



## CREDIT OPINION

11 June 2019

Update

✓ Rate this Research

### RATINGS

#### JSC RG Brands

Domicile	Kazakhstan
Long Term Rating	B2
Type	LT Corporate Family Ratings - 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

Victoria Maisuradze +7.495.228.6067  
Associate Managing Director  
victoria.maisuradze@moodys.com

Ekaterina Botvinova +7.495.228.6054  
VP-Senior Analyst  
ekaterina.botvinova@moodys.com

### CLIENT SERVICES

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

## JSC RG Brands

### Update to credit analysis

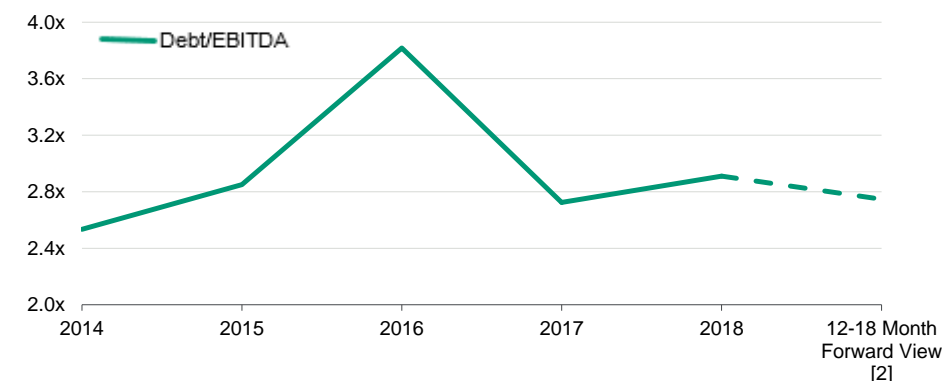
#### Summary

[JSC RG Brands](#)' (RG Brands) B2 rating primarily reflects the company's small scale of operations by international standards, with revenue of around \$153.6 million in 2018. The rating also captures RG Brands' high geographic concentration in [Kazakhstan](#) (Baa3 stable), which exposes the company to (1) local economic risk and foreign-exchange risk; (2) changes in consumer demand; and (3) risks related to the country's less-developed regulatory, political and legal frameworks.

At the same time, RG Brands' rating takes into account the company's (1) strong domestic market position; (2) diversified product portfolio with strong brand names, including its long-term exclusive bottling agreement with [PepsiCo, Inc.](#) (A1 stable) in Kazakhstan; (3) modern production facilities; (4) moderate leverage; and (5) access to funding from major international financial institutions and state funding at below-market interest rates, which underpins the company's liquidity.

Exhibit 1

#### RG Brands' leverage evolution [1]



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

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

Sources: Moody's Financial Metrics™, Moody's Investors Service forecast

## Credit strengths

- » Strong domestic market position
- » Solid business fundamentals, with a modern asset base and a balanced product portfolio
- » Moderate leverage
- » Proven access to external funding and accumulated liquidity reserves, which support liquidity

## Credit challenges

- » Small size
- » Limited geographic diversification
- » High share of short-term debt

## Rating outlook

The stable outlook on RG Brands' rating reflects our expectation that, over the next 12-18 months, the company will demonstrate solid operating results and maintain its credit metrics within the rating guidance while proactively and timely addressing liquidity needs.

## Factors that could lead to an upgrade

- » A material increase in revenue generation while maintaining a significant market share in key markets
- » Adjusted debt/EBITDA below 2.5x and funds from operations/debt above 30% on a sustained basis
- » Strong liquidity and compliance with all debt covenants

## Factors that could lead to a downgrade

- » Adjusted debt/EBITDA above 3.5x and funds from operations/debt below 10% on a sustained basis
- » Adjusted EBITA margin below 8%-10% on a sustained basis
- » An eroding liquidity position

## Key indicators

Exhibit 2

### JSC RG Brands [1]

US Millions	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	12-18 Month Forward View [2]
Revenue	223	194	143	161	154	194
EBIT Margin %	10%	14%	8%	8%	11%	10%
EBITA Margin %	10%	14%	8%	8%	11%	10%
Debt / EBITDA	2.5 x	2.9 x	3.8 x	2.7 x	2.9 x	2.7x - 3x
RCF / Net Debt	27%	11%	27%	35%	19%	18% - 20%
FFO / Debt	31%	15%	14%	27%	20%	25% - 27%
EBIT / Interest Expense	3.4 x	4.6 x	1.9 x	2.5 x	2.7 x	2.6x - 3x

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

[2] This represents Moody's estimate and forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures. Revenue in 2018 is affected by adoption of IFRS 15.

