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CREDIT OPINION
30 September 2022

Update

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RATINGS

**CECONOMY AG**

| | |
|---|---|
| Domicile | Dusseldorf, Germany |
| Long Term Rating | Ba2 , Possible Downgrade |
| Type | LT Corporate Family Ratings |
| Outlook | Rating(s) Under Review |

*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 Ba2, on review for downgrade

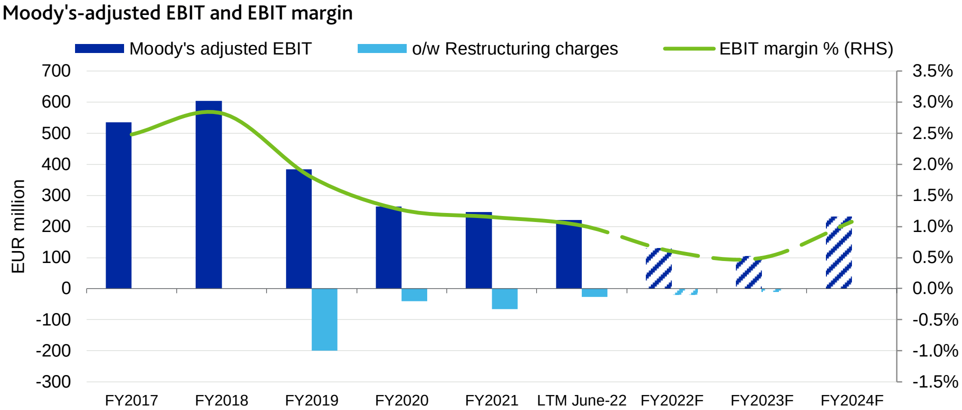

### Summary

On 21 September 2022, we downgraded CECONOMY AG's (Ceconomy) corporate family rating (CFR) to Ba2 from Ba1, reflecting the company's weak trading performance in 2022, well below our expectations, and significant negative free cash flow (FCF) in 2022, which will translate into a weaker liquidity profile. The ratings are on review for further downgrade., which will focus on the company's ability to sustainably improve profitability and generate positive FCF from 2023, such that its liquidity strengthens.

Ceconomy's Ba2 CFR is constrained by weak economic prospects in Europe because of high inflation, which will likely constrain earnings recovery in the next 12-18 months; the company's weak profitability and thin profit margins compared with those of 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; and the company's high management turnover, weak track record of earnings and 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 multichannel 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 in the next 12-18 months**
**Moody's-adjusted EBIT and EBIT margin**




Fiscal year 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 multichannel capabilities

» Low funded debt and short lease commitments

## Credit challenges

» Very low profitability translating into weak 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 rationale for placing the rating on review for further downgrade reflects the uncertainty regarding the company's ability to improve profitability and cash flow through 2023 and how liquidity will likely develop over the next few quarters. The review will focus on the levers that the company has at its disposal to strengthen cash flow and liquidity in the short term, especially if it appears likely that trading during the Christmas period will be less strong than forecast. The review period will allow us to assess how consumer sentiment has affected the company's last quarter of 2022 and sentiment going into the key Christmas period amid inflationary pressures.

## Factors that could lead to an upgrade

A rating upgrade is unlikely because the rating is on review for further downgrade. Upward pressure could emerge over time if:

» Ceconomy demonstrates a sustainable margin enhancement with Moody's-adjusted EBIT margin of around 3%, to give the company sufficient buffer against external pressures;

» its Moody's-adjusted leverage remains sustainably below 3.5x;

» its FCF turns significantly positive on a sustained basis;

» its liquidity headroom improves significantly; and

» the company maintains prudent financial policies

## Factors that could lead to a downgrade

A rating downgrade would likely occur if:

» the company is unlikely to improve profitability on a sustainable basis

» its FCF does not turn positive from fiscal 2023, which in turn means that liquidity does not improve over the next 12-18 months

» its liquidity weaken, reflecting drawdowns on its revolving credit facility (RCF) or signs that creditor terms are becoming less favourable

» the company fails to sustainably improve Moody's-adjusted EBIT margin to over 2.5%

