically diversified operations; strong distribution network and improving multichannel capabilities; conservative financial profile, supported by low funded debt and short lease commitments; good liquidity despite our expectation of limited free cash flow (FCF) in the next 12-18 months; and an around 24% equity stake in FNAC DARTY SA (Fnac, Ba2 stable) and the related potential long-term benefits.

Ceconomy's Ba1 rating is constrained by uncertain economic prospects in Europe owing to the Russia/Ukraine conflict and the related high inflationary backdrop, which can constrain sales and earnings growth in the next 12-18 months; the company's weak profitability and thin profit margins compared with peers; 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; the company's high management turnover, weak track record of earnings improvement since 2018 and complex corporate structure, albeit likely to improve with the upcoming Convergenta transaction.

Exhibit 1

Leverage remains low for the rating category despite the impact from the pandemic

Moody's-adjusted gross debt/EBITDA



Forecast leverage represents Moody's forward-looking view, not the view of the issuer.
Source: Moody's Financial Metrics™

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 multichannel capabilities
- Low funded debt and short lease commitments
- Good liquidity and a conservative financial policy

Credit challenges

- Exposure to seasonal activities and discretionary products
- Highly competitive market, with consumers increasingly shifting to online platforms
- Limited scope for revenue growth and thin profit margins
- A difficult trading environment because of supply chain challenges and inflation
- Highly seasonal business with large working capital swings

Rating outlook

The stable rating outlook reflects our expectation that Ceconomy's sales and profitability will recover in the next 12-18 months following two difficult years with shopping restrictions, and the company will make continued progress in its transformation plan. However we expect more difficult trading conditions in the next 12 months owing to the current high inflationary environment and uncertain economic prospects in Europe in relation to the Russia/Ukraine conflict. Despite these challenges, the stable outlook assumes that Ceconomy's credit metrics will remain adequate for the rating category. The outlook also incorporates our assumption that the company will maintain its current conservative financial policy and good liquidity.

Factors that could lead to an upgrade

Upward pressure could emerge over time if:

- Ceconomy demonstrates sustained margin improvement, with a Moody's-adjusted EBIT margin of around 3.5%
- its Moody's-adjusted leverage remains below 3.0x
- its retained cash flow (RCF)/net debt remains above 25% on a sustained basis
- the company maintains prudent financial policies and generates positive FCF on a sustained basis

Factors that could lead to a downgrade

Conversely, a rating downgrade would likely occur if:

- the macro environment weakens, sustainably reducing consumer spending
- Ceconomy's gross leverage rises above 4.0x on a sustained basis
- its RCF/net debt falls below 20% on a sustained basis
- its liquidity weakens or FCF remains negative on a sustained basis

Key indicators

Exhibit 2
CECONOMY AG

in EURm	Sep-17	Sep-18	Sep-19	Sep-20	Sep-21	LTM Dec-21	12-to-18 month view
Revenue	21,605	21,418	21,455	20,831	21,361	20,751	21,500 - 21,800
EBIT / Interest Expense	3.1x	2.9x	2.4x	3.3x	3.1x	2.2x	4.0x - 6.0x
RCF / Net Debt	23.2%	24.6%	36.0%	46.3%	43.9%	41.0%	45% - 65%
Debt / EBITDA	3.4x	3.2x	3.5x	2.9x	3.4x	3.7x	3.0x - 3.5x

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

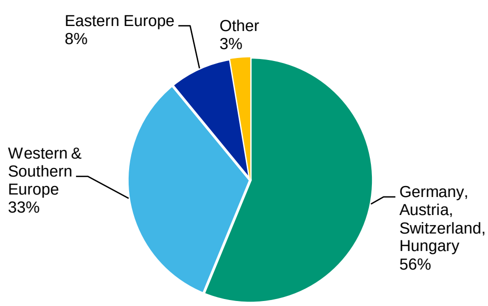
Profile

Headquartered in Düsseldorf, Germany, Ceconomy is Europe's largest consumer electronics retailer, operating two brands — MediaMarkt and Saturn. The company recorded €21 billion of revenue since the 12 months ended on 31 December 2021. It is listed on the Frankfurt Stock Exchange and had a market capitalisation of around €1.2 billion as of March 2022. The company has four anchor shareholders: Haniel, Meridian Stiftung, freenet AG and Beisheim. Following an agreement announced in December 2020, Convergenta will become Ceconomy's largest shareholder, with 25.9% of voting rights, once the transaction closes by the end of fiscal 2022.

