

CREDIT OPINION

16 May 2023

Update



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RATINGS

Bertelsmann SE & Co. KGaA

Domicile	Guetersloh, Germany
Long Term Rating	Baa2
Type	LT Issuer Rating
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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Bertelsmann SE & Co. KGaA

Update following rating affirmation

Summary

[Bertelsmann SE & Co. KGaA](#) (Bertelsmann, Baa2 stable) is one of the largest European media and services companies, controlling the largest pan-European free-to-air broadcaster RTL Group SA (RTL), the world's leading book publisher Penguin Random House (PRH) and the business services provider Arvato Group (Arvato), among others.

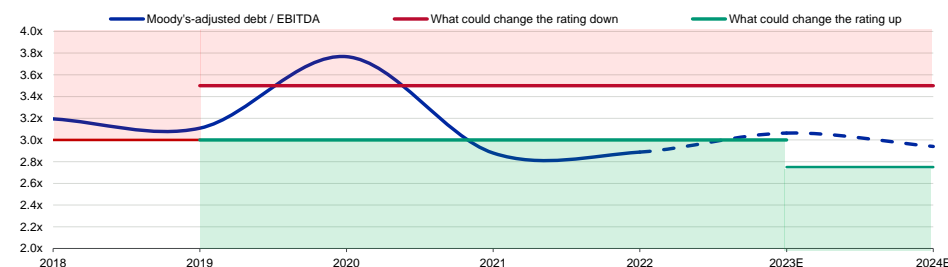
On 10 May 2023, we affirmed the Baa2 rating with a stable outlook reflecting Bertelsmann's strong credit metrics and its ongoing strategy to improve its business profile by investing in growth businesses and reducing its dependence on the more cyclical and challenged broadcasting business. We expect the company to use its high financial flexibility provided by its large cash balance to continue to invest in its growth businesses organically and through bolt-on acquisitions.

Our credit view reflects Bertelsmann's large scale and wide scope of activities, its strong and established positions in a number of geographically diversified markets, the growth potential from its ongoing investments, its excellent liquidity and the company's clearly defined financial policy of maintaining debt/EBITDA below 2.5x.

Our credit view also reflects the structural challenges affecting its broadcasting business and its exposure to the cyclicity of the advertising sector. The company intends to further reduce this exposure over the next years.

Exhibit 1

We expect leverage to remain around 3.0x, driven by stable operating performance Moody's-adjusted debt/EBITDA



On May 2023, we changed the leverage thresholds for the rating category to align it to those of its closest peers.

2023 and 2024 are pro forma Majorel sale

Source: Moody's Investors Service

Credit strengths

- » Large scale and wide scope of activities
- » Strong and established positions in diverse markets and geographies
- » Clearly defined financial goals, which support the company's Baa2 rating
- » High financial flexibility provided by its large cash balance
- » Long-standing full ownership of the company by the Mohn family/Bertelsmann Foundation

Credit challenges

- » Exposure to increased competition from TV streaming platforms, leading to fragmentation in its audiences and a reduction in free-to-air viewing time
- » Exposure to the cyclical nature of the advertising sector
- » Strategic setbacks caused by the failed transactions of M6-TF1 and Simon&Schuster (S&S)
- » Presence of minority interests, mainly in RTL

Rating outlook

The stable outlook on the rating reflects Moody's expectation that despite the uncertain economic environment, the company has significant financial flexibility to accommodate potential headwinds in terms of operating performance. This flexibility also gives it time to pursue its transformation strategy. The outlook factors in Moody's expectation that the company will maintain a prudent financial policy consistent with the credit metrics required for the Baa2 rating.

Factors that could lead to an upgrade

The rating could be upgraded if: (1) the company is successful in its transformation efforts resulting in sustainable organic revenue and EBITDA growth, as well as margin improvement; (2) its RCF-to-net debt ratio improves above 30%; and (3) its gross debt-to-EBITDA ratio remains below 2.75x on a sustained basis.

We have slightly adjusted the RCF/Net Debt and leverage tolerance levels (from 25% and well below 3.0x, respectively) to align them to those of its closest peers.

