

Greenenergy Holding Vagyonkezelő Zrt

Hungary, Utilities

Issuer

BB

Outlook

Negative

Senior unsecured debt

BB+

Rating composition

Business risk profile		
Industry risk profile	BB+	BB-
Competitive position	BB-	
Financial risk profile		
Credit metrics	A-	BBB+
Cash flow cover	Moderate	
Liquidity	+/-0 notches	
Standalone credit assessment		BB
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		BB

Key metrics

			Scope estimates	
Scope credit ratios*	2023	2024	2025E	2026E
Scope-adjusted EBITDA interest cover	Net cash interest income		17.0x	14.4x
Scope-adjusted debt/EBITDA	1.6x	2.9x	3.3x	3.1x
Scope-adjusted funds from operations/debt	75%	31%	26%	27%
Scope-adjusted free operating cash flow/debt	60%	-41%	-3%	11%
Liquidity	>200%	152%	99%	>200%

Rating sensitivities

The upside scenarios for the ratings and Outlook are (collectively):

- Sufficient headroom under loan covenants to ensure continuous compliance.
- Debt/EBITDA below 3.5x on a sustained basis.

The downside scenarios for the ratings and Outlook are (individually):

- Not enough headroom under loan covenants, increasing risk of non-compliance.
- Debt/EBITDA at or above 3.5x on a sustained basis.
- Significant deterioration of the credit rating of KÉSZ group.

*All credit metrics refer to Scope-adjusted figures.

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Related methodologies

General Corporate Rating
Methodology, Feb 2025
European Utilities Rating
Methodology, June 2025

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1. Key rating drivers

Positive rating drivers	Negative rating drivers
<ul style="list-style-type: none">• Power generation portfolio comprising decentralised and small energy generation units (heat and electricity) with sufficient granularity and significant growth trajectory related to the ramp-up of generation capacities and storage with limited execution risk• Robust exposure to quasi-monopolistic heat generation and supply to district heating networks and reputable industrial/commercial customers under multi-year contracts• Cash flow enhanced by virtual power plant and ability to provide reserve capacity to national transmission system operator, including volatile renewables and peak-load eligible gas-fired power plants (ESG factor: credit-positive environmental factor)• Strong financial risk profile that remains broadly in line with the current assessment• Profitability and efficiency that remains supportive of the business risk profile with EBITDA margin projected at around 20% and averaging 18.5% over 2025-2027• O&M and EPC exposure for own and third-party generation assets	<ul style="list-style-type: none">• Very limited size, scale and outreach even with expected doubling of energy generation capacities over next few years• Material dependency on achievable power prices for outright electricity production (fairly volatile on OTC/HUPX markets); EBITDA margin reliant on non-controllable price to procure gas• Material exposure to adverse forex developments• Business exposure entirely linked to Hungary for near future• Volatile cash flow cover due to current macroeconomic environment and increasing capex• Leverage under pressure in 2025, reducing headroom to loan covenant, due to normalising EBITDA, high capex and increased bank guarantees

2. Rating Outlook

The **Negative Outlook** reflects our expectation that a normalising price environment relative to the 2022–2023 peaks, combined with high capex and increased bank guarantees, will pressure leverage and reducing headroom under the loan covenants. The Outlook also incorporates our assumption that the credit quality of the KÉSZ group will remain broadly unchanged

3. Corporate profile

Greenenergy Holding Vagyonkezelő Zrt (Greenenergy) is a small Hungarian utility. It operates about 40 small power plants with a total combined capacity of about 100 MW, primarily combined heat and power (CHP) and solar plants, across Hungary. The company's business model is supplemented by operation and maintenance (O&M) services for its own and third-party power plants, energy services and energy trading.

Small Hungarian utility

Greenenergy is directly owned by Hungarian construction company KÉSZ Holding Zrt. (51%) and its two directors, Mr Dósai and Mr Dajbukát (24.5% each), through two holdings. We consider the rated entity as steered largely independently from its majority shareholder.

