17 September 2024 Corporates

Greenergy Holding Vagyonkezelő Zrt Hungary, Utilities

SCOPE BB STABLE

Key metrics

			Scope estimates	
Scope credit ratios	**2022**	**2023**	**2024E**	**2025E**
Scope-adjusted EBITDA/interest cover	>20xx	Net cash income	>20x	14x
Scope-adjusted debt/EBITDA	1.1x	1.6x	2.5x	2.4x
Scope-adjusted free operating cash flow/debt	-24%	60%	-57%	-13%
Liquidity	>200%	>200%	>200%	172%

Rating rationale

Greenergy's BB/Stable rating continues to be supported by its financial risk profile assessed at BBB+. Over the 2024-2026 period, we forecast that the exceptionally favourable price environment, that has supported positive results in the last three years, will progressively normalise. Although credit metrics are projected to slightly weaken due to lower margins and the company's mounting investment efforts, they will remain broadly in line with the current assessment. The business risk profile (assessed at BB-) continues to be constrained by the company's limited scale, high dependence on external market developments and merchant risks, primarily related to energy price movements, and the limited risk mitigation outside of its core market. Profitability on the other hand remains a key supportive element, despite facing some pressure in the next few years.

Outlook and rating-change drivers

The Stable Outlook reflects our view that Greenergy's financial risk profile will remain in line with the current assessment, despite increasing capex and EBITDA facing pressure from declining power prices and unfavourable regulatory interventions set to phase out in October 2024. Leverage, as measured by debt/EBITDA, is expected to remain below 3x over the 2024-2026 forecast period. The Stable Outlook also reflects our assumption that the credit quality of KÉSZ group remains broadly unchanged.

The upside scenario for the rating and Outlook is: (1) Improved business risk profile as signaled by a significantly improved diversity of the operating business and a significant addition of energy generation and storage assets (a scenario considered remote).

The downside scenarios for the rating and Outlook are (individually): (1) Sustained deterioration of the company's financial risk profile, e.g. through Scope-adjusted debt/EBITDA increasing to around 3.5x. Such an increase would reduce the headroom to the financial covenant on senior unsecured debt; (2) Significant deterioration of the credit rating of KÉSZ group.

Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
17 Sep 2024	Affirmation	BB/Stable
20 Sep 2023	Upgrade	BB/Stable
31 Mar 2023	Placement under review	B+/UR for a possible upgrade

Ratings & Outlook

Issuer	BB/Stable
Senior unsecured debt	BB+

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Related Methodologies and Research

General Corporate Rating Methodology; October 2023

European Utilities Rating Methodology; June 2024

ESG considerations for the credit ratings of utilities; April 2021

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Rating and rating-change drivers

Positive rating drivers	Negative rating drivers
• Power generation portfolio comprising decentralised small-scale 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 business exposure to quasi-monopolistic heat generation and supply to district heating networks and reputable industrial/commercial customers under multi-year contracts • Cash flow enhancement through company's virtual power plant and its ability to provide reserve capacity to the Hungarian TSO MAVIR, including volatile renewables and peak-load eligible gas-fired power plants (ESG factor: credit-positive environmental factor) • Recurring EBITDA margin and Scope-adjusted ROCE at and expected level of more than 20% bolstered by continued tailwinds from energy prices for the company's power generation and addition of new assets which are margin accretive to group margin, e.g. solar and storage facilities • Strong financial risk profile despite pressure from lower margins and increasing capex • Limited concerns on liquidity • O&M and EPC exposure for own and third-part generation assets	• Very limited size, scale and outreach even when doubling energy generation capacities over the next few years • Material dependency on achievable power prices for outright electricity production (which are fairly volatile on the OTC/HUPX) and significant dependence of achievable EBITDA margin of non-controllable price related to gas procurement • Business exposure entirely linked to core market Hungary for the near future • Possibility that Greenergy used the headroom for its, e.g. through further increase of investments or bolt-on M&A deals • Volatile cash flow cover due to current macroeconomic environment and increasing capex

Positive rating-change drivers	Negative rating-change drivers
• Improvement of the BRP but deemed as remote	• Leverage (Scope-adjusted debt/EBITDA) reverting to around 3.5x • Significant deterioration of KESZ group's rating

Corporate profile

Greenergy Holding Vagyonkezelő Zrt (Greenergy) is a small Hungarian utility. It operates about two dozen small-scale power plants with a total combined capacity of about 80 MW, primarily CHP (combined heat and power) plants, across Hungary. The company's business model is supplemented by O&M (operation and maintenance) services for its own and third-party power plants, energy services and energy trading.