» Moody's-adjusted EBIT/interest expense remains below 3x

» Gross Moody's-adjusted leverage approaches 4.0x

## Key indicators

Exhibit 2

**CECONOMY AG [1][2][3]**

| (in EUR billion) | Sep-17 | Sep-18 | Sep-19 | Sep-20 | Sep-21 | LTM Jun-22 | 12-to-18 month view |
|---|---|---|---|---|---|---|---|
| Revenue | 21.6 | 21.4 | 21.5 | 20.8 | 21.4 | 21.7 | 21 - 21.5 |
| EBIT / Interest Expense | 3.1x | 2.9x | 2.4x | 3.3x | 3.1x | 2.7x | 1.5x - 2.5x |
| RCF / Net Debt | 23.2% | 24.6% | 36.0% | 46.3% | 43.9% | 10.0% | 10% - 30% |
| Debt / EBITDA | 3.4x | 3.2x | 3.5x | 2.9x | 3.4x | 3.5x | 3.2x - 3.8x |

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments.
[2] Periods are Financial Year-End unless indicated. LTM = Last Twelve Months.
[3] 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 €21.7 billion of revenue in the 12 months that ended on 30 June 2022. It is listed on the Frankfurt Stock Exchange and had a market capitalisation of around €570 million as of 26 September 2022. The company has five anchor shareholders: Convergenta, Haniel, Meridian Stiftung, freenet AG and Beisheim.

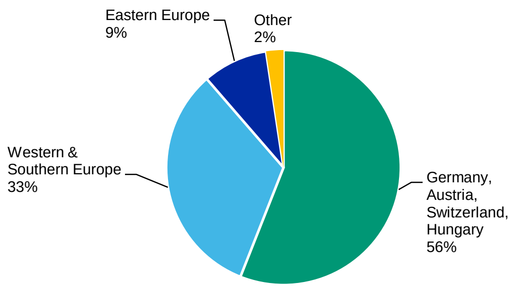
Ceconomy owns an around 24% stake in the French consumer electronics retailer Fnac, and includes its proportion of Fnac's earnings in its reported EBITDA and EBIT. However, in accordance with our standard practice, we remove this income from Moody's-adjusted calculations of the company's profitability 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 and 10 years for pension liabilities. However, this guarantee mechanism ended in July 2022 for financial liabilities. As of today only a negligible amount of pension liabilities are now covered by the guarantee mechanism.

Exhibit 3

**Large geographic reach in Europe, although with some revenue concentration in the DACH region**

**Revenue breakdown for the 12 months that ended 30 June 2022**

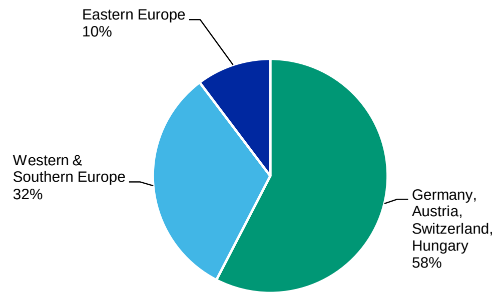



*Source: Ceconomy*

Exhibit 4

**Earnings are also somewhat concentrated in the DACH region**

**Breakdown of EBITDA before special items for the 12 months that ended 30 June 2022 (excluding the segment "Others")**




DACH stands for Germany, Austria, and Switzerland

*Source: Ceconomy*

## Detailed credit considerations

### Weak trading performance and structurally low profitability will translate into negative FCF and pressure on liquidity

Ceconomy's trading performance in year-to-date 2022 has been weak, leading to a significant downward revision to its profit guidance for fiscal 2022. The company is facing significantly weaker consumer sentiment in its main markets (primarily Germany) and rising operational costs (staff, transportation and energy costs). These pressures, together with some one-off cash payments in fiscal 2022 (Convergenta transaction, tax deferrals from COVID, pension fund contribution, acquisition of store managers' stake, etc.) have contributed to a significant deterioration in its FCF during 2022, which is now straining liquidity.