4. Rating history








Date	Rating action/monitoring review	Issuer rating & Outlook
10 Sep 2025	Outlook change	BB/Negative
17 Sep 2024	Affirmation	BB/Stable
20 Sep 2023	Upgrade	BB/Stable

5. Financial overview (financial data in HUF m)

Scope credit ratios	Scope estimates					
	2022	2023	2024	2025 E	2026 E	2027 E
EBITDA interest cover	>20x	Net cash interest income	Net cash interest income	17.0x	14.4x	18.6x
Debt/EBITDA	1.1x	1.6x	2.9x	3.3x	3.1x	3.1x
Funds from operations/debt	68%	75%	31%	26%	27%	28%
Free operating cash flow/debt	-24%	60%	-41%	-3%	11%	1%
Liquidity	>200%	>200%	152%	99%	>200%	171%
EBITDA						
Reported EBITDA	8,383	5,315	4,299	4,868	4,855	4,955
Other items (incl. one-offs)	179	164	160	151	166	182
EBITDA	8,562	5,479	4,459	5,019	5,021	5,137
Funds from operations (FFO)						
EBITDA	8,562	5,479	4,459	5,019	5,021	5,137
less: interest	(161)	317	19	(296)	(349)	(276)
less: cash tax paid	(1,946)	910	(461)	(472)	(412)	(433)
Funds from operations	6,455	6,706	4,017	4,251	4,260	4,427
Free operating cash flow (FOCF)						
Funds from operations	6,455	6,706	4,017	4,251	4,260	4,427
Change in working capital	(3,063)	(953)	1,252	(61)	(101)	33
Non-operating cash flow	(1,007)	3,023	(3,600)	-	-	-
less: capital expenditures (net)	(4,682)	(3,425)	(7,053)	(4,754)	(2,420)	(4,274)
Free operating cash flow	(2,298)	5,351	(5,384)	(563)	1,739	187
Interest						
Net cash interest per cash flow statement	161	(317)	(19)	296	349	276
Interest	161	(317)	(19)	296	349	276
Debt						
Reported financial (senior) debt	8,169	7,664	10,593	12,963	13,065	11,232
less: cash and cash equivalents	-	-	(1,659)	(1,768)	(2,374)	(538)
add: non-accessible cash	-	-	440	440	440	440
add: other debt-like items ¹	1,311	1,268	3,754	4,715	4,637	4,573
Debt	9,480	8,932	13,128	16,350	15,768	15,707

¹ Includes provisions and bank guarantees

6. Environmental, social and governance (ESG) profile²

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency) 	Labour management	Management and supervision (supervisory boards and key person risk) 
Efficiencies (e.g. in production) 	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate) 
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity) 
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks 	Stakeholder management (shareholder payouts and respect for creditor interests) 

ESG factors:  credit-positive  credit-negative  credit-neutral

Our assessment of a credit-positive environmental credit risk driver relates to Greenergy's operation of combined heat and power facilities and renewable energy power plants that are operated individually but also as a combined virtual power plant through the company's own power plant control centre.

Efficient CHP capacity and virtual power plant are ESG credit-positive

Greenergy's virtual power plant is a technical and commercial solution that allows multiple small standalone power plants to enter the electricity and system services market as a single, large power plant, thereby implementing very effective, flexible and economical energy production technology.

Greenergy can cover both base and peak demand, which is particularly important in Hungary as the market is chronically short of generation capacity. This ability strengthens its market position, broadens its cash flow profile, supports overall profitability and eventually its credit quality.

Greenergy's exposure to regulatory risk is credit-neutral. The company is not exposed to electricity supply for residential customers, for whom prices are legally capped in the interest of energy affordability. Moreover, the company's overall cash flow is not significantly exposed to regulated income from renewable energy generation capacities, which could be affected by adverse regulation.

Credit-neutral regulatory risks

Greenergy's core business is largely based on energy generation from CHP power plants (modern Jenbacher technology, which is overhauled frequently). However, while these are classified as a sustainable energy source under the EU taxonomy, their carbon footprint is not overly favourable.

No overly green carbon footprint (yet)

Historically, Greenergy's carbon footprint in electricity generation has been slightly higher than the European average (~250 gCO₂e/kWh). We expect this to improve significantly over the next few years in light of the company's envisioned expansion of its renewable energy fleet, targeting to reach 50% of total capacity by 2028. The smaller carbon footprint will likely support a stronger ESG assessment, but only in the medium term as no significant change is expected until then.