Greenergy is directly owned by Hungarian construction company KÉSZ Group (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.

Financial overview

			Scope estimates		
Scope credit ratios	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Scope-adjusted EBITDA interest cover	53.4x	net cash income	42.3x	13.8x	13.3x
Scope-adjusted debt/EBITDA	1.1x	1.6x	2.5x	2.4x	2.3x
Scope-adjusted FOCF/debt	-24%	60%	-57%	-13%	5%
Scope-adjusted EBITDA in HUF '000s					
Reported EBITDA	8,383,079	5,314,970	3,547,257	4,979,422	5,180,759
Other items (incl. one-offs)	185,879	171,094	140,879	154,967	170,463
Scope-adjusted EBITDA	**8,568,958**	**5,486,064**	**3,688,136**	**5,134,389**	**5,351,222**
Scope-adjusted funds from operations (FFO) in HUF '000s					
Scope-adjusted EBITDA	8,568,958	5,486,064	3,688,136	5,134,389	5,351,222
less: Scope-adjusted interest	-160,533	317,206	-87,194	-371,918	-402,941
less: taxes paid	-1,946,496	910,090	-1,460,102	-1,682,014	-951,105
Other non-operating charges before FFO	0	0	0	0	0
Scope-adjusted FFO	**6,461,929**	**6,713,360**	**2,140,840**	**3,080,457**	**3,997,177**
Scope-adjusted free operating cash flow (FOCF) in HUF '000s					
Scope-adjusted FFO	6,461,929	6,713,360	2,140,840	3,080,457	3,997,177
Working capital changes	-3,063,233	-953,445	-188,849	451,848	846,395
Non-operating cash flow	-1,007,480	3,022,672	292,344	370,228	386,416
less: Capex (net)	-4,682,336	-3,425,009	-7,616,700	-5,460,000	-4,563,000
Scope-adjusted FOCF	**-2,291,120**	**5,357,578**	**-5,372,366**	**-1,557,466**	**666,987**
Scope-adjusted interest in HUF '000s					
Net cash interest per cash flow statement	160,533	-317,206	87,194	371,918	402,941
Scope-adjusted interest	**160,533**	**-317,206**	**87,194**	**371,918**	**402,941**
Scope-adjusted debt in HUF '000s					
Reported financial debt	8,168,625	7,663,639	11,755,355	12,461,424	12,476,073
less: cash and cash equivalents	0	0	-3,788,597	-1,923,200	-1,590,836
add: non-accessible cash	0	0	0	0	0
add: other debt-like items	1,311,463	1,267,908	1,394,699	1,534,169	1,687,586
Scope-adjusted debt (SaD)	**9,480,088**	**8,931,547**	**9,361,457**	**12,072,393**	**12,572,823**

Table of Content

Environmental, social and governance (ESG) profile[1]

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)	

Legend
Green leaf (ESG factor: credit positive)
Red leaf (ESG factor: credit negative)
Grey leaf (ESG factor: credit neutral)

Efficient CHP capacity and virtual power plant enhances Greenergy's market position and cash flow profile

Our assessment of a credit-positive environmental credit risk driver relates to Greenergy's combined operations of CHP 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. The 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 is able to cover both base and peak demand (particularly important in Hungary as the market is chronically short of generation capacity), which strengthens its market position, broadens its cash flow profile, supports overall profitability and eventually its credit quality.

Credit-neutral regulatory and governance risk

We deem Greenergy's exposure to Regulatory risks to be credit neutral. The company is not exposed to electricity supply for residential customers for which 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. Governance factors are not expected to negatively affect Greenergy's creditworthiness.

No overly green carbon footprint (yet)

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

Historically, Greenergy's shows slightly higher carbon footprint in electricity generation than European average (~250 gCO2e/kWh) expected to improve significantly over the next few years in light of the company's envisioned growth trajectory for its renewable energy fleet. Renewable energy capacity is expected to double over the medium term

[1] 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.

from providing roughly 20% of the utility's generation portfolio at YE 2022 to around 45% at YE 2027E. As such, the company's carbon footprint will likely support a stronger assessment over the medium term, but as there won't be a significant change in the near future, credit support is yet limited. 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.