Source: Moody's Financial Metrics™

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

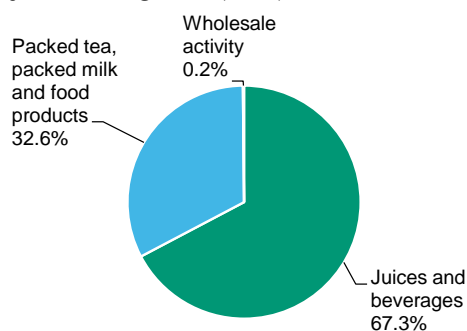
## Profile

JSC RG Brands (RG Brands) is a leading private beverage and food company in Kazakhstan, with its own manufacturing and distribution facilities. The company predominantly operates in Kazakhstan, Kyrgystan and some minor operations in Russia. The company's beverages portfolio consists of juices, soft drinks, energy drinks and mineral water, while its food product and snacks portfolio includes packaged goods such as tea, ultra-high-temperature milk and snacks. According to our estimates, the company generated revenue of KZT53.0 billion (\$153.6 million) in 2018.

RG Brands is majority-owned by two individuals, Kairat Mazhibayev and Erkin Koshkinbayev, who hold around 97% of the company's shares.

Exhibit 3

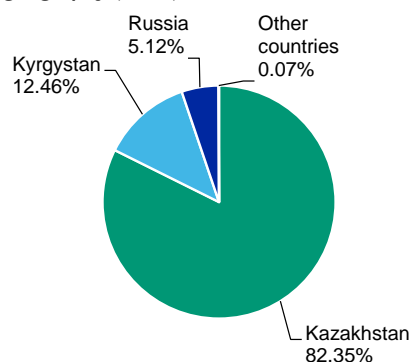
### Revenue by business segments (2018)



Sources: Company, Moody's Investors Service estimate

Exhibit 4

### Revenue by geography (2018)



Sources: Company, Moody's Investors Service estimate

## Detailed credit considerations

### Small size and limited geographic diversification remain key rating constraints

RG Brands is one of the largest packaged goods companies in the broader Central Asia region in terms of revenue. However, with a revenue of KZT53.0 billion (\$153.6 million) in 2018, the company is still very small in an international context. This small size can restrict the company's diversification, its ability to leverage costs of all kinds and its financial flexibility.

RG Brands has limited geographic diversification, because the company generates more than 90% of its sales in the Central Asia region, with over 80% coming from Kazakhstan in 2018.

Although we acknowledge the good growth potential of the Kazakh market, given its less-developed environment and projected domestic economic growth of 3.2% in 2019 and averagely in 2020-21, such geographic concentration exposes the company to economic shocks and changes in consumer habits in that particular emerging country and region. This happened in 2015-16 when RG Brands' operations and financial profile weakened because of the weak domestic consumer environment that had resulted from the significant slowdown in Kazakhstan's economy, coupled with a weaker and more volatile tenge.

We currently expect RG Brands to continue to benefit from Kazakhstan's growing economy and real incomes, which recovered from the economic shock of the recent past. In 2018, real money incomes increased by 4.3% (2017: by 1.0% [Source: Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan]). Economic growth prospects underpin further growth in incomes, even if at a slower rate, given our projections for Kazakhstan's GDP growth to moderate to 3.2% compared with 4.1% in 2017-18. The advantages of the current consumer environment, however, cannot offset the risks of the company's limited geographic diversification.