Overall, this leads to a credit-neutral assessment pertaining to resource management compared to utilities for which we have flagged the exposure to clean energy production as a positive ESG rating factor.

² These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

7. Business risk profile: BB-

The business risk profile remains assessed at BB-. The assessment is constrained by the company's limited scale, high dependence on external market developments and exposure to merchant risks, primarily linked to energy price volatility, with limited risk mitigation beyond its core market. At the same time, Greenery's ability to provide reserve (balancing) capacity from its peak-load eligible CHP (combined heat and power) assets and storage facilities to the national transmission system operator via its virtual power plant approach strengthens its market position, diversifies cash flows and supports profitability which continues to underpin the business risk profile.

We use a blended approach to assess Greenery's industry risk profile given its integrated business model, weighting each segment by its EBITDA contribution. The resulting BB+ industry risk is supported by the exposure to quasi-regulated district heating activities but constrained by the significant share of unregulated power generation. While the contribution from the quasi-regulated segment has reduced, our assessment reflects that its contribution will increase based on the expectation of normalising electricity prices together with the addition of district heating capacity over the coming years.

Blended industry risk profile of BB+

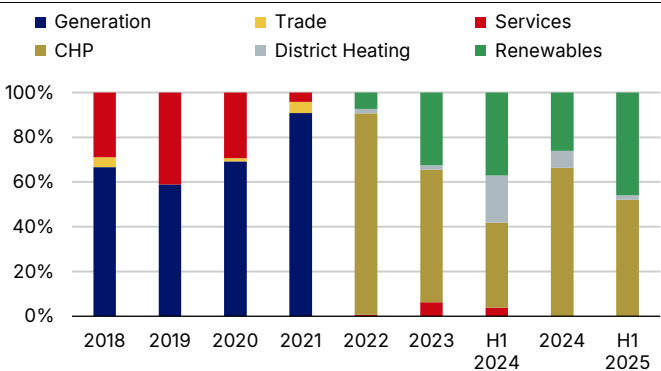
Greenery's cash flow and credit quality are supported by its proven position in electricity and power generation. However, the company remains a small utility, generating around 100 MW a year (110 GWh in 2024). Even so, its widely unregulated generation, flexible and small generation portfolio and virtual power plant system provide a solid position in supplying balancing energy services to Hungarian transmission system operator, MAVIR (ESG factor: credit-positive), supporting business model stability, good diversification, and lower regulatory risk.

Small utility but solid business proposition related to CHP

Greenery's heat generation and supply provide stable cash flow, supported by locally oligopolistic or even monopolistic positions, a robust and flexible tariff-setting framework, and medium- to long-term contracts with industrial, commercial, and municipal off-takers for district heating.

Locally protected position for heat generation and supply

Figure 1: EBITDA breakdown by segment



Source: Greenery, Scope

Greenery's electricity generation and supply accounts for around 90% of its EBITDA and remains subject to industry-inherent volatility linked to merchant risk. This earnings volatility is only partly mitigated by the company's aforementioned ability to provide balancing capacity to Hungary's transmission system operator. To further mitigate volatility, power purchase agreements cover around 90% of renewable electricity output, leaving only 10% exposed to market prices.

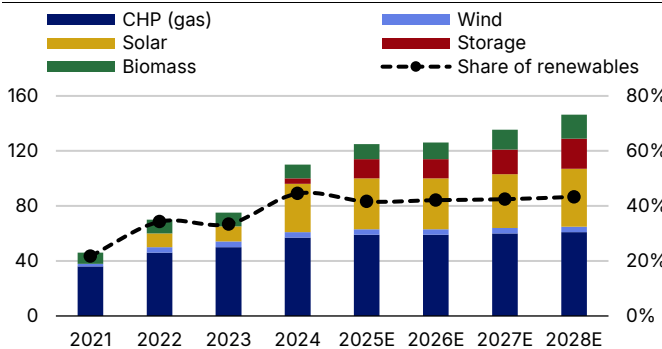
Industry-inherent volatility of largely unregulated power generation

Greenery's limited scale continues to be a rating constraint together with concentration of operations only in Hungary. Although we expect steep growth in generation capacity, with CHP and unregulated renewables projected to reach about 107 MW by 2028, as well as investments in energy storage and energy services, the company will remain small in terms of cash flow.