Business risk profile: BB-

Industry risk profile: BB+

In light of Greenergy's integrated business model we have applied a blended approach to assess the group's industry risk profile based on the contribution given by each segment in term of EBITDA. As a proxy we have considered the last three years of the average weight of each segment on the total EBITDA of the group. This has resulted in a BB+ industry risk profile, which is supported mainly by the company's exposure to quasi-regulated activities of district heating, while hindered by the very high contribution from unregulated power generation due to currently elevated electricity prices.

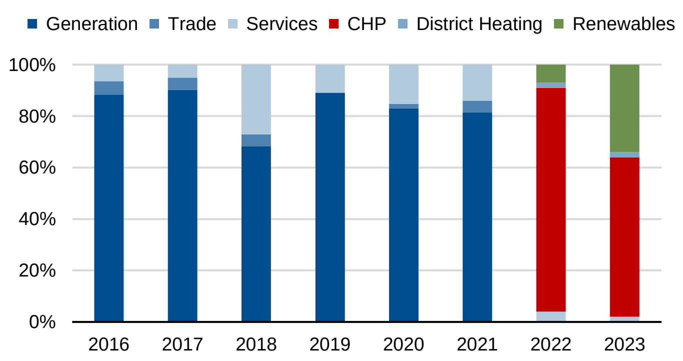
Business risk profile supported by solid business proposition related to CHP

Greenergy's cash flow and credit quality are supported by its proven position in electricity and power generation. Heat generation and supply provide stable cash flow, bolstered by local oligopolistic or even monopolistic positions, a robust and flexible tariff setting framework and medium- to long-term contracts with industrial/commercial off-takers or municipal off-takers for district heating.

Industry-inherent volatility of largely unregulated power generation

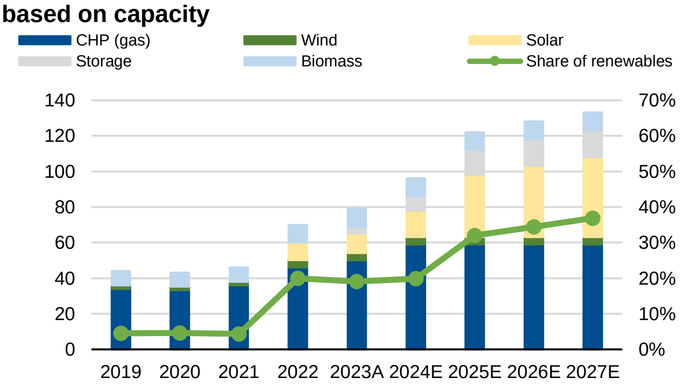
In contrast, Greenergy's exposure to electricity generation and supply, which provides about 50% of the company's cash flow, is subject to industry-inherent volatility related to merchant risks (see Figure 1). Such potential earnings volatility can only be partly offset by Greenergy's ability to provide balancing capacity to Hungary's transmission grid operator MAVIR via its virtual power plant. Consequently, the company's power generation fleet with a peak- and baseload-capable decentralised CHP portfolio, enhanced by renewable energy capacities, is a positive environmental ESG rating driver that supports the stability and diversity of Greenergy's business model and limits regulatory risk. Whilst the company is enjoying the high prices for energy sold to commercial and industrial clients, particularly for balancing power, the volatility in the prices could also play out equally negatively should achievable prices return to historical levels. However, we do not foresee this to happen in the next two years

Figure 1: EBITDA breakdown by segment



Sources: Greenergy, Scope

Figure 2: Portfolio ramp-up (MW) and share of renewables based on capacity



Sources: Greenergy, Scope

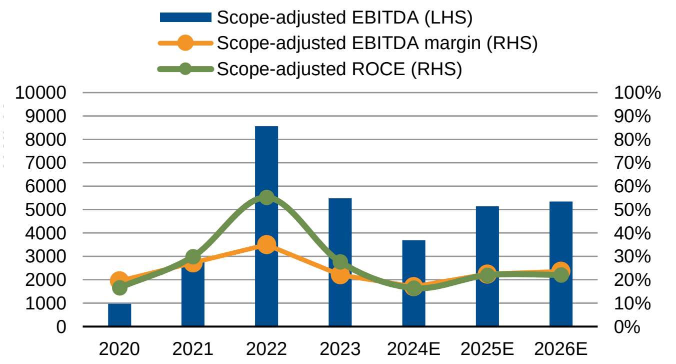
Limited scale and outreach beyond the domestic market remain a rating constrains