Ceconomy owns an around 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 Moody's-adjusted calculations of the company's profitability and relevant credit metrics.

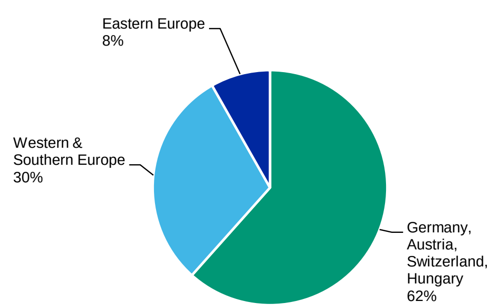
The company emerged from the demerger of the former METRO Group, whose operations were split in July 2017 between Ceconomy and Metro Wholesale & Food Specialist (Metro). Since then, both Ceconomy and METRO AG are subject to a joint and several liability, stipulated by the German Transformations Act (German Law), which covers existing liabilities from before the demerger for five years (10 years for pension liabilities). As Metro assumed almost the entire funded debt of the former METRO Group, there is a risk that Ceconomy could be liable for a significant portion of Metro's debt should it default. However, this guarantee mechanism will end in July 2022, and a default of Metro appears unlikely at this time.

Exhibit 3
Diversified revenue in Europe ...
Revenue breakdown for fiscal 2021 (year ended 30 September 2021)



Source: Ceconomy's 2021 annual accounts

Exhibit 4
... but with some earnings concentration in the DACH region
Breakdown of EBITDA before special items for fiscal 2021 (excluding the segment "Others")



Source: Ceconomy's 2021 annual accounts

Detailed credit considerations

Good management of the pandemic and low funded debt give time for earnings to recover

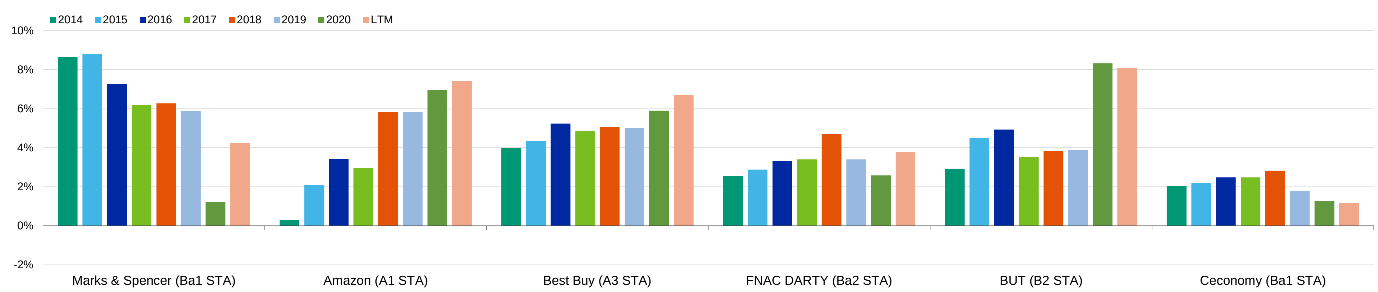
Ceconomy has managed the pandemic well and limited the impact of the crisis on its operations and financials during 2020-21. Despite its weak earnings in the 12 months that ended 31 December 2021 because of store lockdowns, Ceconomy has maintained good credit metrics. We estimate that the company's leverage (Moody's-adjusted gross debt/EBITDA) was 3.7x as of 31 December 2021, a low level for the rating category, mostly reflecting its low funded debt. As of the same date, the company reported funded debt of €810 million, equivalent to less than 1x its reported EBITDA in fiscal 2021 (year ended 30 September 2021). This low level of funded debt gives the company sufficient financial flexibility and time to improve its earnings to more appropriate levels for the current rating category. We expect the company's leverage to trend towards 3.0x in the next 12-18 months, reflecting the absence of major shopping restrictions in our base case scenario, which should support a recovery in sales and earnings, and despite the current challenging trading conditions and high inflationary environment. We also expect the cost savings associated with the company's transformation programme to be more visible in the next 12-18 months, as the effects of restructurings were diluted by the COVID-19 impact in last two years.