Factors that could lead to a downgrade

Downward rating pressure could arise if the company's operating performance deviates significantly from Moody's expectations such that it fails to maintain an adjusted RCF-to-net debt ratio (as defined by Moody's) above 20%, and a gross debt-to-EBITDA ratio below 3.5x on a sustained basis.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Bertelsmann SE & Co. KGaA

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	2023E	2024E
Revenue (€ billion)	17.7	18.0	17.3	18.7	20.2	18.8	19.6
EBITA Margin %	11.4%	12.2%	12.4%	12.2%	10.5%	9.8%	9.8%
Debt / EBITDA	3.2x	3.1x	3.8x	2.9x	2.9x	3.1x	2.9x
EBITA / Interest Expense	7.7x	9.1x	7.9x	9.6x	7.9x	7.2x	7.2x
RCF / Net Debt	20.2%	23.1%	37.8%	45.1%	33.1%	34.7%	37.6%

All figures and ratios are calculated using Moody's estimates and standard adjustments.

Periods are financial year-end unless indicated.

Moody's forecasts (E) are Moody's opinion and do not represent the views of the issuer.

2023 and 2024 are pro forma Majorel sale

Sources: Moody's Financial Metrics™ and Moody's Investors Service

Profile

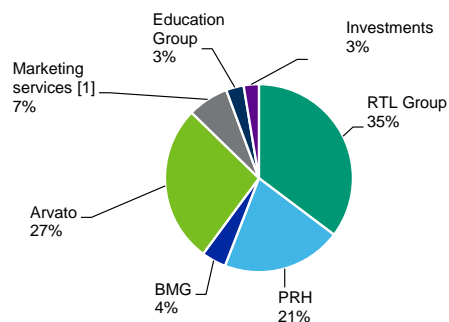
Bertelsmann SE & Co. KGaA (Bertelsmann), headquartered in Gutersloh, Germany, is a large media, services and education company that operates in about 50 countries and employs 165,000 people.

Bertelsmann conducts its operations through various subsidiaries. Its programming, content production and television activities are conducted through RTL (76.3% owned); managed services, integrated outsourcing services and solutions activities through Arvato; book publishing activities through PRH; music activities through Bertelsmann Music Group (BMG); and direct marketing and print activities through the Bertelsmann Marketing Services, the Bertelsmann Education Group and Bertelsmann Investments, which include more than 333 startup investments in emerging markets and the digital space.

In 2022, Bertelsmann reported consolidated revenue of around €20.2 billion and operating EBITDA of €3.2 billion (as defined by the company).

Exhibit 3

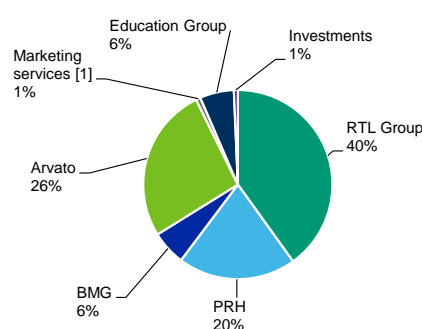
Bertelsmann's revenue is well diversified across several segments Revenue breakdown by division as of December 2022



[1] Former Printing Group
Source: Company filings

Exhibit 4

The company's EBITDA is also widely distributed EBITDA breakdown by division as of December 2022



[1] Former Printing Group
Source: Company filings

Detailed credit considerations

Solid operating performance in 2022, but visibility will reduce in 2023 because of a weaker macroeconomic environment

In 2022, Bertelsmann posted organic revenue growth of 4.1%, with stable operating EBITDA (as defined by the company) of €3.2 billion. Growth was driven mainly by the Arvato and BMG divisions, while RTL's organic revenue increased in the low-single-digit percentages. However, PRH's organic growth was negative, mainly because of the slowdown of the book market after the record high during the coronavirus pandemic.

In May 2023, the company released its trading statement for the first quarter of 2023, with modest organic revenue growth of around 2%, driven mainly by RTL's streaming, BMG, Arvato's services businesses and Bertelsmann Education Group, compensating for the 16% decline in RTL's advertising revenues. The company confirmed 2023 guidance of moderate to significant revenue growth and a stable operating result, subject to the rebound of the TV advertising markets in the second half of the year, in particular in Germany.