Greenergy's rating remains held back to some extent by its limited scale and regional risk mitigation. Although we expect a steep growth trajectory, with a doubling of generation capacity in CHP and unregulated renewables to about 130 MW by 2026, supplemented by additional growth in energy storage and energy services, the company will remain small in terms of cash flow. We judge execution risks related to the capacity ramp-up and envisioned strengthening of the business services segment to be low. The integration of new greenfield and brownfield power plants should not be overly challenging, given the company's long-standing expertise in operating small-scale, decentralised CHP plants. Similarly, we do not expect the integration of selective brownfield wind or solar parks to raise major concerns.

Historically good profitability

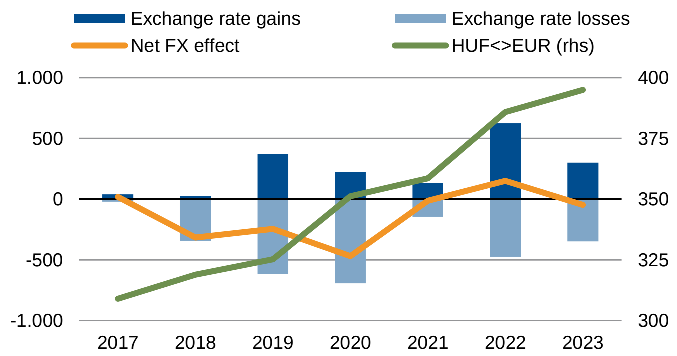
Historically, Greenergy's has shown good levels of profitability, with a recurring Scope-adjusted EBITDA margin averaging over 20% in the last five years, largely supported by the high-margin generation business while somewhat diluted by the services and trading segments. This excludes the exceptionally strong performance in 2022 with a Scope-adjusted BITDA margin of 35% which was positively impacted by significantly high energy prices, particularly for balancing power.

Figure 3: Scope-adjusted EBITDA (HUF m), Scope-adjusted EBITDA margin (%) and Scope-adjusted ROCE (%)



Sources: Greenergy, Scope estimates

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



Sources: Greenergy, ECB, Scope

Profitability temporary impacted by adverse conditions in 2023-2024 but expected to gradually recover in the following years

In 2023, Scope-adjusted EBITDA decreased to HUF 5.5bn (down 36% YoY), while profitability, as measured by Scope-adjusted EBITDA margin declined to 22.1% (down 13pp YoY). This was mainly driven by lower power prices and unfavourable regulation (i.e Gas Act) which led to an increase in gas procurement costs that could not be fully passed on to customers. This mainly affected the EBITDA of the district heating and CHP generation. The company managed to partially offset this effect thanks to an increased EBITDA contribution from renewables, which benefitted from new capacity additions as well as high priced sold volumes. We expect this negative trend to continue also in 2024, with EBITDA further decreasing below HUF 4bn and EBITDA margin projected at around 17%. However, this is deemed be somewhat temporary, as we see good chances that Greenergy's EBITDA margin will gradually recover to above 20% in 2025-2026, driven by i) the phasing out of the aforementioned regulatory effect in October 2024; ii) power prices, although declining, remain above pre-energy crisis levels; and ii) the margin-enhancing effect of newly commissioned assets such as renewable energy plants and energy storage facilities. Greenergy's profitability continues to be supported by overall strong level of Scope-adjusted ROCE which historically trend around 30% on average benefitting from the double income on Greenergy's CHP plants, which are depreciated to a large extent. We expect Scope-adjusted ROCE to temporary fall below historical levels in 2024 due to the decrease of Scope-adjusted EBTIDA, before returning above 20% in 2025.

