

CREDIT OPINION

1 March 2023

Update

Send Your Feedback

RATINGS

Almarai Company

Domicile	Saudi Arabia
Long Term Rating	Baa3
Type	LT Issuer Rating - Fgn Curr
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.

Contacts

Julien Haddad +971.4.237.9539
VP-Senior Analyst
julien.haddad@moodys.com

Hormazd Motafram +971.4.237.9564
Associate Analyst
hormazd.motafram@moodys.com

Rehan Akbar, CFA +971.4.237.9565
Senior Vice President
rehan.akbar@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

Almarai Company

Update following the rating affirmation

Summary

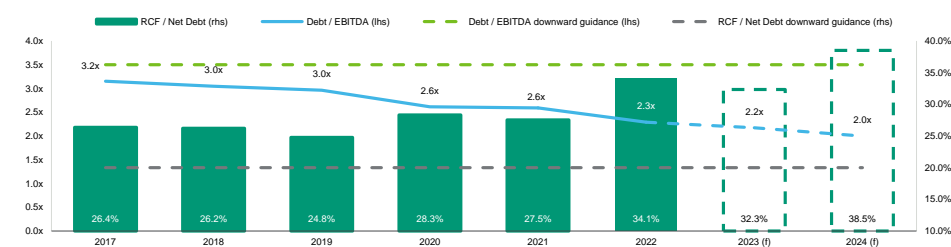
On 23 February, we affirmed [Almarai Company's](#) (Almarai) Baa3 issuer rating and stable outlook. The rating affirmation reflects the company's track record in recent years of reducing leverage while increasing scale and improving diversification, both geographically and from a product perspective, at a time when the operating environment has been challenging. The rating affirmation also reflects our expectation that Almarai will continue to grow while prudently managing its credit and liquidity profiles.

Almarai's issuer rating is also supported by its (1) well-recognised and established brands, with strong market positions in products such as milk, cheese, butter, baked goods and fresh poultry; (2) healthy margins, given its vertically integrated supply chain, manufacturing efficiencies and strict control of operating expenses; and (3) good liquidity and a prudent financial policy.

Conversely, Almarai's issuer rating is constrained by (1) its geographical concentration, especially with respect to dairy farms, which are located in a single producing region; (2) concentration of revenue in one segment, namely dairy products and juice, which accounted for 67% of revenue as of 31 December 2022; and (3) pressures on costs and pricing, which will constrain its profitability. The ratings also reflect our expectation that the company will undertake opportunistic acquisitions to enter new categories or countries.

Exhibit 1

Almarai's adjusted leverage metrics have improved in the past five years



All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's forecasts (f) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless indicated.

Source: Moody's Investors Service

Credit strengths

- » Established brands with leading market positions in the Middle East and North Africa (MENA) region across a number of segments, such as fresh dairy and baked goods
- » A vertically integrated business model, which provides a margin advantage over its peers
- » Good liquidity and a prudent financial policy

Credit challenges

- » A degree of concentration on dairy products, with dairy and juice contributing to 67% of revenue in 2022
- » Possible biohazard risk because the company sources its milk from one geographical area
- » Pressure on profitability margins amid rising operating costs, partially offset by an improving operating environment

Rating outlook

The stable rating outlook reflects our expectation that Almarai's credit profile will remain solidly positioned in the current rating category.

Factors that could lead to an upgrade

The rating could be upgraded if Almarai's margins were to stabilize close to the mid-teens level. The rating could also be upgraded if the company maintains its financial leverage (Moody's adjusted debt/EBITDA) below 2.5x, with Moody's adjusted retained cash flow (RCF)/net debt above 30%, while maintaining strong margins and credit quality, robust liquidity and free cash flow (FCF) generation, as well as a prudent dividend policy.

Factors that could lead to a downgrade

A downgrade could be triggered if Moody's adjusted debt/EBITDA increases towards 3.5x or Moody's adjusted RCF/net debt decreases to below 20% for an extended period. A deterioration in its profitability or liquidity, increased payouts to shareholders and large debt-funded acquisitions could also lead to a downgrade.