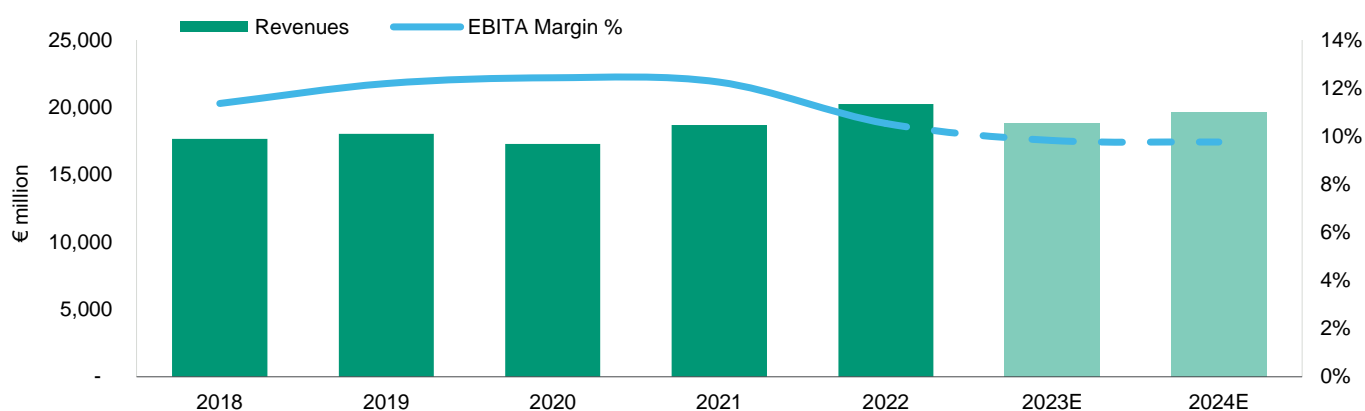
In 2023, we expect Bertelsmann's organic revenue growth to slow down to the low-single-digit percentages, with revenue slightly below €19 billion (pro forma for the deconsolidation of Majorel). Growth will be driven mainly by RTL's streaming services, Arvato, BMG and the Education Group, which will compensate for the expected decline in RTL's advertising revenue.

Bertelsmann's margins deteriorated in 2022, mainly because of losses generated by RTL's TV streaming initiatives and main cost increases, including paper and energy, at PRH and the printing activities. The company's EBITDA margin (as adjusted by Moody's) declined to 13.5% in 2022 compared to 15.2% in 2021, and we project a further decline to around 13% because the loss of high-margin advertising revenue will not be compensated by the growth of other businesses.

We project revenue growth to accelerate again to around the mid-single-digit percentages and EBITDA margin to stabilise from 2024 driven by some recovery in the advertising market and solid operating performance in its main divisions. We expect that the company will start to benefit from the higher investments required by its growth businesses, such as music catalogue acquisitions or higher working capital needs for its TV content division with a greater focus on scripted dramas.

Exhibit 5

Operating margins will remain broadly stable in the next 12-18 months, mainly because of high investments in RTL's streaming services
Revenue and Moody's-adjusted EBITA margin evolution (2018-24E)

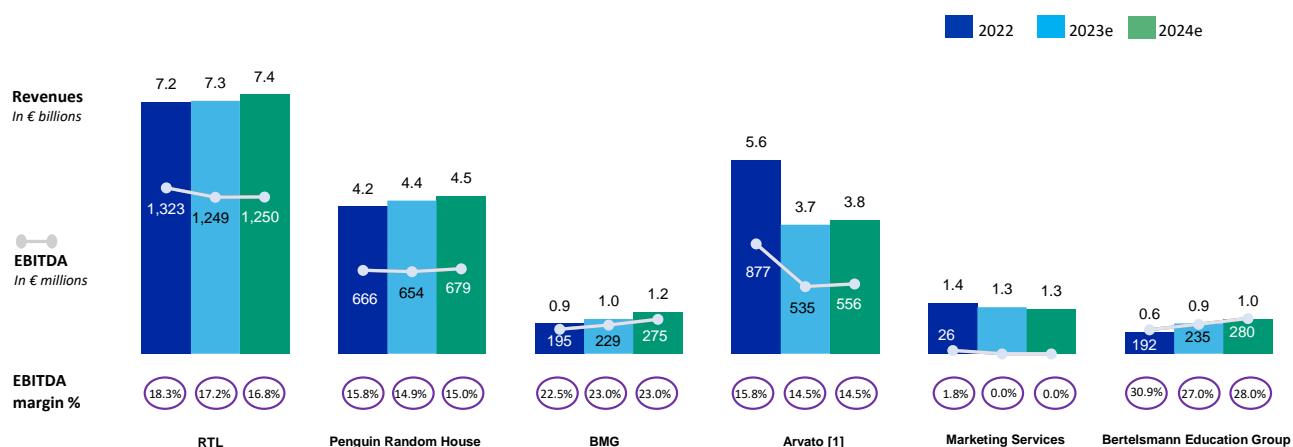


2023 and 2024 are pro forma Majorel sale
Source: Moody's Investors Service

Exhibit 6

Despite revenue growth, EBITDA is likely to remain broadly flat until 2024

Revenue, company operating EBITDA and margin evolution by division (2022-24E)



[1] Arvato's revenue and EBITDA exclude Majorel for 2023 and 2024.