Limited scale and outreach beyond domestic market

Execution risks are low as regards the planned capacity expansion and the strengthening of the services segment. The integration of new greenfield and brownfield plants should be manageable,

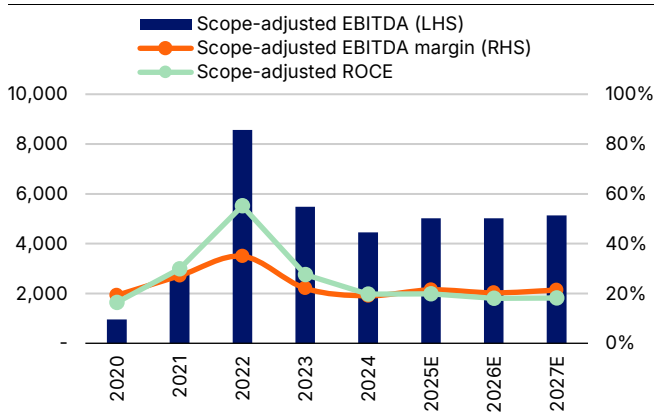
Figure 2: Portfolio ramp-up (MW) and share of renewable



Source: Greenery, Scope

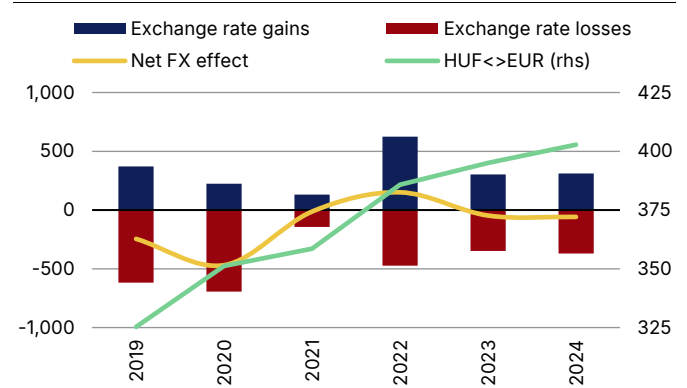
given Greenergy's established expertise in operating decentralised CHP facilities. We also expect that the integration of selected brownfield wind and solar assets will not face major issues.

Figure 3: EBITDA (HUF m), EBITDA margin and ROCE



Source: Greenergy, Scope estimates

Figure 4: Significant net foreign exchange losses following persistent HUF depreciation (HUF m)



Source: Greenergy, Scope

In 2024, EBITDA was around HUF 4.4bn, down from HUF 5.5bn in 2023. The EBITDA margin also fell by about 3pp YoY to 19.1%. Nevertheless, this exceeded our expectations. The decline was mainly driven by lower power prices and the Gas Act, which increased gas procurement costs and remained in force until October 2024, affecting most of the year.

For 2025–2027, we project an EBITDA of around HUF 5.0bn–HUF 5.1bn and an improved EBITDA margin to an average of around 21%, supported by the abolition of the Gas Act and the margin-enhancing contribution of newly commissioned renewable energy plants and energy storage facilities. In addition, power prices should remain above pre-energy-crisis levels despite an expected gradual decline.

Greenergy's profitability continues to benefit from a strong return on capital employed (ROCE), historically averaging around 30%. We expect ROCE to gradually decline to around 18% over the forecast period, driven by more investment in renewables and storage combined with normalising EBITDA following the 2022–2023 peaks. Nevertheless, ROCE will remain strongly supportive of the profitability assessment.

Supportive profitability, with EBITDA margin expected to average 21% ...

...and ROCE still strong

8. Financial risk profile: BBB+

Greenergy's financial risk profile remains supportive of the issuer rating. However, the gradual normalisation of energy prices together with high capex has reversed the very strong performance of 2022–2023.

In 2024, debt (including a 30% haircut on cash and cash equivalents) rose to HUF 13.1bn from HUF 9bn at YE 2023. The increase mainly reflects higher capex, partly financed with new debt, and HUF 2.3bn in bank guarantees linked to the renewal of a major client contract. The higher debt caused debt/EBITDA to increase to 2.9x (2023: 1.6x), also weighed down by lower EBITDA. We project weaker credit metrics, particularly leverage, with pressure already visible in 2024 and a peak expected in 2025, which reduces covenant headroom.