Although RG Brands has plans to expand in the large markets of the Urals, Siberia and Volga regions of Russia, its sales there will remain relatively modest (around 6% of total revenue in 2018) in the short term. In the longer term, RG Brands plans to earn around 30% of its total revenue from [Russia](#) (Baa3 stable), keeping the company's reliance on the domestic market fairly high.

### Balanced product portfolio

RG Brands benefits from product diversification through its seven main product categories: (1) carbonated soft drinks and iced tea, (2) juices and juice-based products, (3) energy drinks, (4) packaged tea, (5) ultra-high-temperature milk, (6) water, and (7) snacks and other food products. The company further reinforces its product portfolio by diversifying its product ranges and flavors, actively managing its brands' composition, and introducing new products and packaging. Moreover, the company's fairly flexible production facilities are able to quickly change the product mix, allowing RG Brands to promptly react to changing consumer demand.

Product diversification is beneficial for RG Brands because it (1) helps reduce the company's exposure to the seasonality in the consumption of products such as carbonated soft drinks, water, and to a lesser extent, juices, with this risk being mitigated by the more stable consumption pattern in packaged tea and milk; and (2) gives the company the opportunity to better address specific needs in each sales region by adapting its product mix. The balanced portfolio of countercyclical products also strengthens the company's resilience to economic downturns because sales of tea and milk, which are seen as necessities, are more stable than those of carbonated soft drinks and juices. At the same time, higher-margin carbonated soft drinks and juices serve as key revenue drivers in periods of economic growth.

### Strong domestic market position

RG Brands has a strong portfolio of domestic and international brands, and it is one of the leading packaged goods companies in Kazakhstan. The company ranks among the top-three producers in terms of market position in most of its operating segments, supported by (1) the introduction of new products, flavors and packaging innovations; and (2) active investments in marketing campaigns and improved customer loyalty.

A strong market position, with high brand recognition, a diversified product portfolio and modern production base, allowed the company to deliver reasonably healthy operating results during the economic slowdown in 2015-16, despite (1) decreased household consumption and increased price sensitivity of customers; and (2) inflationary pressure, driven by the weak tenge, given that 60% of the company's cost of materials was in foreign currency.

RG Brands protects its market share and top line while sustaining adequate margins by (1) adjusting its product offerings and improving the efficiency of its sales and marketing initiatives; (2) selectively increasing prices; (3) effectively optimizing costs, including price hedges for key commodities; and (4) actively managing its relationship with suppliers and local retailers. In addition, as a leading private company, RG Brands participates in a number of state programs aimed at supporting exports and domestic operations.

A few of these measures and initiatives, in particular rebranding of some products, had been implemented through Q3 2018. Their positive impact on the company's sales and margins emerged only in Q4 2018 and should be fully materialized in 2019. Despite this somewhat delayed positive impact, RG Brands' revenue grew by around 7% (excluding an accounting effect of the introduction of new standards) in 2018, which was slightly above 6.0% inflation. However, the cost of materials, which are mainly in foreign currency, increased because of a depreciation of tenge and somewhat offset the effect of the revenue growth. Nevertheless, supported by foreign-exchange gain (associated with the revaluation of sizable investments in dollar-denominated liquid instruments, while tenge is depreciating) and investment income (from the mentioned investments), RG Brands' EBITDA and EBIT margins improved to around 15% and around 10%, respectively (excluding an accounting effect of the introduction of new standards).

We expect RG Brands to sustain or even steadily improve its margins, though at a slow pace, over the next two to three years. This expectation factors in the improved domestic consumer environment in Kazakhstan and a potential for the company's expansion in the broader Central Asia region and in Russia.

### Leverage to remain moderate

In 2018, in line with its own plan and our expectations, RG Brands returned to generating positive free cash flow (FCF). The FCF turned positive because a sizable cash outflow to fund working capital needs, as it was the case in 2017, gave way to a significant cash inflow in 2018 mainly because of the company's progress in improving and optimising terms and conditions of its cooperation with suppliers. The cash inflow was sufficient to offset the strain on the FCF from significantly increased dividend payments and higher capital spending in 2018.