Sources: Moody's Investors Service and company filings

Strategy to improve its business profile will focus more on organic investment initiatives rather than transformational transactions

The company's strategy remains focused on reducing its dependence on the more cyclical broadcasting business. The company was able to reduce its exposure to advertising businesses over the last 10 years through a mix of organic and inorganic growth. The failed acquisition of Simon&Schuster and the failed merger of M6 and TF1 in 2022 have represented a setback for the company's transformation strategy. As a result, we expect the company to pursue an organic growth strategy rather than transformational M&A.

Therefore, we expect Bertelsmann to increase its investment initiatives (operating expenditure, capital spending and bolt-on M&A) in its growth businesses, such as RTL's streaming services, TV content at Fremantle and music catalogue acquisitions at BMG, among others. We also expect the company to execute some bolt-on acquisitions to strengthen some of its existing businesses, diversify into new ones and foster revenue growth.

The company benefits from strong financial flexibility, supported by a significant cash position to drive the ongoing transformation. Following the sale announcement of its 39.5% stake of Majorel to France-listed Teleperformance SE (Teleperformance) in April 2023, Bertelsmann will reduce its exposure to the customer experience (CX) business and will improve the group's overall financial flexibility thanks to the cash proceeds raised from this disposal. Upon completion of the deal (Q4 2023 or Q1 2024), which is subject to regulatory approval, the company will receive around €800 million in cash (net cash proceeds will be around €555 million because it will deconsolidate €245 million of cash sitting at Majorel as of year-end 2022). Bertelsmann will also receive around €400 million in shares of the combined entity (equivalent to between 5.7% and 7.2% of Teleperformance after the transaction).

Company benefits from solid credit metrics and a consistent financial policy

Bertelsmann remains well positioned in the Baa2 rating category because it benefits from the financial flexibility provided by a large cash balance that will help to fund its transformation strategy. This financial flexibility provides support in a context of structural and cyclical headwinds affecting some of its businesses, as well as the margin erosion that the company is currently facing.

We expect Bertelsmann to report stable adjusted gross debt to EBITDA ratio (as per Moody's definition) at around 3.0x in 2023 and 2024, compared with 2.9x in 2022. We note that the company has benefited in the last 2 years from the reduction in the pension liability owing to higher interest rates, but this trend may reverse in the future. On a pro rata consolidated basis, we estimate that leverage would be around 0.5x higher than that reported by the company, mainly because of the presence significant minority interests in its most relevant asset, RTL (76.3% ownership). The company's net reported leverage ratio is strong at 1.8x, supported by a large cash position of around €3.1 billion at year end 2022. Bertelsmann's credit quality continues to be supported by its clearly defined and predictable financial policy of reported net leverage ratio (as defined by the company) below 2.5x.

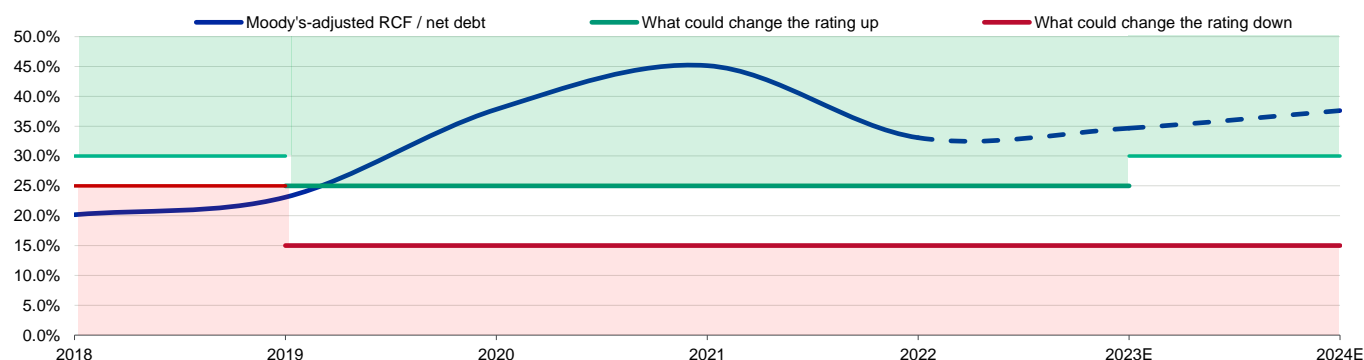
RCF metrics will also remain solid and similar to 2022 levels, with RCF/net adjusted debt at around 36% throughout 2023-24, because we expect dividends and operating performance to remain broadly stable.