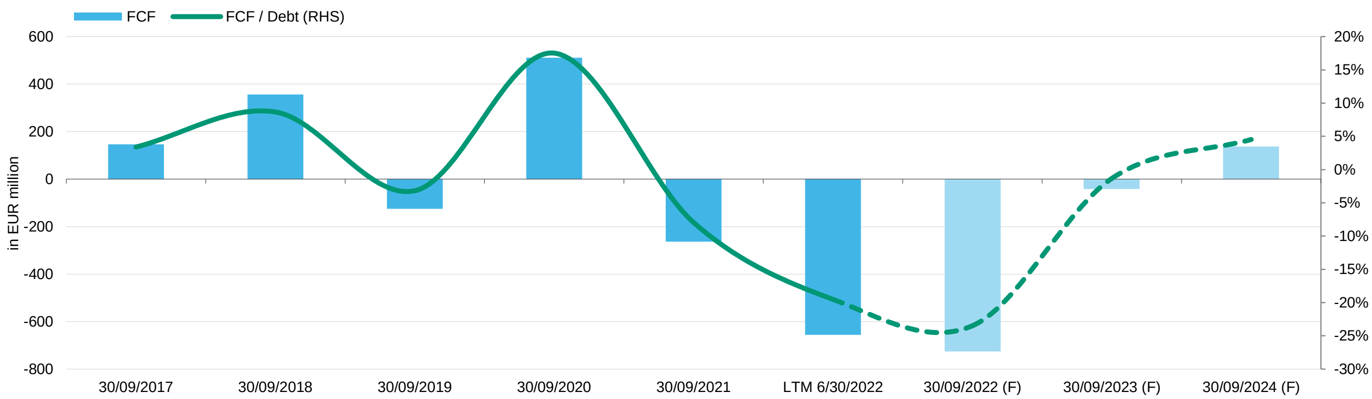
Ceconomy now expects to report EBIT (as adjusted by the company) between €150 million and €210 million for fiscal 2022, which is contrary to the company's previous guidance of a very clear increase from the €237 million generated last year, and much lower than the EBIT that we had previously forecast of more than €300 million.

We expect this deterioration in profitability to contribute to a significantly negative FCF of well over €500 million in 2022, potentially more depending on working capital movements. In the 12 months that ended June 2022, Ceconomy's FCF (Moody's-adjusted) was negative at around €727 million. Amid persistent economic pressures, there is significant uncertainty about whether or not the company will be able to improve margins in 2023 such that its FCF can turn positive next year.

Exhibit 5

**FCF will likely remain weak in the next 12-18 months**

**Moody's-adjusted FCF and FCF/debt**




*Source: Moody's Investors Service*

## Underlying profitability remains weak and will take time to recover because of high inflation

Ceconomy's underlying earnings and margins are structurally weak and provide limited buffer against potential sales volatility, as observed during the store lockdowns during the pandemic. The company has a high fixed-cost structure because of its dense store network and large employee base. As of 30 September 2021, the company had 1,018 stores and employed 45,447 full-time equivalent workers.

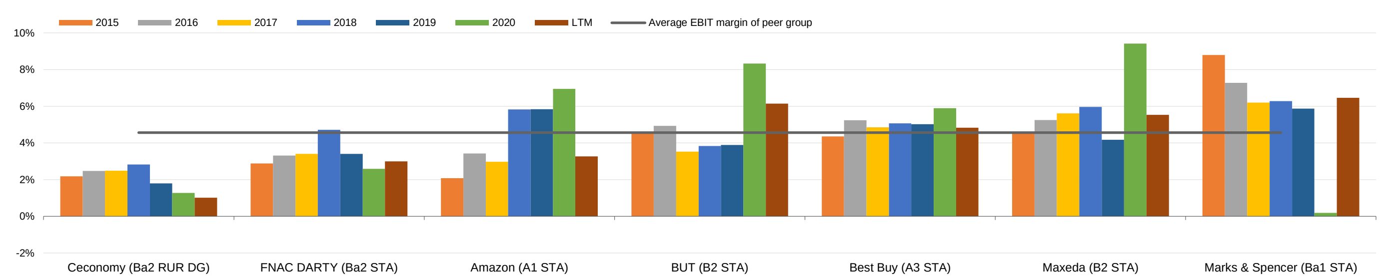
In 2022, the company's gross margin was hurt by an unfavourable product mix and lower level of services (Services & Solutions sales) because of higher online sales. The company has been working to improve margins by rationalising its cost base and combating inflation, despite the adverse impact on profit and cash flow in 2022 from a cyber attack and shop closures because of the pandemic.