Nevertheless, Greenergy's financial risk profile remains broadly in line with the current assessment, assuming full covenant compliance and an improvement in leverage over 2026–2027 that restores adequate covenant headroom.

Supportive financial profile, but challenged by high capex and normalising prices

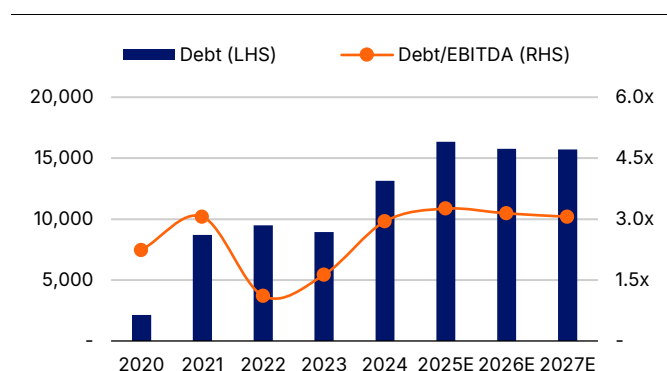
The debt is calculated according to our definition, and includes the following key parts:

- Gross financial debt during 2020–2023 includes the shareholder loan provided by KÉSZ, fully repaid in H1 2024.
- Cash was not netted in 2021–2023 as available funds were largely for investment. Cash netting resumed from 2024, except for HUF 440m in restricted cash linked to loan security deposits.
- Cash and cash equivalents includes a 30% haircut to reflect a cautious stance in light of working capital volatility in recent years.
- Contingent liabilities are mainly provisions for regular asset overhauls, at HUF 1.3bn–1.5bn.
- Debt in 2024 includes off-balance sheet bank guarantees of HUF 2.3bn–3.2bn.

Our adjustments

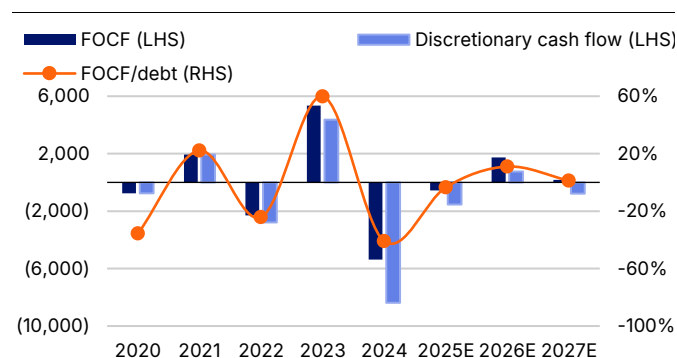
Our EBITDA calculation adjusts for the profit or loss on derecognising fixed assets, net changes in provisions and non-cash revenues.

Figure 5: Debt (HUF m) versus debt/EBITDA



Source: Greenergy, Scope estimates

Figure 6: FOCF and discretionary cash flow (HUF m) versus FOCF/debt



Source: Greenergy, Scope estimates

Free operating cash flow (FOCF) and internal financing capacity will remain dependent on Greenergy's flexible investment budget and volatile working capital. In 2023–2024, FOCF alternated between negative and positive peaks, largely driven by fluctuations in working capital and non-operating cash flow as well as high capex. In 2024, FOCF was negative at HUF 5.3bn (positive HUF 5.3bn in 2023), with cash flow cover at around negative 40%, mainly reflecting margin pressure, negative non-operating cash flow and capex of HUF 7bn.

Moderate free operating cash flow

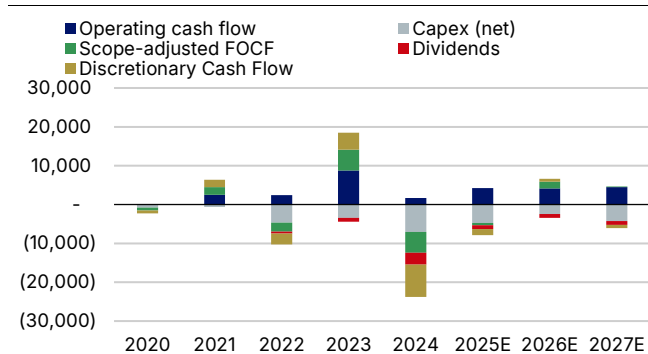
For 2025–2027, we expect FOCF/debt to remain volatile. In 2025, despite higher EBITDA and a normalisation of working capital, FOCF is projected to remain negative due to high capex (HUF 5.5bn), albeit improving on 2024, before turning positive from 2026. Consequently, we expect Greenergy's investment plan to be partly financed through external funding, mainly bank loans, resulting in an increase in the company's financial debt.