We expect a significant improvement in free cash flow (FCF, Moody's-adjusted, after dividends) to around €0.4 million in 2023, from negative €0.4 billion in 2022, because of a normalisation of working capital changes and a reduction in content investments. We forecast that 2024 FCF generation will improve further to around €0.6 million because of a slightly better operating performance and lower capital spending, after the peak in 2023.

Exhibit 7

RCF/net debt will remain strong in the next 12-18 months because of stable operating performance and a high cash balance

Moody's-adjusted RCF/net debt



2023 and 2024 are pro forma Majorel sale

Source: Moody's Investors Service

Credit metrics are currently strong for the rating category, but the use of the current financial flexibility will remain key in light of the strategic setbacks that the company faced in 2022.

Presence of relevant minority interests is a limiting factor for the rating

There are significant minority interests in its most relevant asset, RTL (76.3% ownership), both at the holding level and at the subsidiary level (RTL/M6), which limit its strategic flexibility over time and, therefore, the rating. On a pro rata consolidated basis, we estimate that leverage would be around 0.5x higher than that reported by the company because of the presence of these relevant minority interests. We expect Bertelsmann to maintain its current ownership stake in RTL because the company does not intend to buy out the minorities.

ESG considerations

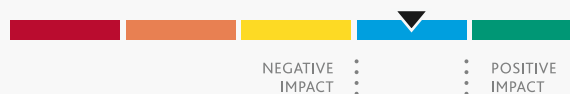
Bertelsmann SE & Co. KGaA's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 8

ESG Credit Impact Score

CIS-2

Neutral-to-Low



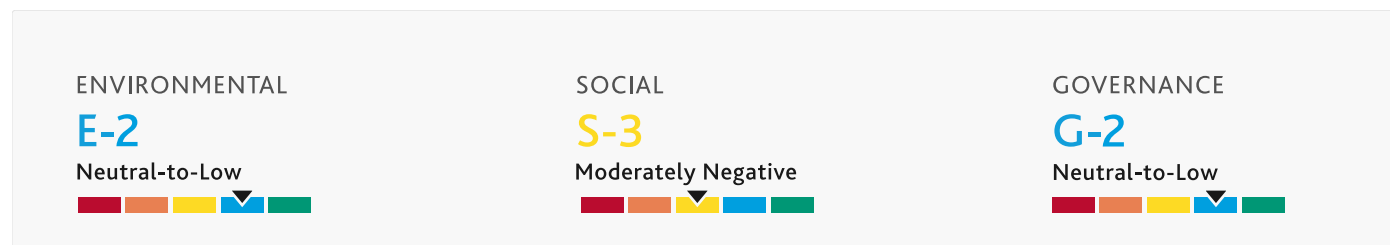
For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

Bertelsmann's CIS-2 indicates that ESG considerations are not material to the rating. While the company is ultimately controlled by the Mohn family, there is a long and established track record of conservative financial policies and its main asset, RTL, is publicly listed. Bertelsmann's exposure to environmental and social risks are considered manageable, as the company's strategy is focused on strengthening its business profile by adapting to changes in consumer behaviours that affect its main subsidiary, the free-to-air broadcaster RTL.

Exhibit 9

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

Bertelsmann's exposure to environmental risks is not material across all categories. The nature of its media activities, with limited exposure to physical climate risk and very low emissions of pollutants and carbon, results in low environmental risk of E-2.

Social

Bertelsmann's S-3 score reflects its exposure to demographic and societal trends. Increasing competition from OTT content distributors is leading to a fragmentation of audiences and an acceleration in the reduction of the free-to-air viewing time, forcing broadcasters such as Bertelsmann's RTL to adapt to the new environment to remain relevant with audiences. However, other segments of Bertelsmann are benefitting from the increased demand for content, such as for example Fremantle and BMG, somewhat offsetting the negative dynamics for broadcasters. In terms of human capital, the company will benefit from the sale of Majorel's activities, as this transaction will reduce the number of employees by more than 50%.

Governance

Bertelsmann's exposure to governance factors reflects the company's long track record of maintaining solid risk management strategies and conservative financial policies with a public commitment to maintain an investment grade rating. Although Bertelsmann is private and ultimately controlled by the Mohn family, we consider the listing of its main subsidiary and the presence of a majority independent board, limited representation of the family at senior management level and the defuse structure of family ownership as being mitigating factors to potential governance risks.