Key indicators

Exhibit 2

Key Indicators for Almarai Company^{[1][2][3]}

Almarai Company	2017	2018	2019	2020	2021	2022	2023 (f)	2024 (f)
Revenue (\$ billion)	3.7	3.6	3.8	4.1	4.2	5.0	5.2	5.6
EBITA Margin %	21.1%	21.2%	19.0%	18.0%	14.1%	13.5%	13.3%	13.7%
Debt / EBITDA	3.2x	3.0x	3.0x	2.6x	2.6x	2.3x	2.2x	2.0x
RCF / Net Debt	26.4%	26.2%	24.8%	28.3%	27.5%	34.1%	32.3%	38.5%
EBITA / Interest Expense	5.2x	5.6x	4.3x	5.4x	5.8x	5.2x	4.7x	4.8x

[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

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.

Profile

Almarai Company (Almarai) is the Middle East's leading food and beverage manufacturer and distributor, and the world's largest vertically integrated dairy company. The group is active in five sectors across the Middle East and North Africa (MENA) region: dairy (liquid and foods), juice, baked goods, poultry and infant nutrition. Its major brands include Almarai, L'Usine, 7 Days and Alyoum. For 2022, Almarai reported sales of SAR18.7 billion and operating profit of SAR2.5 billion. Established in 1977, the company's main shareholders are Savola Group (34.5%), HH Prince Sultan bin Mohammed bin Saud Al Kabeer and related entities (23.7%) and Saudi Agricultural & Livestock Investment Company (SALIC) (16.3%).

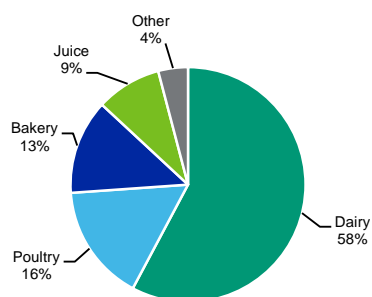
Detailed credit considerations

Strong, established brands with leading market positions

Almarai has leading market positions in GCC countries in products such as milk, cheese, butter and baked goods. Dairy products (fresh dairy, long life dairy and foods) accounted for 58% of Almarai's sales in 2022. The company benefits from the strong brand image of its fresh milk and laban (fermented milk), zabadi (plain yoghurt), fruit yoghurt, and cream and dairy desserts. According to Nielsen, in Saudi Arabia as of November 2022, the company ranked first in the fresh milk market with a 65% market share, second in the long-life dairy market with a 20% market share and first in the poultry (fresh chicken) segment with a 36% market share.

Exhibit 3

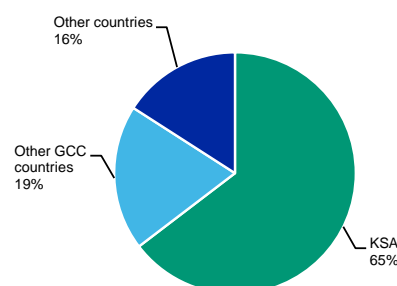
Dairy accounts for 58% of the company's revenue with increasing share from Poultry & Bakery