Underlying profitability remains weak and will take time to recover owing to high inflation environment

Ceconomy's underlying earnings and margins are structurally weak and provide limited buffer against potential sales volatility, as observed during the store lockdowns. The company has a high fixed-cost structure because of its dense store network and large employee base. In 2021, the company's gross margin was hurt by intense competition, unfavourable product mix and lower level of services because of higher online sales. The company's earnings were also hurt by restructuring charges in 2020-21, following the launch of two transformation programmes. In the 12 months to 31 December 2021, Ceconomy's Moody's-adjusted EBIT margin declined to 1.5% from 1.8% in fiscal 2019, lower than that of its peers (see Exhibit 6).

Exhibit 5

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



Source: Moody's Financial Metrics™

We expect a slow recovery in earnings and margins, supported by the efficiency initiatives launched in 2020-21, with Moody's-adjusted EBIT approaching €340 million and a Moody's-adjusted EBIT margin of around 1.7% in fiscal 2022. The company expects its EBIT margin to improve to around 2.5% by 2023, supported by the new strategic initiatives laided out in 2019-20. The new strategic plan called "The First Choice" aims at improving operational efficiency through further centralisation of the group, 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 (30% of sales targeted by 2023) and developing the company's own marketplace.

However, the ongoing high inflationary environment could constrain the company's earnings growth as it become harder to pass on labour and supply chain costs than in 2021 because consumers' disposable income is being squeezed by rising higher energy costs. Also, we believe that the completion of the company's transformation plan by 2023 involves some execution risks in the context ongoing Russia/Ukraine conflict, which creates uncertain economic prospects in Europe.

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

With its two brands, MediaMarkt and Saturn, Ceconomy has a long-standing 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 Dixons Carphone 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, as well as in Austria, the company has the largest market shares.

These high market shares are vital drivers of Ceconomy's profitability, largely because they afford better economies of scale than those of its key competitors. However, despite its scale, the company's profitability lags its peers'. The company's margin is partly offset by the wide geographical spread of its operations, notably in countries where competition is tough, such as Sweden, where the company's business is loss making.

Ceconomy could contemplate exiting the most difficult markets, but this can be costly and difficult to execute in the context of the pandemic. As of now, the company is focusing on the execution of its transformation plan and the turnaround of its operations.

Strong distribution network and improving multichannel capabilities

Ceconomy has an extensive network of more than 1,000 stores across Europe, with concentration in Germany, where around 40% of the stores are located. In fiscal 2021, the average store size was 2.545 square metres. The company aims to reduce its average store size over time. Ceconomy has a flexible lease profile, with an average lease duration of less than four years. The company has already made some progress in reducing its leasing expenses, which fell to 2.3% of its sales in fiscal 2021 from 3.5% in fiscal 2014 because some existing contracts were renegotiated, loss-making stores were closed and additional stores were downsized.

Online penetration in the consumer electronics retail market is among the highest for all retail categories. The rise in the popularity of online purchases has accelerated during the pandemic. However, rising online sales hurt industry profit margins; as retailers sell largely identical products, they are forced to lower prices because of the ease with which consumers can compare online. This explains the high and still-increasing market shares captured by aggressive online competitors, such as Amazon.com, Inc. (A1 stable), in most European countries.