Financial risk profile: BBB+

The Scope-adjusted debt is calculated according to our definition and assumptions, including:

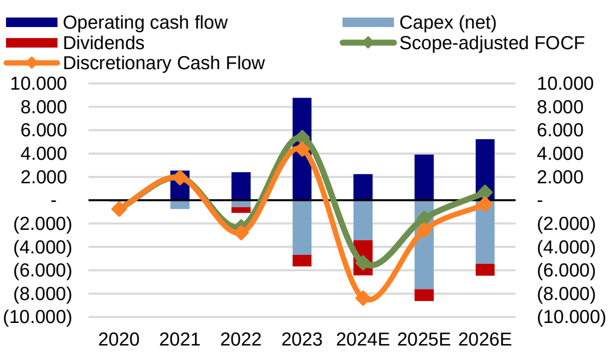
- Gross financial debt. From 2020 to 2023 this also includes the shareholder loan provided by the majority share KÉSZ group. The SHL was fully repaid in H1 2024.
- Cash netting: From 2021 to 2023, we have not performed any netting of cash considering that cash available was largely earmarked for investment. From 2024 we start netting cash again as there are no restrictions on cash available. In addition, based on our base case the cash available refers only to cash buffer not earmarked for capex or other investments.
- Contingent liabilities mainly referring to provision for related to regular asset overhauls with a volume between HUF 1.0bn and HUF 1.5bn.

The calculation of the Scope-adjusted EBITDA includes adjustments for profit/loss on derecognizing fixed assets, net changes in provisions and non-cash revenues.

Financial risk profile to remain supportive of issuer rating

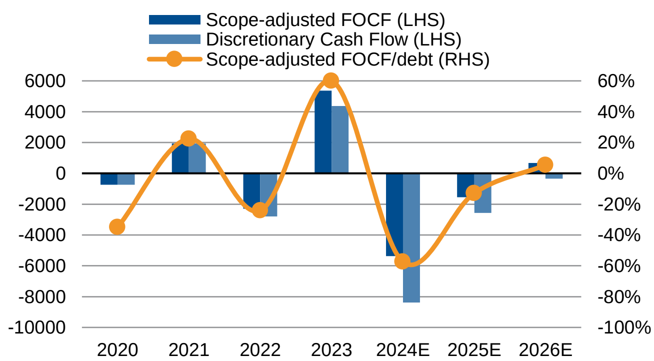
Greenergy's issuer rating is supported by the financial risk profile assessed at BBB+. The elevated energy prices in Hungary have strengthened credit metrics over the past two years, primarily through higher prices for electricity and balancing capacity. In 2023, Greenergy delivered an overall good performance, although weaker compared to the record year of 2022. Leverage, as measured by Scope-adjusted debt/EBITDA, stood at 1.6x, up from the 2022 all-time low of 1.1x, although Scope-adjusted debt decreased to HUF 7.7bn (vs HUF 8.2bn at YE 2022). This result was mainly driven by the aforementioned reduction in Scope-adjusted EBITDA. Over the 2024-2026 period, Greenergy's financial risk profile will reflect a gradual normalisation of power prices and the impact of some unfavourable regulatory interventions, which will lead to a decline in margins after the exceptionally positive results observed in 2022. We expect that these effects, together with the company's mounting investment efforts, mostly to ramp up generation capacities, will increase Greenergy's requirement for external funding leading to a weakening of Scope-adjusted credit metrics. However, we are confident that the overall financial risk profile will remain broadly in line with the current assessment, supported by an overall still favourable pricing environment (higher than the pre-crisis levels) and the positive contribution of the investments executed by company over the years.

Figure 5: Investment phase and dividend payouts only partially covered by operating cash flow (HUF m)