Ceconomy also 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 or an improvement in FCF. But the fact that margins remain under pressure highlights the company's sensitivity to external events beyond management's control. We now forecast that the company's EBIT might not improve in fiscal 2023, reflecting an EBIT margin below 1%, which is very weak compared with that of similarly rated peers in the retail industry. The company's Moody's-adjusted EBIT margin was 1.0% in the 12 months that ended June 2022, significantly lower than that of its peers (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 (30% of sales targeted by 2023); and developing its own marketplace.

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

Despite its weak earnings in the 12 months that ended 30 June 2022, Ceconomy has maintained a modest leverage (Moody's-adjusted gross debt/EBITDA) of 3.5x, supported by the company's low funded debt. As of the same date, the company reported funded debt of €940 million, equivalent to 1x its reported EBITDA. We expect its leverage to trend towards 4.0x in the next 12-18 months, reflecting our expectation of a deterioration in profit given the difficult trading conditions.

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 structurally weak profitability, which is persistently translating to negative cash flow and now liquidity pressures.

### Largest European consumer electronics retailer, with geographically well-diversified operations across 13 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 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, and 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.

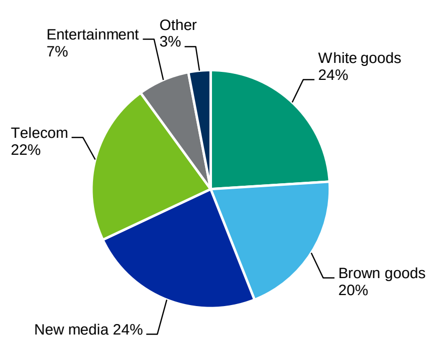
### Demand for a large portion of Ceconomy's product range is seasonal and discretionary

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 7

**High reliance on consumer electronics products**

**Revenue split by product category, fiscal 2021**



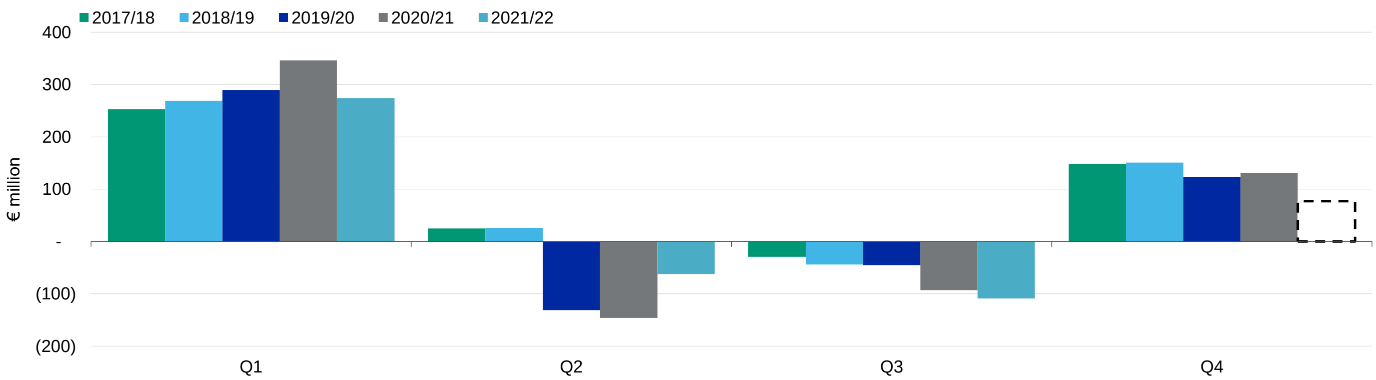

*Source: Company's annual results presentation*

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, celebrated 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 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 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 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 30 June 2022, the company had more than €4.9 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 around €8 billion 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 topline is weaker than the company plans. Such a scenario would exacerbate pressure on liquidity.