As of 31 December 2022
Source: Company reports

Exhibit 4

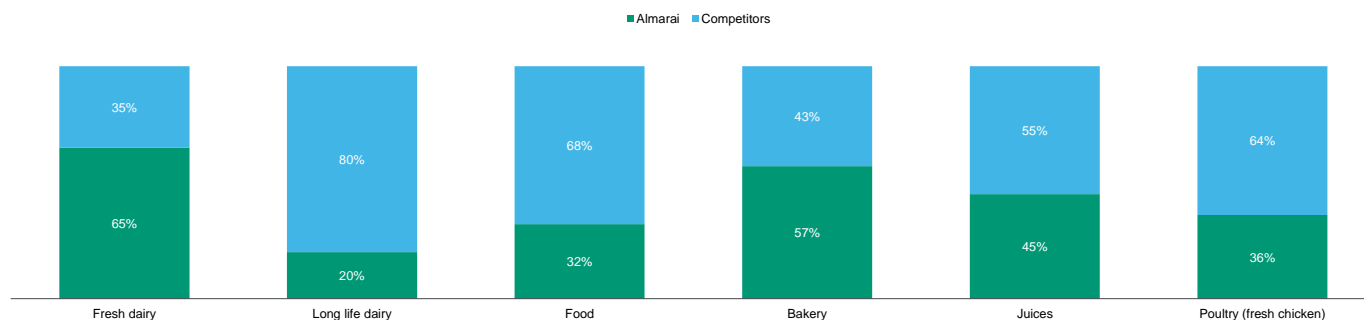
Almarai generates 65% of its revenue in Saudi Arabia



As of 31 December 2022
Source: Company reports

Almarai's brands are well established and well recognized by customers in the GCC countries, offering Almarai a degree of protection against competition from multinational consumer groups, which are struggling to gain significant market share in [Saudi Arabia](#) (A1, stable). Almarai also benefits from an established logistics and distribution network.

Exhibit 5

KSA market share by product

As of 30 November 2022

Source: Company data

Concentration risks offset by vertical integration, resulting in higher margins than those of its peers

Almarai is active across the MENA region and has a particularly strong position in its domestic market, the Kingdom of Saudi Arabia. The company faces greater competition in the United Arab Emirates from several niche companies (Al Rawabi Dairy Company, Al-Ain) in different product markets (juice, food, fresh dairy and long-life dairy) as well as in Oman. Under our Global Consumer Packaged Goods rating methodology, Almarai's geographical diversification scores a B, reflecting the concentration of revenue and cash flow from a single region. The geographical concentration also reflects the proximity of the farms owned by Almarai from which it sources its dairy products. Five of the seven farms are located within 30 kilometres of each other in Saudi Arabia, potentially exposing the company to the risk of outbreaks of bovine diseases. There is also a degree of revenue concentration with dairy products and juice accounting for 67% of revenue in 2022.

In mitigation, each farm operates and is controlled independently, limiting the risks of contagion. Almarai has invested in modern farming techniques and follows a vaccination policy for the most common diseases. Its focus on technology and efficiency has increased milk production and yields. Almarai's strong vertical integration is reflected in its presence throughout the food production and distribution chain, from its ownership of farms to its ownership of fridges in stores, enabling the company to exert increased control over costs and reducing its reliance on external suppliers.

In addition, in its efforts to support the agricultural sector and reduce water consumption in Saudi Arabia, Almarai has historically benefitted from direct subsidies for the import of certain commodities such as corn, alfalfa, soybean meal and sugar beet pulp, as well as indirect subsidies provided to all sectors in Saudi Arabia in the form of low prices for water, electricity and petroleum. As a result, Almarai's operating margins have been higher than those of its peers in the global consumer packaged goods industry. However, the decision by the Saudi Arabian government in 2019 to phase out home-grown alfalfa and remove subsidies on feed inputs, with the exception of green fodder, has resulted in an increase in costs since 2019, and therefore a reduction of Almarai's advantage over global peers. The removal of subsidies has negatively impacted only the dairy segment. For the poultry segment, the government replaced the non-green fodder feed input subsidy with a subsidy on final poultry output. To secure its supply of alfalfa, Almarai has bought farmland in Argentina and the US, and has long-term supplier agreements.