Ceconomy's combination of a large store network, with a wide-ranged online offering, is a key competitive defence mechanism against pure online retailers. The company has enhanced its multichannel capabilities in recent years, including same-day pickup options with stores acting as pickup locations. Ceconomy's online sales were growing strongly in recent years and accelerated further during the pandemic. As such, its online sales accounted for around 32.5% of total sales in fiscal 2021, compared with only 9% in fiscal 2016. Although we expect normalisation in online sales as stores reopen, the company's digital sales will likely remain above 20% on a sustained basis. The company targets 30% online penetration by 2023.

The recent cyberattack did not have a significant credit impact, but it highlights growing risks in the industry

In November 2021, Ceconomy fell victim to a ransomware attack. The malware affected MediaMarkt's and Saturn's computer systems in all countries of operation. While retail operations were operational, both in-store and online, some services such as click & collect, pickup options, consumer financing and warranty services were not available. The incident occurred during a busy trading period just ahead of Black Friday and Christmas, and hurt sales and margins as some high-margin services (repair, warranty and consumer finance) were not necessarily available. The company quickly responded to the incident and all services were functional within a few days. While the cyberattack translated into lost sales and some costs, we estimate the overall impact was marginally negative for Ceconomy. Also, Ceconomy has activated its cybersecurity insurance, which helped offset the costs and the effects of business disruptions.

Nevertheless, this incident illustrates the risk of further attacks with a greater magnitude. The risk of more damaging cyberattacks is increasing across the retail sector as hackers improve their capabilities, online sales grow, and businesses move towards greater digitalisation and interdependence. Such cyberattacks are increasingly targeting retailers because they collect large amounts of payment and personal data from consumers. Given the growing frequency of attacks and the greater potential for operational disruption, regulatory scrutiny and reputational risk, the retail sector will come under increasing pressure to boost its investments in cybersecurity.

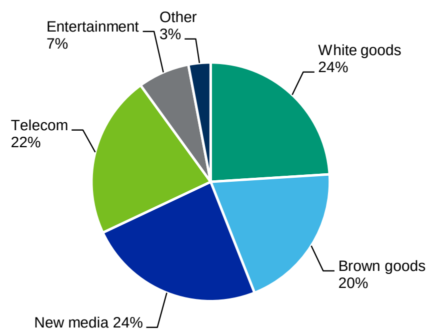
Demand for a large portion of Ceconomy's product range is seasonal and discretionary

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, and the 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 dish washers, are less discretionary and largely replacement driven, while more fashion-driven products, including home entertainment gadgets, are highly discretionary, with the demand more volatile and subject to consumer confidence.

Exhibit 6

High reliance on consumer electronics products

Revenue split by product category, fiscal 2021



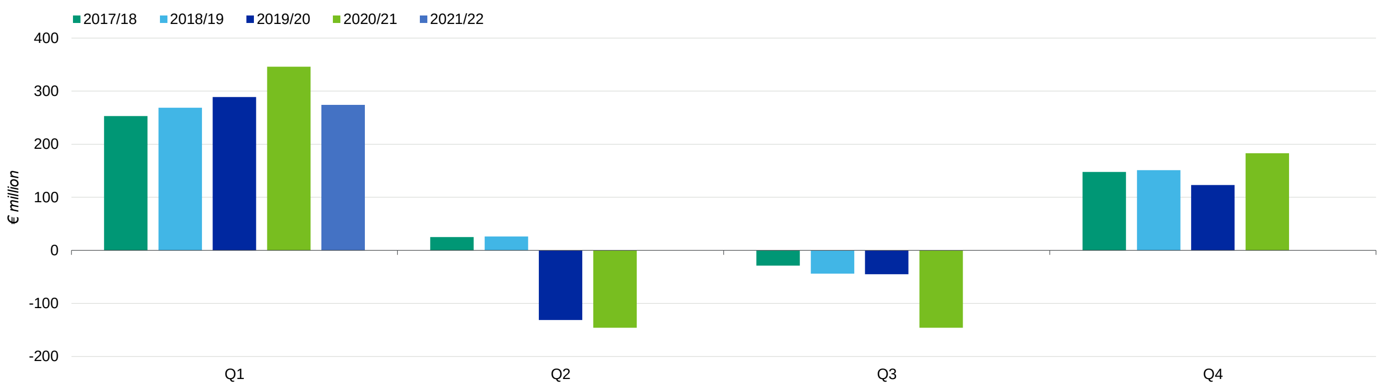
Source: Company's annual results presentation

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 at the end of November every year has added further complexity to seasonality as retailers now have to carefully manage two peaks within a short period.