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 has excellent liquidity, supported by cash and cash equivalents of around €3.1 billion as of December 2022 and by access to a €1.2 billion syndicated bank credit facility, maturing in 2026, which is fully undrawn.

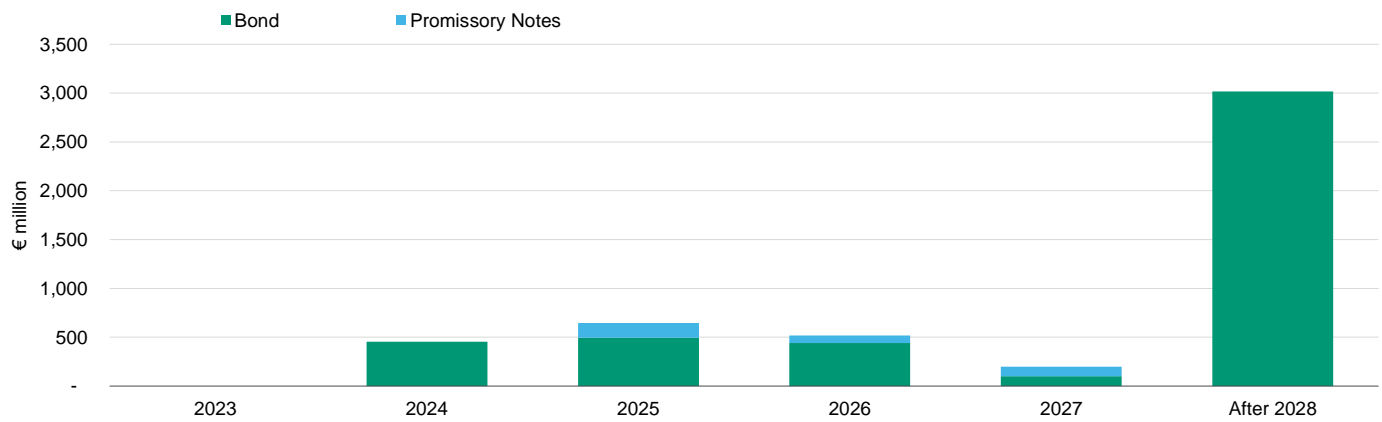
The large cash balance, together with operational cash generation and availability under the company's credit facilities, provides ample flexibility to cover upcoming debt maturities.

In addition, the company holds sizeable liquid investments in listed corporations (Magnite and Teleperformance, after transaction approval), which provide further financial flexibility. The value of Teleperformance's and Magnite's equity stakes amounts to around €0.5 billion.

Exhibit 10

Bertelsmann's debt is well distributed over the coming years

Debt breakdown by maturity as of May 2023



Source: Company filings

Methodology and scorecard

We rate Bertelsmann using our [Business and Consumer Services](#) rating methodology, updated in November 2021. We expect the scorecard-indicated outcome to be Baa2 in the next 12-18 months, in line with the assigned rating.

We have recently changed the Competitive Profile score from A to Baa to reflect the structural challenges affecting mainly its broadcasting business arising from the proliferation of TV streaming platforms and fragmentation of audiences.

Exhibit 11

Rating factors

Bertelsmann SE & Co. KGaA

Business and Consumer Service Industry Scorecard [1][2]			Current FY 12/31/2022		Moody's 12-18 Month Forward View As of 5/5/2023 [3] [4]	
Factor 1 : Scale (20%)	Measure	Score	Measure	Score	Measure	Score
a) Revenue (USD Billion)	\$21.3	A			\$19.8 - \$20.7	A
Factor 2 : Business Profile (20%)						
a) Demand Characteristics	Baa	Baa			Baa	Baa
b) Competitive Profile	A	A			Baa	Baa
Factor 3 : Profitability (10%)						
a) EBITA Margin	10.5%	B			9.8%	Caa
Factor 4 : Leverage and Coverage (40%)						
a) Debt / EBITDA	2.9x	Baa			2.9x - 3.1x	Baa
b) EBITA / Interest	7.9x	Baa			7.2x	Baa
c) RCF / Net Debt	33.1%	Baa			34.7% - 37.6%	Baa
Factor 5 : Financial Policy (10%)						
a) Financial Policy	Baa	Baa			Baa	Baa
Rating:						
a) Scorecard-Indicated Outcome		Baa2				Baa2
b) Actual Rating Assigned						Baa2

[1] All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 12/31/2022.