Revenue growth to continue in 2023, albeit at a lower pace compared to 2022

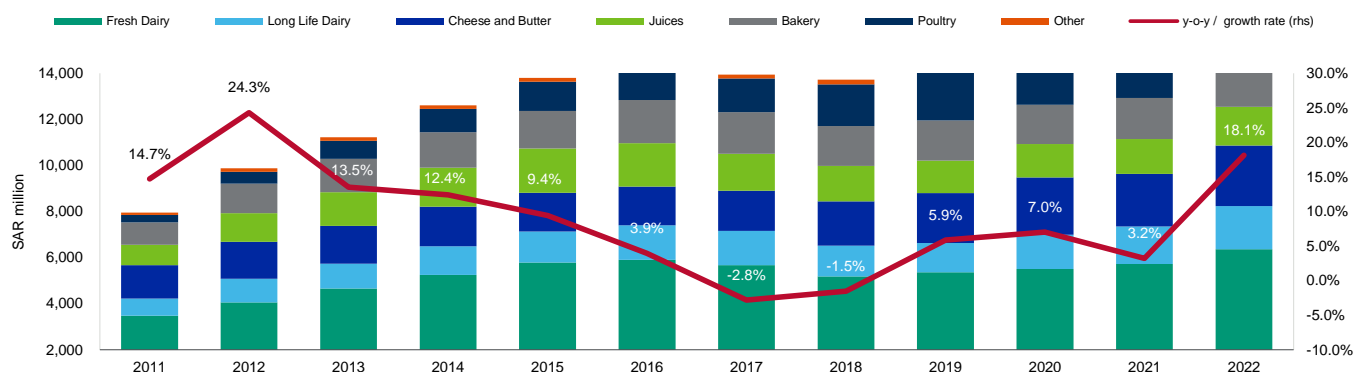
We expect revenue growth to continue in 2023, albeit to a lesser extent compared to 2022 as the Saudi economy and consumer spending continue to benefit from high oil prices and the investments in the non-oil sector. There is a risk, however, that the increase in inflation could result in a decrease in demand and may harm Almarai's revenue generation.

Revenue in 2022 increased by 18% to SAR18.7 billion from SAR15.8 billion. This increase was a result of a number of factors, including (1) demographic growth in Saudi Arabia with an increase in the number of expats in the country; (2) continued social changes in the country with more women joining the work force and relying on packaged goods; and (3) Almarai's ability to pass on the increase in costs to the end consumer without this affecting volumes, albeit at the expense of margins. In addition, the company has been improving efficiencies within its operations, which improved its productivity. For example, Almarai increased its poultry production in 2022 to 200 million birds from 180 million, by improving its production cycle.

Revenue increase during 2022 was through all of Almarai's trade channel, with the traditional trade and food service channels taking the lion's share of the increase. This followed the removal of the COVID-related restrictions as restaurant, hotels and schools fully reopened during the year. Modern trade channels also grew during the year, however to a lesser extent compared to the other channels. The modern trade channel includes supermarkets and hypermarkets, while the traditional trade channel includes small retailers.

Exhibit 6

Almarai's 18.1% revenue growth in 2022 reflects volume increases and pricing adjustments



As of 31 December 2022

Source: Company reports

Profitability to normalize as operating costs stabilize; potential change in consumer habits could result in a decrease in margins

We expect Almarai's EBITA to increase, similar to 2022 and EBITA margins to normalize to levels around 13%-15% in the next three years as input costs stabilize after having increased substantially in 2021 and 2022 in the wake of the COVID pandemic and the Russia-Ukraine invasion. This, in conjunction with the increase in revenue could weigh positively on Almarai's rating.

Almarai's costs had been increasing since 2019 as a result of (1) the phasing out of home-grown alfalfa and removal of subsidies on feed inputs, with the exception of green fodder; (2) the removal or reduction of other subsidies such as fuel and utility costs; (3) increase in fees such as expat levy fees; and (4) the increase in global commodity prices. We expect the company to continue to pass some of these raw material cost increases to consumers by increasing prices, which will reduce the margin compression. Almarai has already done a price increase in December 2022. We also believe rising costs will affect all companies in the industry, and Almarai's overall market share and cost structure could sustain higher costs compared with its competitors.

While Almarai was able to pass on some of the input cost increases to its customers, adjusted EBITA decreased to SAR2.2 billion in 2021 from SAR2.9 billion in 2018 and EBITA margin decreased to 14.1% from 21.2% over the same period. During 2022, Almarai was able to offset some of the costs increases with additional volumes and price increases leading to an increase of EBITA to SAR2.5 billion, however, EBITA margin decreased further to 13.5% for the year.