Sources: Greenergy, Scope estimates

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

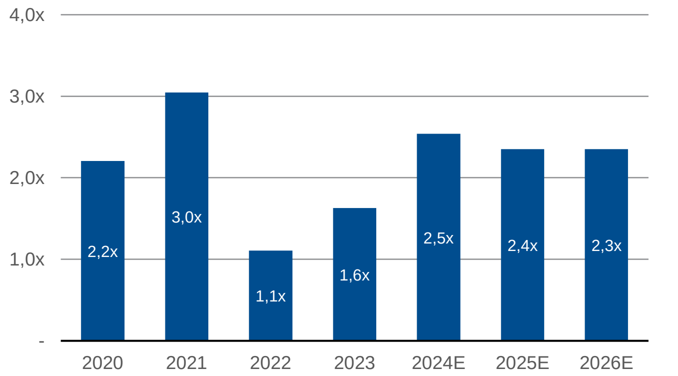


Sources: Greenergy, Scope estimates

FOCF to remain volatile

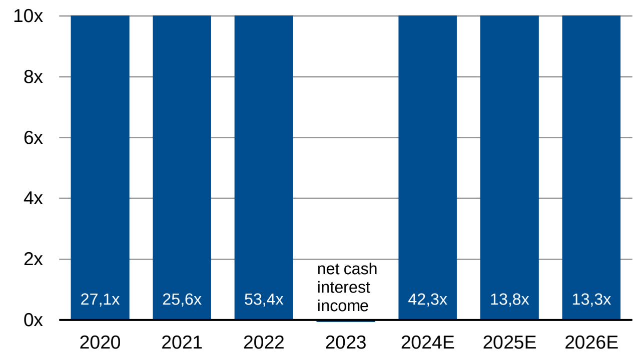
Free operating cash flow and internal financing capacity will remain strongly dependent on Greenergy's flexible investment budget. In 2022-2023, displays a combination of negative and positive peaks in 2022 and 2023, largely attributable to fluctuations in working capital and non-operating cash flow impacted by power and gas procurement prices and accounting seasonality. In 2024-2026, while we assume a normalisation of the working capital evolution, we expect Scope-adjusted FOCF/debt to remain highly volatile. In our view, the projected decrease in Scope-adjusted EBITDA and increased capex spending, will likely impair the company's internal funding, with Scope-adjusted FOCF expected to land in negative territory in 2024 and 2025. Consequently, Greenergy's investment plan will to be partially financed through external funding, mainly bank loans.

Figure 7: Scope-adjusted debt/EBITDA



Sources: Greenergy, Scope estimates

Figure 8: Scope-adjusted EBITDA interest cover



Sources: Greenergy, Scope estimates

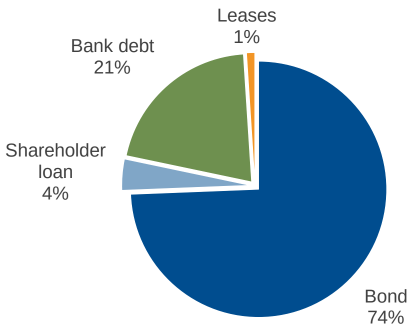
Scope-adjusted debt to gradually increase with Scope-adjusted debt/EBITDA trending between 1.5x and 2.5x

For this reason, we expect Scope-adjusted debt to increase to between HUF 12bn and HUF 12.5bn over the projected period. Scope-adjusted EBITDA is forecasted to a range between HUF 3.5bn and HUF 5.5bn, with the lowest level projected in 2024, before gradually improving in 2025-2026, following the phasing out of the Gas Act in October 2024 and further supported by the increased EBITDA contribution from accretive margin segments such as renewable and storage. Consequently, Scope-adjusted debt/EBITDA is expected to peak at 2.5x in 2024, before reversing to below 2.5x in the following two years.

Debt protection to remain strong despite increased debt burden

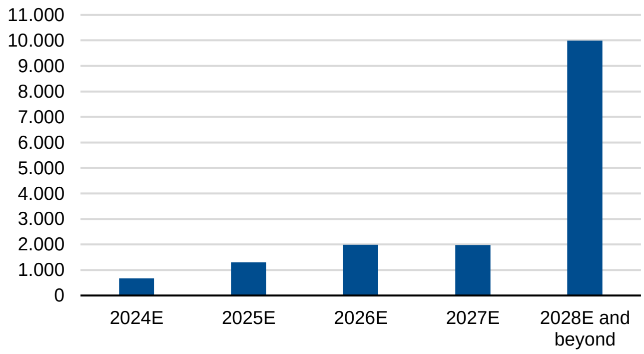
Debt protection has been very strong over the past years, as evident from a Scope-adjusted EBITDA interest coverage constantly above 20x. In 2023, the interest paid were fully offset by cash interest received, which benefitted from high interest rates on deposits as well as a high cash buffer within the company. We expect that this trend will gradually reverse over the 2024-2026 period, primarily due to Greenergy's increasing debt exposure and lower margins. Nevertheless, we believe that Scope-adjusted EBITDA interest cover will still remain robust, above 10x. This is supported also by the favourable interest rates achieved in new contracted financing and the repayment of higher interest-bearing financing.