RG Brands' Moody's adjusted debt/EBITDA increased to 2.9x in 2018 from 2.7x in 2017, given that the company's debt growth was ahead of its EBITDA growth (27% versus 19%). We understand that RG Brands increased its debt, because it was keen to increase investments in dollar-denominated highly liquid instruments for potential bolt-on acquisition and for the purpose of mitigating foreign-currency exchange risk. The company invested a sizable part of its generated cash flow into these instruments (their total value reached around \$25 million as of year-end 2018) and had to raise additional debt to fund capital spending and dividends, despite its positive FCF.

Over the next 12-18 months, we expect RG Brands to remain FCF positive on the back of the improved domestic consumer environment, solid sales and sustainable profitability. As a result, the company should be able to avoid any significant increase in leverage above 3.0x on adjusted basis. Our expectation factors in RG Brands' conservative internal leverage target of unadjusted debt/EBITDA at 2.5x.

We understand that although RG Brands may use its accumulated foreign-currency liquidity to finance a potential M&A opportunity, should such an opportunity arise, it can use the reserves to address any liquidity issues.

### Liquidity analysis

RG Brands' liquidity is adequate despite a significant amount of short-term debt (65% of total debt). As of the end of 2018, cash and reserved liquidity, represented by highly liquid foreign-currency-denominated instruments, of KZT15.8 billion, together with available long-term committed bank facilities of around KZT11.6 billion was sufficient to cover RG Brands' debt maturities of KZT17.9 billion over the next 18 months. Together with the company's operating cash flow, these sources should cover all the company's cash needs in the same period, including capital spending and dividends.

RG Brands has not yet gone ahead with its plan to refinance its short-term debt with long-term instruments and decrease the share of short-term debt in total debt toward 30%. However, the plan has not been abandoned.

RG Brands significantly benefits from its established access to long-term funding from leading financial institutions, such as [International Finance Corporation](#) (Aaa stable), [European Bank of Reconstruction & Development](#) (Aaa stable), [Asian Development Bank](#) (Aaa stable) and [Eurasian Development Bank](#) (Baa1 stable), as well as state funding on favorable terms.

## Rating methodology and scorecard factors

We consider RG Brands' corporate family rating in the context of the key rating drivers cited in our Global Packaged Goods rating methodology, published in January 2017. The company's operating and financial profile maps to a Ba2 rating. The difference between the scorecard-indicated outcome and the assigned rating of B2 is mainly because of (1) the company's exposure to the Kazakh market, which has less-developed regulatory, political and legal frameworks than those of mature markets; (2) the small size of the company; and (3) the high foreign-exchange exposure.

Exhibit 5

Rating Factors			Moody's 12-18 Month Forward View As of 5/20/2019 [3]	
JSC RG Brands				
Consumer Packaged Goods Industry Grid [1][2]				
	<b>Current FY 12/31/2018</b>			
<b>Factor 1 : Scale and Diversification (44%)</b>	<b>Measure</b>	<b>Score</b>	<b>Measure</b>	<b>Score</b>
a) Total Sales (USD Billion)	\$0.2	Ca	\$0.2	Ca
b) Geographic Diversification	B	B	B	B
c) Segmental Diversification	A	A	A	A
<b>Factor 2 : Franchise Strength and Potential (14%)</b>				
a) Market Share	Ba	Ba	Ba	Ba
b) Category Assessment	Baa	Baa	Baa	Baa
<b>Factor 3 : Profitability (7%)</b>				
a) EBIT Margin	10.8%	Ba	10%	Ba
<b>Factor 4 : Financial Policy (14%)</b>				
a) Financial Policy	Baa	Baa	Baa	Baa
<b>Factor 5 : Leverage and Coverage (21%)</b>				
a) Debt / EBITDA	2.9x	Baa	2.7x - 3x	Baa
b) RCF / Net Debt	19.3%	Ba	18% - 20%	Ba
c) EBIT / Interest Expense	2.7x	Ba	2.6x - 3x	Ba
<b>Rating:</b>				
a) Indicated Rating from Grid		Ba2		Ba2
b) Actual Rating Assigned				B2

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

[2] As of 12/31/2018.(L).

[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 divestitures.