However, a change in the company's revenue mix could put further negative pressure on Almarai's EBITA margins. Firstly, a change in consumer habits towards long-life dairy from fresh dairy, in line with the last three years will result in a lower EBITA as long-life dairy products have lower margins compared to fresh dairy. In 2022, revenue from long-life dairy grew by 20% compared to 2% from fresh dairy. In addition, the company's growing presence in markets such as Egypt and Jordan will also reduce the consolidated margins given that those operations have lower margins compared to Almarai Saudi Arabia's operations.

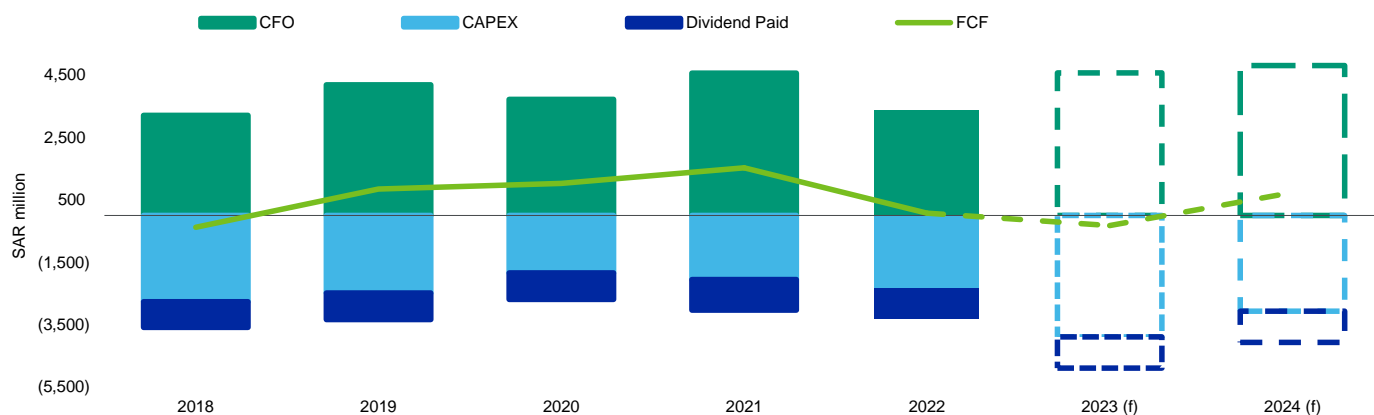
Free cash flow generation will come under pressure because of declining profitability and increased capital spending

Over the last decade, Almarai made significant capital spending investments of around SAR30 billion to expand its farming, industrial and logistics facilities. Its decision to reduce capital spending in 2019 illustrated a prudent approach with respect to its growth prospects, given the current capacity. This resulted in the company generating positive FCF since 2019 as Exhibit 7 shows. More recently, [in May 2021, Almarai announced](#) a significant capital spending expansionary plan of SAR6.6 billion, that aims to double the

company's share of Saudi Arabia's poultry market over the next five years. Almarai will implement its expansion plan in several phases. It aims to enable full vertical integration of the poultry supply, from the development of grandparent farming to production facilities. We expect FCF to be negative in 2023 as a result of an increase in capital spending and to go back to positive territory starting 2024.

Exhibit 7

Almarai's FCF to decrease with growing capital spending in the poultry segment



All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's forecasts (f) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless indicated.