For this reason, we project debt to peak in 2025 at HUF 16.3bn, driven by additional borrowing to finance investments and a slight increase in bank guarantees. This will result in leverage rising towards 3.5x, despite EBITDA improving to around HUF 5bn. For 2026–2027, we expect leverage to ease but remain slightly above 3.0x, supported by a gradual reduction in debt and resilient EBITDA, which holds steady despite lower prices thanks to the contribution of new investments.

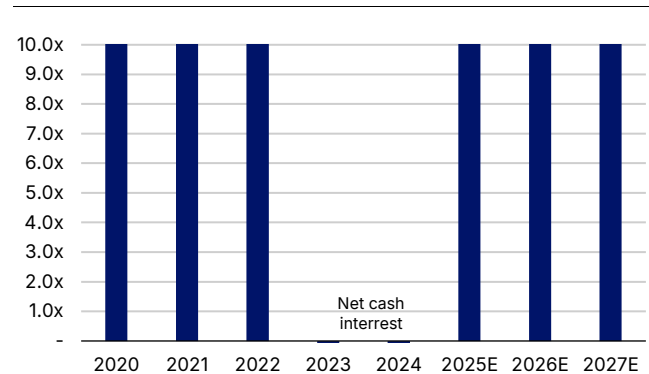
Leverage expected at 3.0x–3.5x over 2025–2027

EBITDA interest cover has been strong, particularly in 2023 and 2024, when interest paid was fully offset by interest received. This reflected high deposit rates and the company's sizeable cash buffer. However, rising debt will cause this trend to reverse over 2025–2027. Nevertheless, we project EBITDA interest cover to remain robust and comfortably above 10x, supported by overall favourable rates on newly contracted financing and recovering EBITDA.

Strong debt protection despite increased debt

Figure 7: Operating cash flow not enough to cover investments and dividends (HUF m)

Source: Greenergy, Scope estimates

Figure 8: EBITDA interest cover (x)

Source: Greenergy, Scope estimates

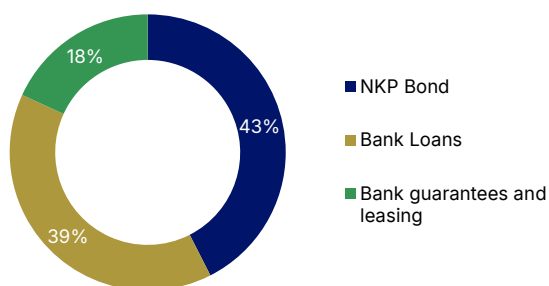
Despite its small size, Greenergy has sufficient and reliable access to external financing through well-established relationships with Hungarian banks such as with CIB, K&H (KBC group) and Unicredit. This is also demonstrated by the recent loan agreements concluded at overall favourable interest rates, which are instrumental for executing its development plan as well as to cover the increased refinancing from 2026 (about HUF 570m of bond amortisation on top of the annual refinancing of bank loans).

Adequate access to funding despite small corporate size

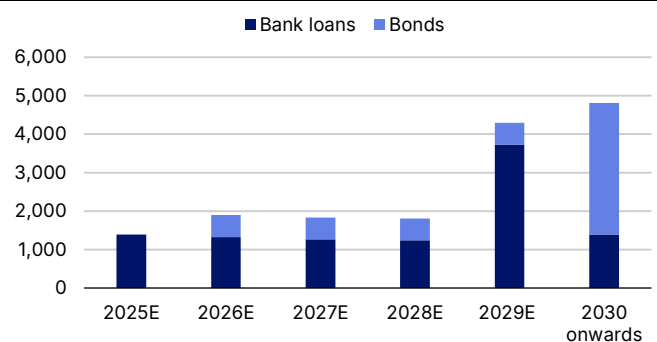
Greenergy's liquidity profile is adequate, supported by projected liquidity ratios of above 110% in 2026–2027 despite rising debt maturities of around HUF 2bn from the start of the senior unsecured bond amortisation (HUF 570m annually).