Exhibit 7

Ceconomy's business is highly seasonal

Breakdown of reported EBIT by quarter over the last four years



Source: Ceconomy's quarterly reports

The company's working capital swings are even more seasonal than its profit, with a cash swing of around €1 billion between the end of September and the end of December, which reverses at the end of March. Strong cash sales receipts and reduction 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 is reliant on trade creditor funding. As of 31 December 2021, the company had more than €7.6 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 €3.6 billion.

ESG considerations

Social risks for nonfood retailers mainly relate to changing consumer preferences and spending patterns. In addition, the consumer electronics retail sector has been undergoing a structural shift towards e-commerce, which has increased pressure on incumbent retailers like Ceconomy. The company's German retail store-based operations are labour intensive, and regulations such as minimum staff requirements and wage inflation could affect costs. As of 30 September 2021, the company employed 45,447 full-time equivalent workers.

In terms of corporate governance, the company benefits from a conservative financial policy, with very limited funded debt. At the same time, the company has a complex corporate structure, with several management changes in the past five years, including the appointment of a new CEO in August 2021, and has a poor track record of earnings improvement since 2018. The management structure became, however, more streamlined recently, with one CEO and one CFO for both Ceconomy and its MediaMarktSaturn Retail Group subsidiary.

The company recently proposed a small dividend payment for shareholders, at €0.17 per ordinary share and €0.74 per preferred share, translating into a total payment of €63 million in fiscal 2022. With this proposed distribution, the company will be able to remove the voting rights of preferred shareholders. This would simplify the voting process for the Convergenta transaction, which Ceconomy expects to resubmit for a vote for resolution at a subsequent extraordinary General Assembly meeting in April 2022. While this cash outflow is marginally negative, this development is credit positive for Ceconomy as it will enable the company to complete the long-awaited Convergenta transaction, which has been delayed by legal proceedings in 2021. A completion of the transaction would simplify the group's corporate governance and unlock substantial tax savings (around €50 million per year in the next three years and potentially higher in subsequent years). The company now expects to close the transaction by the end of fiscal 2022.

Liquidity analysis

Ceconomy has good liquidity. As of 31 December 2021, the company had total liquidity of €3.3 billion, comprising cash of €2.28 billion and access to an undrawn syndicated committed credit facility of €1.06 billion, with a consortium of 13 banks. Ceconomy needs to maintain a large liquidity buffer because of the seasonality of its operations. The company faces very large working capital requirements during certain quarters. The highest working capital requirements occur during the first month of the calendar year, when the company pays a large part of its suppliers following the Christmas season.

The company's next debt maturity is a €189 million promissory note due in March 2022, which has been already pre-financed by the €500 senior unsecured bond issuance made in June 2021. The company also has a €500 million euro commercial paper programme, which was unused as of 31 December 2021.

Ceconomy recorded negative FCF in fiscal 2021, mostly because of large working capital outflows (€354 million), reflecting a reduction in trade liabilities and an increase in inventories ahead of the Christmas season. We expect some reversal in working capital in 2022, which, despite higher capital spending, will lead to positive FCF in fiscal 2022, although limited to around €100 million. We expect the company to generate stronger FCF from fiscal 2023, trending above 5% of total adjusted debt (or equivalent to around €200 million).

Structural considerations

The Ba1 rating assigned to the company's notes is in line with the Ba1 CFR, reflecting the notes' pari passu ranking with the existing promissory notes and the syndicated bank facilities. In the absence of upstream guarantees, the notes are structurally subordinated to Ceconomy's non-debt liabilities, including sizeable trade claims (€5.1 billion as of 30 September 2021) 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.