Source: Moody's Investors Service

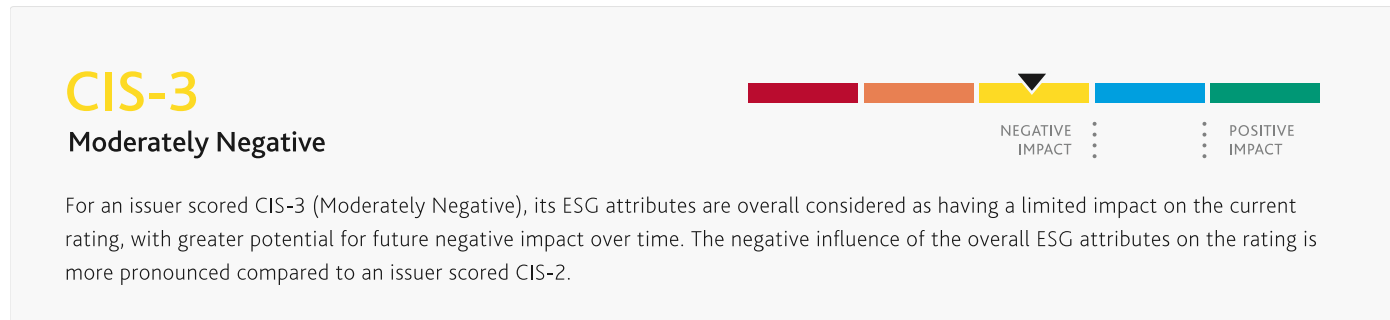
We also expect Almarai to maintain a conservative financial policy. The company has a track record of maintaining net debt/EBITDA below 3.0x (in line with its internal policy) despite sizeable capital spending and acquisitions over the past 10 years. The company also used a mix of debt and equity to fund some of its acquisitions. In the next 12-28 months, we expect Almarai's Moody's adjusted debt/EBITDA to hover around 2.0x-2.2x, and Moody's adjusted RCF/net debt to remain above 30%. In terms of dividend payments, Almarai had an average payout ratio (dividend payment as a percentage of the previous year's net income) of 46% for the five-year period from 2017 to 2021. However, Almarai's payout ratio increased to 63% in 2022 up from 49% the year before.

ESG considerations

Almarai Company's ESG Credit Impact Score is Moderately Negative CIS-3

Exhibit 8

ESG Credit Impact Score

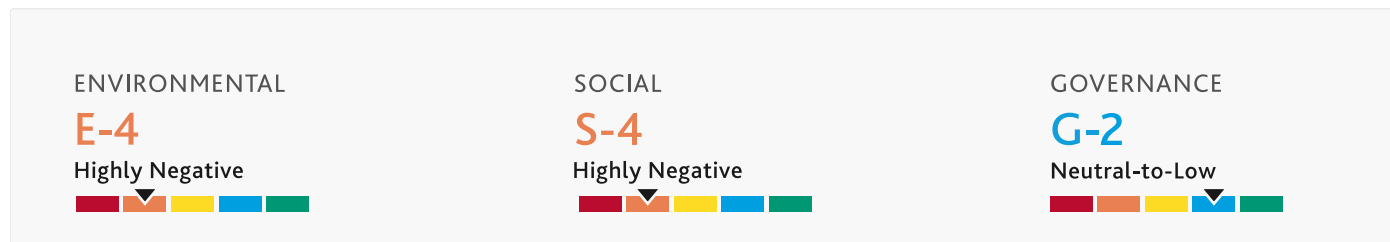


Source: Moody's Investors Service

Almarai's ESG Credit Impact Score is moderately negative (**CIS-3**). The company's exposure to environmental (E-4) and social risks (S-4) have a moderately negative impact on the current rating. These risks are partially mitigated by the company's solid market positions and pricing power, particularly in the Saudi Arabian market as well as the company's conservative financial policies, which result in low to neutral governance risks (G-2).

Exhibit 9

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

Almarai has high negative exposure to environmental risks (**E-4**). The company faces environmental risks which are faced by packaged goods producers as well as protein and agriculture producers. Environmental risks include (1) physical climate risks related to the fact that the majority of Almarai's operations are concentrated in one geographic area which is prone to droughts; (2) carbon transition risks related to the cattle count the company has, which results in high CO₂ and methane emissions, and to the extensive logistics operations they have to transport their products; and (3) water management risks, reflecting the company's reliance on underground water, which is a very scarce resource in Saudi Arabia, given the limited amount of rain in the Kingdom. Almarai has made a number of commitments in terms of reducing its Greenhouse Gas emissions footprint, including (1) increasing the share of renewable energy to 20% by 2025; (2) reduce waste going to landfills by 50% by 2025; and (3) increasing fuel efficiency by 10% by 2025.