## ESG considerations

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

Exhibit 9

**ESG Credit Impact Score**


For an issuer scored CIS-4 (Highly Negative), its ESG attributes are overall considered as having a discernible negative impact on the current rating. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-3.

*Source: Moody's Investors Service*

**CIS-4**. Ceconomy'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 by the company's intention to have 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 shift to online.

Exhibit 10
**ESG Issuer Profile Scores**

| ENVIRONMENTAL | SOCIAL | GOVERNANCE |
|---|---|---|
| E-3 | S-3 | G-4 |
| Moderately Negative | Moderately Negative | Highly Negative |

*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 of its retail network.

### Social
**S-3**. Social risks are moderate for Ceconomy and mainly relate to customer relations and demographic and 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 five 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 five years. We believe that the recent deterioration in liquidity and the limited track record of reliably forecasting earnings and cash flow effects, despite some external events being beyond management's control, translate 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 illustrates the company's intentions to have conservative financial policies. The management structure has also become more 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 simplifies the group's structure, will speed up decision-making, and will unlock substantial tax savings in the future.

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
With significant negative FCF so far in fiscal 2022, Ceconomy's liquidity profile has deteriorated in the past 12 months. For now, the company's liquidity remains adequate with an available cash balance of €451 million and full availability under its €1.06 billion committed bank facilities as of the end of June 2022. The company has no major debt refinancing, with only €50 million of short-term commercial paper due over the next 12 months.

Strong liquidity is especially important for Ceconomy in view of the company's significant working capital swings during the year and its sizeable trade payables balance, where there is the risk that these begin to unwind if supplier terms become less favourable or the topline shrinks because of a more aggressive rationalisation of its stores than the company's currently plans. Trade payables begin to unwind at the beginning of each calendar year, and if trading performance during Christmas is weak in comparison to what has been planned by the company, pressure on liquidity could exacerbate. The company had €4.9 billion of trade payables outstanding as at end-June 2022.

## Structural considerations

The senior unsecured notes are rated Ba3, one notch below the Ba2 CFR. The notes rank behind large non-debt liabilities, including sizeable trade claims (€4.9 billion as of the end of June 2022) and short-term lease liabilities, both located 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 €122 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 €200 million as of the end of September 2022.

## Methodology and scorecard

The principal methodology used in these ratings was the Retail Industry methodology, published in November 2021. The scorecard-indicated outcome based on Ceconomy's financials in the 12 months that ended June 2022 and our forward-looking view is Ba2, in line with the CFR.

Exhibit 11

**Rating factors**

CECONOMY AG

| Retail Industry Scorecard [1][2] | Current LTM 6/30/2022 | | Moody's 12-18 Month Forward View As of 9/16/2022 [3] | |
|---|---|---|---|---|
| **Factor 1 : Scale (10%)** | **Measure** | **Score** | **Measure** | **Score** |
| a) Revenue (USD Billion) | $24.5 | Baa | $24.8 - $25.4 | A |
| **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 | 2.7x | Ba | 1.5x - 2.5x | B |
| b) RCF / Net Debt | 10.0% | B | 10% - 30% | Ba |
| c) Debt / EBITDA | 3.5x | Baa | 3.2x - 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 | | Ba2 | | Ba2 |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 09/16/2021.
[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 Investors Service*

## Ratings

Exhibit 12

| Category | Moody's Rating |
|---|---|
| **CECONOMY AG** | |
| Outlook | Rating(s) Under Review |
| Corporate Family Rating | Ba2[1] |
| Senior Unsecured -Dom Curr | Ba3/LGD5[1] |
| Commercial Paper -Dom Curr | NP |

[1] Placed under review for possible downgrade on September 20 2022
*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 | LTM Jun-22 |
|---|---|---|---|---|---|---|
| **As Reported Total Debt** | **544** | **440** | **302** | **2,422** | **2,865** | **2,915** |
| Pensions | 622 | 530 | 556 | 496 | 442 | 442 |
| Operating Leases | 3,170 | 3,140 | 3,060 | 0 | 0 | 0 |
| Non-Standard Adjustments | 0 | 0 | 14 | 0 | 0 | 0 |
| **Moody's Adjusted Total Debt** | **4,336** | **4,110** | **3,932** | **2,918** | **3,307** | **3,357** |