Source: Moody's Financial Metrics™

## Ratings

Exhibit 6

Category	Moody's Rating
JSC RG BRANDS	
Outlook	Stable
Corporate Family Rating	B2

Source: Moody's Investors Service

## Appendix

Exhibit 7

### Peer comparison

(in US millions)	JSC RG Brands			B&G Foods, Inc.			TreeHouse Foods, Inc.		
	B2 Stable			B1 Stable			Ba3 Stable		
	FYE Dec-16	FYE Dec-17	FYE Dec-18*	FYE Dec-17	FYE Dec-18	LTM Dec-18	FYE Dec-17	FYE Dec-18	LTM Dec-18
Revenue	\$143	\$161	\$154	\$1,646	\$1,701	\$1,701	\$6,302	\$5,812	\$5,812
EBITDA	\$18	\$21	\$27	\$345	\$326	\$326	\$673	\$561	\$561
Total Debt	\$71	\$57	\$63	\$2,324	\$1,723	\$1,723	\$2,937	\$2,785	\$2,785
Cash & Cash Equiv.	\$47	\$17	\$18	\$207	\$12	\$12	\$133	\$164	\$164
EBIT Margin	7.7%	8.4%	12.5%	17.3%	15.4%	15.4%	5.3%	4.4%	4.4%
EBIT / Int. Exp.	1.9x	2.5x	3.1x	3.0x	2.3x	2.3x	2.4x	1.9x	1.9x
Debt / EBITDA	3.8x	2.7x	2.6x	6.7x	5.3x	5.3x	4.4x	5.0x	5.0x
RCF / Net Debt	27.2%	34.8%	19.3%	4.2%	-2.6%	-2.6%	17.7%	10.9%	10.9%
FCF / Debt	4.5%	-7.8%	4.2%	-6.2%	2.5%	2.5%	8.4%	7.5%	7.5%

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

\* Excluding non-public adjustments.

Source: Moody's Financial Metrics™

Exhibit 8

### Moody's-adjusted debt breakdown

#### JSC RG Brands

(in US Millions)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18*
<b>As Reported Debt</b>	<b>82.4</b>	<b>73.2</b>	<b>61.5</b>	<b>68.3</b>	<b>52.8</b>	<b>59.9</b>
Operating Leases	6.3	5.4	4.0	3.5	4.5	4.5
Non-Standard Adjustments	3.5	1.2	0.1	-0.9	-0.7	-1.0
<b>Moody's-Adjusted Debt</b>	<b>92.3</b>	<b>79.9</b>	<b>65.6</b>	<b>70.9</b>	<b>57.2</b>	<b>63.5</b>

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

\* Excluding non-public adjustments.

Source: Moody's Financial Metrics™

Exhibit 9

### Moody's-adjusted EBITDA breakdown

#### JSC RG Brands

(in US Millions)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18*
<b>As Reported EBITDA</b>	<b>33.2</b>	<b>24.4</b>	<b>23.2</b>	<b>17.2</b>	<b>19.6</b>	<b>25.7</b>
Operating Leases	2.1	1.9	2.1	1.1	1.7	1.7
Unusual	1.2	5.9	11.5	-0.2	0.1	-0.5
<b>Moody's-Adjusted EBITDA</b>	<b>36.6</b>	<b>32.2</b>	<b>36.8</b>	<b>18.1</b>	<b>21.4</b>	<b>26.9</b>

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

\* Excluding non-public adjustments.

Source: Moody's Financial Metrics™



© 2019 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 INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MOODY'S PUBLICATIONS MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. 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 MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S 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. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S 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 AND MOODY'S 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 OR MOODY'S 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.

CREDIT RATINGS AND MOODY'S 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 rating process or in preparing the Moody's 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 OR 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 rating, agreed to pay to Moody's Investors Service, Inc. for ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$2,700,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Investor Relations — Corporate Governance — 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 rating, agreed to pay to MJKK or MSFJ (as applicable) for ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY250,000,000.

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

**Contacts**

Grigoriy Cherinko                    +7.495.228.4956  
*Associate Analyst*  
grigoriy.cherinko@moodys.com

**CLIENT SERVICES**

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