Figure 9: Debt composition as of December 2023



Sources: Greenergy, Scope estimates

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



Sources: Greenergy, Scope estimates

Adequate liquidity

Greenergy's liquidity profile remains adequate as signalled by projected liquidity ratio standing above 200% in 2024 and above 110% in 2025-2026 despite pressure on free operating cash flow stemming from lower margins and increasing capex. Debt repayments of respectively HUF 0.4bn, HUF 1.3bn and HUF 1.9bn are scheduled from 2024 to 2026, including a repayment plan also of the projected additional debt. Such amounts as well as envisaged capex are expected to be covered by available cash sources such as operating cash flow and the significant cash buffer (HUF 9bn at YE 2023). Moreover, it is noteworthy that the Greenergy has fully repaid its shareholder loan in H1 2024.

Adequate access to funding despite small corporate size

Despite its small size, Greenergy has sufficient and reliable access to external financing though well-established relationships with Hungarian banks such as MKB and CIB. This is demonstrated also by recent loan agreements concluded by the company at overall favourable interest rates and instrumental to support the company in the execution of its envisioned 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).

Balance in HUF '000s	2024E	2025E	2026E
Unrestricted cash (t-1)	8,918,547	3,788,597	1,923,200
Open committed credit lines (t-1)	-	-	-
Free operating cash flow	(5,372,366)	(1,557,466)	666,987
Short-term debt (t-1)	487,463	1,293,931	1,985,351
Coverage	**>200%**	**172%**	**130%**

Full covenant compliance expected

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 company's liquidity and lead to an accelerated repayment of the outstanding nominal deb amount (HUF 5.7bn): 1) Bond repayment is accelerated if the debt rating pertaining to the bond stood below B+ for more than two years or if the debt rating dropped below B- (accelerated repayment within 15 days). The headroom to entering the grace period is four notches. 2) Greenergy has a financial covenant that involves immediate bond repayment if the consolidated leverage – defined as [debt-cash]/EBITDA – exceeds 4.0x for two consecutive years or in any year in 2029-2030. Based on our forecasts, there is also solid headroom to this covenant going forward even if the ratio – as forecasted – deteriorates to over 2x in the projected period. In light of the above-mentioned elements, we therefore do not see significant risk of neither of these covenants being triggered.

Supplementary rating drivers: +/- 0 notches

No rating cap pertaining to lower rated ultimate parent company

Greenergy remains rated on a standalone basis despite being 51% owned by Hungarian construction company KÉSZ Holding Zrt. (the remaining 49% by two of the three managing directors). We acknowledge the ratings differential between Greenergy's issuer rating of BB and the BB-/Negative issuer rating of KÉSZ Holding Zrt. Nonetheless, we do not see an immediate impact on Greenergy's rating considering i) the operational and financial independence of the rated entity from its majority shareholder, meaning that the issuer's rating is not explicitly capped by that of its ultimate parent; and ii) the sufficiently high cash reserves at KÉSZ level, which largely mitigate the risks of an extraordinary cash outflow for Greenergy. However, we will continue to monitor developments closely. Further credit deterioration on KÉSZ group would result in rating pressure on the issuer rating.

Credit neutral financial policy

We deem the company's financial policy to be credit-neutral, neither weakening nor strengthening the company's credit profile.

- As of July 2023, Greenergy presented a newly defined internal Net debt/EBITDA target of "below 2.5x through the cycle". Steering gross and net indebtedness in a way that is compliant with that target provides good comfort about a solid credit rating.
- The company's strategy shows a strong growth trajectory that is likely be executed through acquisitions of single project companies with operating power generation assets. This is largely covered by cash and expected operating cash flow. Moreover, the M&A strategy bears limited execution/integration risks due to the nature of the acquisition targets and Greenergy's expertise in operating such assets.
- Following the strong operating performance but also the strong reduction of Greenergy's exposure to shareholder loans, the company has started dividend payouts. While the dividend payouts are well above the level of historical interest on shareholder loans, they are not overly detrimental to Greenergy's financial profile given the company's strongly improved financials and the total amount of dividends within a range of 40%-60% of the previous year's net income.

Senior unsecured debt rating

Senior unsecured debt rating: BB+

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

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