[3] This represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestures.

[4] Forward view is pro forma Majorel sale

Source: Moody's Financial Metrics™

Ratings

Exhibit 12

Category	Moody's Rating
BERTELSMANN SE & CO. KGAA	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured -Dom Curr	Baa2
Jr Subordinate -Dom Curr	Ba1
ST Issuer Rating	P-2

Source: Moody's Investors Service

Appendix

Exhibit 13

Peer comparison

	Bertelsmann SE & Co. KGaA Baa2 Stable			Vivendi SE Baa2 Negative			WPP Plc Baa2 Stable			Publicis Groupe S.A Baa2 Stable		
	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE
(in USD million)	Dec-20	Dec-21	Dec-22	Dec-20	Dec-21	Dec-22	Dec-20	Dec-21	Dec-22	Dec-20	Dec-21	Dec-22
Revenue	19,733	22,120	21,337	18,364	10,314	10,112	15,408	17,609	17,850	12,313	13,888	14,962
EBITDA	2,945	3,353	2,889	2,792	1,357	959	1,950	2,607	2,574	2,529	2,827	3,056
Total Debt	11,893	9,280	8,448	10,234	6,286	5,000	21,745	9,430	9,197	8,449	6,756	6,838
Cash & Cash Equivalents	5,584	5,198	3,290	1,194	5,054	2,704	17,632	5,259	2,997	4,527	4,161	4,926
EBITA Margin %	12.4%	12.2%	10.5%	12.2%	9.4%	5.8%	8.4%	11.5%	11.4%	15.5%	17.0%	17.1%
EBITA / Interest Expense	7.9x	9.6x	7.9x	17.6x	10.9x	8.1x	3.2x	5.2x	4.5x	6.2x	10.4x	11.1x
Debt / EBITDA	3.8x	2.9x	2.9x	3.4x	4.8x	5.1x	10.5x	3.7x	3.7x	3.1x	2.5x	2.2x
RCF / Net Debt	37.8%	45.1%	33.1%	18.0%	87.8%	34.6%	38.2%	28.7%	21.1%	49.9%	70.6%	88.4%
FCF / Debt	18.6%	6.2%	-4.8%	-1.8%	10.6%	2.2%	8.1%	14.2%	-3.3%	30.7%	16.4%	18.6%

Source: Moody's Financial Metrics™

Exhibit 14

Moody's-adjusted debt reconciliation

Bertelsmann SE & Co. KGaA

€ million	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Bonds	4,472	4,377	5,968	5,047	4,656
Promissory Notes	459	325	424	325	325
Liabilities to Banks	256	138	126	174	291
Finance Lease Liabilities	39	1,392	1,355	1,356	1,538
Other Financial Debt	111	160	108	58	205
Profit Participation Capital	413	413	413	413	413
Moody's Reported Debt	5,750	6,805	8,394	7,373	7,428
Pension Adjustment	1,669	1,884	1,951	1,410	649
Operating Lease Adjustment	1,152	-	-	-	-
Hybrid Adjustment	(625)	(625)	(625)	(625)	(372)
Liabilities from Put Options relating to shareholders with non-controlling interests	46	24	-	-	211
Moody's Adjusted Debt	7,992	8,088	9,720	8,158	7,916

Source: Moody's Financial Metrics™

Exhibit 15

Moody's-adjusted EBITDA reconciliation

Bertelsmann SE & Co. KGaA

€ million	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Company reported EBITDA	2,586	2,909	3,143	3,241	3,192
Restructuring and Other Special Items	(278)	(293)	(214)	(301)	(420)
Fair Value of Measurement of Investments	157	143	59	483	(232)
Impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations	(173)	(27)	(116)	-	-
Adjustment to carrying amounts on assets held for sale	(6)	(7)	-	(6)	-
Impairment to other financial assets	-	(9)	(26)	(1)	(32)
Impairment losses and reversals on investments accounted for using the equity method	(2)	(51)	(62)	2	(7)
Results from disposals of investments	6	90	410	786	136
Adjustments on amortisation/depreciation impairment losses and reversals on intangible assets and property, plant	177	121	122	29	22
Interest Income	15	13	10	11	30
Other financial income	49	24	8	13	68
Other financial expenses	(91)	(132)	(93)	(136)	(116)
Moody's Reported EBITDA	2,440	2,781	3,241	4,121	2,641
Pension Adjustment	2	(10)	(5)	1	-
Operating Lease Adjustment	275	-	-	-	-
Remove: Gains from disposals of non-current Assets	(76)	(12)	(246)	-	-
Remove: Gains disposals of investments	(6)	(90)	(410)	(786)	(136)
Add: Losses on disposals of non-current assets	16	9	-	-	-
Remove: fair value measurement of investments	(157)	(143)	-	(483)	236
Impairments	2	60	-	-	-
Add: Carrying amount of assets held for sale	6	7	-	-	-
Moody's Adjusted EBITDA	2,502	2,602	2,580	2,853	2,741