Social

Almarai has a negative exposure to social risks (**S-4**) reflecting the reputational risks that food companies are exposed to. Those include product-quality issues such as risk of contamination or food diseases or risks associated with the sustainability of products and raw materials. In addition, social risks arise from changes in end-consumer preferences and dietary considerations, which could significantly affect product demand. However, Almarai has been able to adapt its offerings to changing consumer preferences.

Governance

Almarai has neutral to low exposure to governance risks (**G-2**). The company has conservative financial policies (which map to Baa in our packaged goods methodology). In addition, Almarai has been generating positive FCF for the last three years and is planning to fund its investments program using internally generated cash flows. Almarai is listed to Tadawul (Saudi Arabia's stock exchange). Its main shareholders are Savola Group (34.5%), HH Prince Sultan bin Mohammed bin Saud Al Kabeer and related entities (23.7%), and Saudi Agricultural & Livestock Investment Company (SALIC) (16.3%). Each of these shareholders appoint 2 board members out of the 9 board members with the three remaining board members being independent.

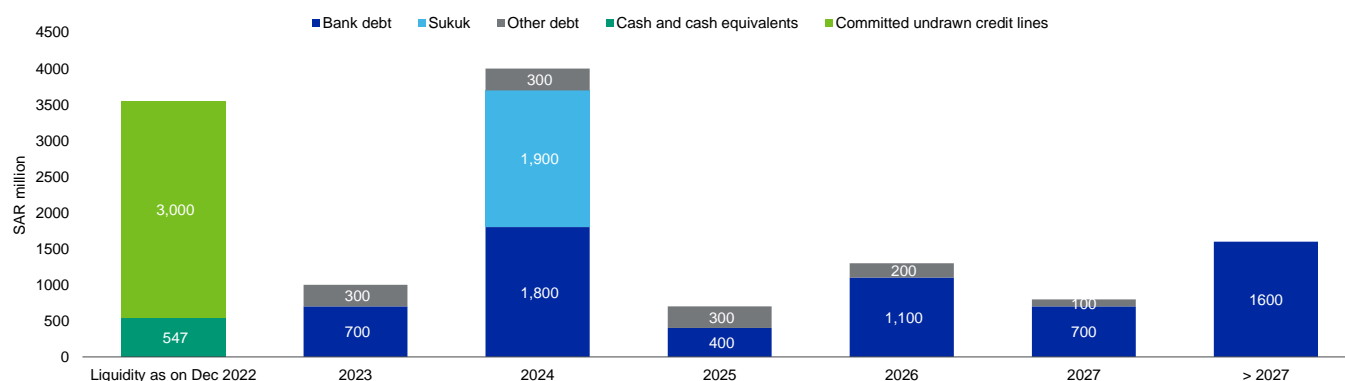
ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

Almarai's liquidity is good. As of 31 December 2022, the company had SAR0.5 billion in cash and cash equivalents, and SAR3.0 billion fully available under committed revolving credit facilities, all of which are maturing after 2025. This, alongside expected funds from operations of around SAR4.5 billion are sufficient to cover Almarai's capital spending of around SAR3.9 billion, dividends of SAR1.0 billion and debt maturities of SAR1.1 billion due in the next 12 months.

Exhibit 10

Debt maturity profile



As of 31 December 2022 (excluding leases)
Source: Company reports

Rating methodology and scorecard factors

We have assessed the company under the Consumer Packaged Goods rating methodology, published on 23 June 2022. Our application of the above methodology reflects our view that Almarai is ultimately a manufacturer and supplier of milk and consumer packaged goods products for the retail sector.