*Source: Moody's Financial Metrics™*

Exhibit 14

## Moody's-adjusted EBITDA reconciliation for CECONOMY AG[1][2]

| (in EUR million) | FYE Sep-17 | FYE Sep-18 | FYE Sep-19 | FYE Sep-20 | FYE Sep-21 | LTM Jun-22 |
|---|---|---|---|---|---|---|
| **As Reported EBITDA** | **641** | **494** | **516** | **739** | **1,120** | **919** |
| Operating Leases | 634 | 628 | 612 | 0 | 0 | 0 |
| Pensions | (12) | (3) | 0 | 0 | (1) | (1) |
| Unusual | 0 | 202 | 3 | 13 | 0 | 0 |
| Non-Standard Adjustments | 0 | (21) | (22) | 267 | (154) | 48 |
| **Moody's Adjusted EBITDA** | **1,263** | **1,300** | **1,109** | **1,019** | **965** | **966** |

[1] All figures are calculated using Moody's estimates and standard adjustments.
[2] Periods are Financial Year-End unless indicated. LTM = Last Twelve Months.
*Source: Moody's Financial Metrics™*

Exhibit 15

## Peer comparison[1][2]

| | CECONOMY AG Ba2 RUR DG | | | Best Buy Co., Inc. A3 Stable | | | Marks & Spencer p.l.c. Ba1 Stable | | | FNAC DARTY SA Ba2 Stable | | | Kingfisher plc (P)Baa2 Stable | | | Maxeda DIY Group BV B2 Stable | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FYE | FYE | LTM | FYE | FYE | LTM | FYE | FYE | FYE | FYE | FYE | LTM | FYE | FYE | FYE | FYE | FYE | LTM |
| (in USD million) | Sep-20 | Sep-21 | Jun-22 | Jan-21 | Jan-22 | Jul-22 | Apr-20 | Apr-21 | Apr-22 | Dec-20 | Dec-21 | Jun-22 | Jan-20 | Jan-21 | Jan-22 | Jan-21 | Jan-22 | Apr-22 |
| Revenue | 23,329 | 25,533 | 24,475 | 47,262 | 51,761 | 49,251 | 12,954 | 11,983 | 14,871 | 8,549 | 9,516 | 9,030 | 14,721 | 15,904 | 18,125 | 1,797 | 1,769 | 1,752 |
| Operating Profit | 279 | 250 | 241 | 2,746 | 3,107 | 2,375 | 704 | (43) | 916 | 227 | 315 | 283 | 794 | 1,241 | 1,566 | 163 | 79 | 92 |
| EBITDA | 1,141 | 1,153 | 1,090 | 4,322 | 4,688 | 3,970 | 1,611 | 803 | 1,715 | 619 | 723 | 663 | 1,514 | 1,948 | 2,302 | 281 | 212 | 222 |
| Total Debt | 3,422 | 3,833 | 3,510 | 4,161 | 4,097 | 4,208 | 5,299 | 5,955 | 5,221 | 3,384 | 2,569 | 2,281 | 4,517 | 3,665 | 3,384 | 1,171 | 1,178 | 1,083 |
| Cash & Cash Equiv. | 1,740 | 1,833 | 471 | 5,494 | 2,936 | 840 | 321 | 932 | 1,570 | 1,919 | 1,343 | 366 | 1,014 | 1,501 | 1,053 | 104 | 67 | 61 |
| EBIT / Interest Exp. | 3.3x | 3.1x | 2.7x | 21.3x | 33.6x | 25.0x | 2.7x | 0.1x | 3.3x | 3.5x | 4.8x | 4.3x | 3.3x | 5.4x | 7.6x | 2.7x | 1.4x | 1.6x |
| Debt / EBITDA | 2.9x | 3.4x | 3.5x | 1.0x | 0.9x | 1.1x | 3.4x | 7.0x | 3.2x | 5.1x | 3.7x | 3.7x | 2.9x | 1.8x | 1.5x | 4.0x | 5.9x | 5.3x |
| RCF / Net Debt | 46.3% | 43.9% | 10.0% | -234.3% | 298.9% | 84.5% | 17.6% | 12.3% | 32.8% | 32.9% | 44.2% | 22.5% | 24.7% | 72.5% | 60.7% | 22.1% | 13.1% | 14.0% |
| FCF / Debt | 15.0% | -10.3% | -21.7% | 87.3% | 44.2% | 1.7% | 1.4% | 7.2% | 18.5% | 5.1% | 5.1% | -5.4% | -4.5% | 34.0% | 1.9% | 13.5% | -2.1% | -0.9% |