Source: Moody's Financial Metrics™

Exhibit 16

Moody's-adjusted RCF and FCF reconciliation

Bertelsmann SE & Co. KGaA

€ million	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Reported Funds from Operations	1,615	2,102	2,508	1,860	2,304
Less: Common Dividends	(180)	(180)	0	(230)	(220)
Less: Minority Dividends	(356)	(263)	(10)	(180)	(293)
Reported Retained Cash Flow	1,079	1,659	2,498	1,450	1,791
Operating Lease Adjustment	223	0	0	0	0
Tax Paid	534	424	214	807	339
Tax Expense	(394)	(375)	(489)	(583)	(332)
Net Interest Paid	169	235	255	221	213
Net Interest Expense	(144)	(191)	(230)	(209)	(200)
Reclassify: Net Interest Paid and dividends received to FFO	(196)	(260)	(298)	(221)	(213)
Reclassify: Recapitalisation of PRH to Financing Cash Flow	57	0	0	0	0
Pension adjustment	0	0	0	155	0
Moody's Adjusted Retained Cash Flow	1,328	1,492	1,950	1,620	1,598
Change in Working Capital	(178)	(42)	486	(68)	(988)
FFO Aligment	(165)	(93)	250	(236)	(20)
Reported Capex	(620)	(606)	(663)	(809)	(1,036)
Lease payments	(223)	(247)	(276)	(279)	(311)
Music catalogue acquisition	0	49	58	281	380
Moody's Adjusted Free Cash Flow	142	553	1,805	509	(377)

Source: Moody's Financial Metrics™

Exhibit 17

Historical and projected Moody's-adjusted financials Bertelsmann SE & Co. KGaA

(in EUR million)	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	2023E	2024E
INCOME STATEMENT							
Revenue	17,673	18,023	17,289	18,696	20,245	18,800	19,612
EBITDA	2,502	2,602	2,580	2,834	2,741	2,412	2,509
EBITA	2,008	2,197	2,149	2,309	2,132	1,847	1,914
Interest expense	261	241	273	239	270	255	265
BALANCE SHEET							
Cash & Cash Equivalents	1,405	1,629	4,564	4,571	3,083	3,179	3,291
Total Debt	7,992	8,088	9,720	8,160	7,916	7,390	7,390
CASH FLOW							
Capital Expenditures	(843)	(804)	(881)	(807)	(967)	(799)	(779)
Dividends	499	463	30	430	513	431	431
Retained Cash Flow (RCF)	1,328	1,492	1,950	1,620	1,598	1,460	1,541
RCF / Net Debt	20.2%	23.1%	37.8%	45.1%	33.1%	34.7%	37.6%
Free Cash Flow (FCF)	142	553	1,805	509	(377)	381	559
FCF / Debt	1.8%	6.8%	18.6%	6.2%	-4.8%	5.2%	7.6%
PROFITABILITY							
% Change in Sales (YoY)	2.8%	2.0%	-4.1%	8.1%	8.3%	-7.1%	4.3%
EBITA margin %	11.4%	12.2%	12.4%	12.4%	10.5%	9.8%	9.8%
EBITDA margin %	14.2%	14.4%	14.9%	15.2%	13.5%	12.8%	12.8%
INTEREST COVERAGE							
EBITA / Interest Expense	7.7x	9.1x	7.9x	9.6x	7.9x	7.2x	7.2x
EBITDA / Interest Expense	9.6x	10.8x	9.5x	11.9x	10.1x	9.5x	9.5x
(EBITDA - CAPEX) / Interest Expense	6.4x	7.5x	6.3x	8.5x	6.6x	6.0x	6.5x
LEVERAGE							
Debt / EBITDA	3.2x	3.1x	3.8x	2.9x	2.9x	3.1x	2.9x
Debt / (EBITDA - CAPEX)	4.8x	4.5x	5.7x	4.0x	4.5x	4.6x	4.3x

2023 and 2024 are pro forma Majorel sale

Source: Moody's Financial Metrics™

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