Adequate liquidity

In 2025, the liquidity ratio is expected to fall to around 100% due to negative FOCF and debt repayments of about HUF 1.4bn. However, this does not materially affect our view on liquidity as only about 25% of the repayments fall due from September onwards and can be covered by HUF 2bn of cash and cash equivalents as of August 2025.

Figure 9: Debt composition as of June 2025

Source: Greenergy, Scope

Figure 10: Debt maturity schedule as of August 2024 (HUF m)

Source: Greenergy, Scope

We highlight that Greenergy's senior unsecured bond issued in 2021 under the Hungarian National Bank's Bond Funding for Growth Scheme has two covenants that could adversely affect liquidity and lead to the accelerated repayment of the outstanding nominal debt amount (HUF 5.7bn). The first covenant triggers accelerated bond repayment if the debt rating of the bond stays below B+ for more than two years or drops below B- (repayment within 15 days). The second covenant requires immediate repayment if consolidated net debt/EBITDA (debt net of unrestricted cash) exceeds 4.0x for two consecutive years or in any year in 2029–2030. Based on the bond's current rating and our forecasts regarding leverage, we do not see significant risk of either of these covenants being triggered.

Full covenant compliance expected

In 2024, the issuer signed a new senior secured loan with annual financial covenants on net debt/EBITDA, leverage defined as (total fixed assets and total cash as a sum, divided by total debt) and the debt service coverage ratio. We forecast full covenant compliance over 2025–2027, although headroom under the net debt/EBITDA covenant especially in 2025 appears reduced. Our liquidity assessment assumes that Greenergy will adjust capex and dividend payments if needed to preserve covenant compliance.

Table 1. Liquidity sources and uses (in HUF m)

	2025 E	2026 E	2027 E
Unrestricted cash (t-1)	1,930	2,085	2,951
Open committed credit lines (t-1)	-	-	-
Free operating cash flow (t)	(563)	1,739	187
Short-term debt (t-1)	1,390	1,897	1,834
Liquidity	99%	>200%	171%

Source: Greenergy, Scope estimates

9. Supplementary rating drivers: +/- 0 notch

Despite being 51% owned by Hungarian construction company KÉSZ Holding Zrt., Greenergy remains rated on a standalone basis. Scope acknowledges that Greenergy's BB issuer rating is higher than KÉSZ's [BB-/Negative](#). Nonetheless, we do not see an immediate impact on Greenergy's rating. This view is based on i) the rated entity's operational and financial independence from KÉSZ, meaning that the rated issuer's rating is not explicitly capped by that of its ultimate parent; and ii) the high cash reserves at KÉSZ level, which largely mitigate the risks of an extraordinary cash outflow for Greenergy. However, we continue to monitor developments closely. Further credit deterioration of KÉSZ would result in pressure on Greenergy's issuer rating.

No rating cap pertaining to lower rated ultimate parent company

Given the continued growth in investments, we highlight the potential for a higher risk appetite. Nevertheless, financial policy continues to be viewed as credit neutral. This is supported by the company's commitment to maintaining internal net leverage below 2.5x through the cycle, which offers some comfort with regards to the financial risk profile, though we note that the company's net leverage definition differs from our calculation. The strategy is geared towards growth via acquisitions of single project companies with operating assets, which bears limited execution risk given Greenergy's expertise. Dividend distributions, initiated in 2022, are moderate at around 40%–60% of prior-year net income, with flexibility to retain earnings if needed.

Credit-neutral financial policy

10. Debt rating

We have affirmed the BB+ rating on senior unsecured debt, which relates to the HUF 5.7bn bond (ISIN HU0000360797) issued under the Hungarian National Bank's Bond Funding for Growth Scheme.

Senior unsecured debt rating: BB+

Our recovery analysis, based on an expected liquidation value in a hypothetical default scenario, indicates a superior recovery for senior unsecured debt, which opens up to two notches of uplift to issuer rating. Nonetheless, the debt rating remains non-investment grade at BB+, reflecting our cautious stance regarding Greenergy's investment phase over the next years until we gain more confidence about the company's asset composition in the medium term.

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