[1] All figures & ratios calculated using Moody's estimates & standard adjustments.
[2] FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
*Source: Moody's Financial Metrics™*

Exhibit 16

**Moody's-adjusted metrics**

| (in EUR million) | FYE Sep-18 | FYE Sep-19 | FYE Sep-20 | FYE Sep-21 | LTM Jun-22 | FYE Sep-22 (F) | FYE Sep-23 (F) | FYE Sep-24 (F) |
|---|---|---|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | | | | |
| Revenue | 21,418 | 21,455 | 20,831 | 21,361 | 21,700 | 21,500 | 21,100 | 21,500 |
| EBITDA | 1,300 | 1,109 | 1,019 | 965 | 966 | 875 | 850 | 977 |
| EBIT | 604 | 384 | 264 | 246 | 220 | 129 | 104 | 231 |
| Interest Expense | 208 | 163 | 80 | 80 | 83 | 75 | 76 | 76 |
| **BALANCE SHEET** | | | | | | | | |
| Cash & Cash Equivalents | 1,115 | 1,213 | 1,484 | 1,582 | 451 | 684 | 612 | 699 |
| Total Debt | 4,110 | 3,932 | 2,918 | 3,307 | 3,357 | 3,087 | 3,057 | 3,007 |
| **CASH FLOW** | | | | | | | | |
| Capital Expenditures | (739) | (695) | (714) | (720) | (741) | (710) | (760) | (800) |
| Dividends | 120 | 29 | 24 | 21 | 105 | 104 | 0 | 0 |
| Retained Cash Flow (RCF) | 736 | 980 | 664 | 758 | 290 | 235 | 719 | 836 |
| RCF / Debt | 17.9% | 24.9% | 22.8% | 22.9% | 8.6% | 7.6% | 23.5% | 27.8% |
| Free Cash Flow (FCF) | 296 | (164) | 439 | (339) | (727) | (725) | (41) | 136 |
| FCF / Debt | 7.2% | -4.2% | 15.0% | -10.3% | -21.7% | -23.5% | -1.3% | 4.5% |
| **PROFITABILITY** | | | | | | | | |
| % Change in Sales (YoY) | -0.9% | 0.2% | -2.9% | 2.5% | 1.1% | 0.7% | -1.9% | 1.9% |
| EBIT margin % | 2.8% | 1.8% | 1.3% | 1.2% | 1.0% | 0.6% | 0.5% | 1.1% |
| EBITDA margin % | 6.1% | 5.2% | 4.9% | 4.5% | 4.5% | 4.1% | 4.0% | 4.5% |
| **INTEREST COVERAGE** | | | | | | | | |
| EBIT / Interest Expense | 2.9x | 2.4x | 3.3x | 3.1x | 2.7x | 1.7x | 1.4x | 3.0x |
| EBITDA / Interest Expense | 6.2x | 6.8x | 12.8x | 12.0x | 11.6x | 11.6x | 11.2x | 12.8x |
| (EBITDA - CAPEX) / Interest Exp. | 2.7x | 2.5x | 3.8x | 3.1x | 2.7x | 2.2x | 1.2x | 2.3x |
| **LEVERAGE** | | | | | | | | |
| Debt / EBITDA | 3.2x | 3.5x | 2.9x | 3.4x | 3.5x | 3.5x | 3.6x | 3.1x |
| Debt / (EBITDA - CAPEX) | 7.3x | 9.5x | 9.6x | 13.5x | 14.9x | 18.7x | 33.8x | 17.0x |

*Source: Moody's Financial Metrics™*

REPORT NUMBER 1341401

## CLIENT SERVICES


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


Moody's
INVESTORS SERVICE