Exhibit 11

Consumer Packaged Goods Industry Scorecard			Current FY 12/31/2022		Moody's 12-18 Month Forward View	
Factor 1 : Scale (20%)	Measure	Score	Measure	Score	Measure	Score
a) Revenue (USD Billion)	\$5.0	Baa	\$5.2 - \$5.6	Baa		
Factor 2 : Business Profile (30%)						
a) Geographic Diversification	B	B	B	B		
b) Segmental Diversification	Baa	Baa	Baa	Baa		
c) Market Position	A	A	A	A		
d) Category Assessment	Baa	Baa	Baa	Baa		
Factor 3 : Profitability (10%)						
a) EBITA Margin	13.5%	Ba	13.3% - 13.7%	Ba		
Factor 4 : Leverage and Coverage (25%)						
a) Debt / EBITDA	2.3x	A	2.0x - 2.2x	A		
b) RCF / Net Debt	34.1%	Baa	32.3% - 38.5%	Baa		
c) EBITA / Interest Expense	5.2x	Baa	4.7x - 4.8x	Ba		
Factor 5 : Financial Policy (15%)						
a) Financial Policy	Baa	Baa	Baa	Baa		
Rating:						
a) Scorecard-Indicated Outcome		Baa3		Baa3		
b) Actual Rating Assigned						Baa3

All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's forecasts (f) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless indicated.

Source: Moody's Investors Service

Appendix

Exhibit 12

Peer Comparison

(in USD millions)	Almarai Company Baa3 Stable			Danone Baa1 Stable			Sigma Alimentos S.A. de C.V. Baa3 Stable		
	2020	2021	2022	2020	2021	LTM Jun-2022	2020	2021	LTM Sep-22
Revenue	4,093	4,227	4,986	26,958	28,728	29,066	6,372	6,822	7,229
EBITA Margin %	18.0%	14.1%	13.5%	14.8%	15.0%	14.2%	7.9%	8.1%	7.1%
Debt / EBITDA	2.6x	2.6x	2.3x	4.1x	4.0x	3.7x	3.6x	3.4x	3.5x
RCF / Net Debt	28.3%	27.5%	34.1%	12.7%	14.1%	12.8%	25.9%	19.9%	16.2%
EBITA / Interest Expense	5.4x	5.8x	5.2x	9.0x	10.5x	10.1x	4.0x	4.9x	4.3x

All figures & ratios calculated using Moody's estimates & standard adjustments. Periods are financial year-end unless indicated. LTM= Last 12 months.

Source: Moody's Financial Metrics™

Exhibit 13

Moody's-Adjusted Debt breakdown

(in USD Millions)	2017	2018	2019	2020	2021	2022
As Reported Debt	3,414	3,845	3,608	3,113	2,723	2,682
Pensions	166	186	220	242	254	281
Operating Leases	85	0	0	0	0	0
Hybrid Securities	453	0	0	0	0	0
Moody's-Adjusted Debt	4,117	4,032	3,828	3,355	2,977	2,963

All figures & ratios calculated using Moody's estimates & standard adjustments. Periods are financial year-end unless indicated.

Source: Moody's Financial Metrics™

Exhibit 14

Moody's-Adjusted EBITDA breakdown

(in USD Millions)	2017	2018	2019	2020	2021	2022
As Reported EBITDA	1,216	1,277	1,247	1,231	1,111	1,241
Pensions	5	5	7	6	4	6
Operating Leases	28	0	0	0	0	0
Unusual	60	40	38	45	36	45
Non-Standard Adjustments	-3	1	0	0	0	0
Moody's-Adjusted EBITDA	1,306	1,323	1,292	1,283	1,152	1,292

All figures & ratios calculated using Moody's estimates & standard adjustments. Periods are financial year-end unless indicated. LTM= Last 12 months.

Source: Moody's Financial Metrics™

Ratings

Exhibit 15

Category	Moody's Rating
ALMARAI COMPANY	
Outlook	Stable
Issuer Rating	Baa3
ALMARAI SUKUK LTD	
Outlook	Stable
Senior Unsecured MTN	(P)Baa3

Source: Moody's Investors Service

© 2023 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

CLIENT SERVICES

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