However, we have not notched-down the financial debt rating in view of the company's investment-grade capital structure with only unsecured debt. In addition, Ceconomy owns sizeable assets, notably a 24% stake in Fnac worth around €330 million as of 11 March

2022, which mitigates structural subordination. Ceconomy is adequately positioned within the Ba1 rating, but we may reconsider our approach to the bond's rating if we were to downgrade Ceconomy's CFR to Ba2.

Methodology and scorecard

The principal methodology used in these ratings was the Retail Industry methodology, published in November 2021. The scorecard-indicated outcome is Ba1 based on Ceconomy's financials for 2021, but is higher, at Baa2, on a forward-looking basis, reflecting the expected improvement in the company's credit metrics. However, the rating remains currently constrained by the company's weak margins, the current uncertain economic environment owing to the Russia-Ukraine conflict which results into high inflation, the high seasonality of its activities that leads to volatile earnings and working capital swings, and our expectation of limited FCF in the next 12-18 months.

Exhibit 8

Rating factors

CECONOMY AG

Retail Industry Scorecard [1][2]	Current LTM 12/31/2021		Moody's 12-18 Month Forward View As of 2/9/2022 [3]	
Factor 1 : Scale (10%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue (USD Billion)	$24.8	Baa	$23.7 - $24	Baa
Factor 2 : Business Profile (30%)				
a) Stability of Product	Ba	Ba	Ba	Ba
b) Execution and Competitive Position	Ba	Ba	Ba	Ba
Factor 3 : Leverage and Coverage (45%)				
a) EBIT / Interest Expense	2.2x	B	4x - 6x	Baa
b) RCF / Net Debt	41.0%	A	45% - 65%	Aa
c) Debt / EBITDA	3.7x	Ba	3x - 3.5x	Baa
Factor 4 : Financial Policy (15%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Rating:				
a) Scorecard-Indicated Outcome		Ba1		Baa2
b) Actual Rating Assigned				Ba1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 09/30/2021.
[3] This represents Moody's forward view, not the view of the issuer, and unless stated in the text, does not incorporate significant acquisitions and divestures.
Source: Moody's Financial Metrics™

Ratings

Exhibit 9

Category	Moody's Rating
CECONOMY AG	
Outlook	Stable
Corporate Family Rating	Ba1
Senior Unsecured -Dom Curr	Ba1
Commercial Paper -Dom Curr	NP

Source: Moody's Investors Service

Appendix

Exhibit 10

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
As Reported Total Debt	**544**	**440**	**302**	**2,422**	**2,865**
Pensions	622	530	556	496	442
Operating Leases	3,170	3,140	3,060	0	0
Non-Standard Adjustments	0	0	14	0	0
Moody's Adjusted Total Debt	**4,336**	**4,110**	**3,932**	**2,918**	**3,307**

Source: Moody's Financial Metrics™

Exhibit 11

Moody's-adjusted EBITDA reconciliation

CECONOMY AG

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

Source: Moody's Financial Metrics™

Exhibit 12

Peer comparison

	CECONOMY AG Ba1 Stable			Best Buy Co., Inc. A3 Stable			Marks & Spencer p.l.c. Ba1 Stable			FNAC DARTY SA Ba2 Stable			Kingfisher plc (P)Baa2 Stable		
(in USD million)	FYE Sep-20	FYE Sep-21	LTM Dec-21	FYE Jan-20	FYE Jan-21	LTM Oct-21	FYE Apr-20	FYE Apr-21	LTM Oct-21	FYE Dec-19	FYE Dec-20	LTM Jun-21	FYE Jan-20	FYE Jan-21	LTM Jul-21
Revenue	23,329	25,533	24,552	43,638	47,262	52,333	12,954	11,983	13,922	8,227	8,549	9,668	14,721	15,904	18,343
Operating Profit	279	250	173	2,145	2,746	3,475	704	82	540	319	227	364	794	1,241	1,660
EBITDA	1,141	1,153	1,055	3,692	4,322	5,057	1,611	928	1,335	665	687	834	1,514	1,948	2,387
Total Debt	3,422	3,833	3,720	4,264	4,161	4,144	5,299	5,955	5,435	2,726	3,384	2,586	4,517	3,665	3,583
Cash & Cash Equivalents	1,740	1,833	2,595	2,229	5,494	3,465	321	932	1,289	1,130	1,919	568	1,014	1,501	2,134
EBIT / Interest Expense	3.3x	3.1x	2.2x	14.0x	21.3x	33.6x	2.7x	0.5x	1.9x	4.7x	3.5x	5.6x	3.3x	5.4x	7.5x
Debt / EBITDA	2.9x	3.4x	3.7x	1.2x	1.0x	0.8x	3.4x	6.1x	4.1x	4.1x	4.6x	3.1x	2.9x	1.8x	1.5x
RCF / Net Debt	46.3%	43.9%	41.0%	137.0%	-234.3%	544.7%	17.6%	12.3%	23.1%	26.0%	32.9%	26.5%	24.7%	72.5%	107.8%
FCF / Debt	17.5%	-8.0%	-11.0%	30.0%	87.3%	16.3%	1.4%	7.2%	13.7%	3.1%	5.1%	3.4%	-4.5%	34.0%	13.7%

Source: Moody's Financial Metrics™

Exhibit 13

CECONOMY AG

Moody's-adjusted metrics

(in EUR million)	FYE Sep-17	FYE Sep-18	FYE Sep-19	FYE Sep-20	FYE Sep-21	FYE Sep-22 (F)	FYE Sep-23 (F)
INCOME STATEMENT							
Revenue	21,605	21,418	21,455	20,831	21,361	21,500	21,800
EBITDA	1,263	1,300	1,109	1,019	965	1,080	1,235
EBIT	536	604	384	264	246	339	475
BALANCE SHEET							
Cash & Cash Equivalents	861	1,115	1,213	1,484	1,582	1,525	1,688
Total Debt	4,336	4,110	3,932	2,918	3,307	3,528	3,528
CASH FLOW							
Capex = Capital Expenditures	(739)	(679)	(656)	(642)	(644)	(860)	(860)
Dividends	143	120	29	24	21	83	50
Retained Cash Flow (RCF)	807	736	980	664	758	845	1,023
RCF / Debt	18.6%	17.9%	24.9%	22.8%	22.9%	23.9%	29.0%
Free Cash Flow (FCF)	147	356	(125)	511	(263)	85	213
FCF / Debt	3.4%	8.7%	-3.2%	17.5%	-8.0%	2.4%	6.0%
PROFITABILITY							
% Change in Sales (YoY)	-1.2%	-0.9%	0.2%	-2.9%	2.5%	0.7%	1.4%
SG&A % of Sales	17.9%	17.5%	17.5%	14.2%	13.7%	15.4%	15.2%
EBIT margin %	2.5%	2.8%	1.8%	1.3%	1.2%	1.6%	2.2%
EBITDA margin %	5.8%	6.1%	5.2%	4.9%	4.5%	5.0%	5.7%
INTEREST COVERAGE							
EBIT / Interest Expense	3.1x	2.9x	2.4x	3.3x	3.1x	4.4x	6.2x
EBITDA / Interest Expense	7.3x	6.2x	6.8x	12.8x	12.0x	14.0x	16.0x
(EBITDA - CAPEX) / Interest Expense	3.0x	3.0x	2.8x	4.7x	4.0x	2.8x	4.9x
LEVERAGE							
Debt / EBITDA	3.4x	3.2x	3.5x	2.9x	3.4x	3.3x	2.9x
Debt / (EBITDA - CAPEX)	8.3x	6.6x	8.7x	7.7x	10.3x	16.0x	9.4x
Avg. Assets / Avg. Equity	21.3x	17.0x	15.7x	17.3x	17.6x	14.4x	12.5x

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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