

Franz Haniel & Cie. GmbH

Germany, Investment Holdings

Rating composition

Business Risk Profile		
Competitive positioning	BBB-	BBB-
Financial Risk Profile		
Credit metrics	BBB	BBB
Liquidity	+/-0 notches	
Standalone credit assessment		BBB-
Supplementary rating drivers		
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		BBB-

Key metrics

			Scope estimates	
Scope credit ratios*	2023	2024	2025E	2026E
Total cost cover (TCC)	1.3x	1.3x	1.2x	1.2x
Loan to value (LTV)	14%	12%	Below 20%	
Liquidity	147%	135%	178%	>200%

Rating sensitivities

The upside scenario for the ratings and Outlook is:	
Sustained TCC of above 1.3x, paired with a more balanced income contribution from different portfolio companies and/or financial assets	
The downside scenarios for the ratings and Outlook are (individually):	
- TCC dropping to below 1.0x on a sustained basis - Increasing concentration risks with regards to top income-generating portfolio companies	

*All credit metrics refer to Scope-adjusted figures.

Issuer

BBB-

Outlook

Stable

Short-term debt

S-2

Senior unsecured debt

BBB-

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Related methodologies

[General Corporate Rating](#)

[Methodology](#), February 2025

[Investment Holding Companies](#)

[Rating Methodology](#), May 2024

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1. Key rating drivers

Positive rating drivers

- Buy-and-hold investment approach with primary focus on recurring dividend/income streams; Controlling stakes in investment companies allows for strategic influence on subsidiaries' operations and dividend policy
- Investment strategy complemented by a multi-asset strategy which invests in financial assets that generate interest or other cash-effective return, e.g. equity and debt funds
- Ongoing rebalancing of investment portfolio and potential gradual reduction of concentration risks in line with investment strategy, bolstered by further debt headroom
- Balanced industry allocation in the investment portfolio, which contains largely uncorrelated exposure to non-cyclical and cyclical industries. Highest single industry exposure stands at ~23%
- Portfolio companies which are largely market leaders in their respective industries/niches and run well-established business models in mature markets. Old investment focus on companies which follow global megatrends which is seen credit-positive from an ES(G) perspective
- Strong geographical diversification across revenue streams in the investment portfolio
- Expectation of a sustained total cost cover above 1.0x, which has even been kept in 2020 – a year which was characterised by liquidity management of portfolio companies and dividend cuts
- Good leverage (LTV of 12% at YE 2024) and continued commitment to keeping net financial debt fairly low, e.g. decreasing to EUR 500m by YE 2025 (target level of Haniel)
- Solid liquidity and manageable short-term refinancing needs, which does not require asset sales under pressure

Negative rating drivers

- Number of shareholdings remains limited (thereof 3-4 income generating) resulting in high income and asset value concentration
- Weak/moderate portfolio liquidity due to large share of unlisted subsidiaries which may not be sold immediately if liquidity is urgently needed. This is partly offset by the buy-and-hold investment approach and Haniel's comfortable liquidity position
- Investment focus on SMEs (which could typically result in stronger earnings volatility) partly offset by improved diversification within the investment portfolio
- Focus on SME investments is paired with a higher likelihood for business failures and write-offs compared to investment focus on well-established bigger companies
- Weighted average industry portfolio risk at BB+
- Potentially volatile leverage (LTV) stemming from market volatility and asset revaluations; however, robust development of LTV over the last few years due to low absolute debt levels
- No commitment to relative leverage threshold which, however, is offset by absolute ceiling level on net financial debt

2. Rating Outlook

The Stable Outlook reflects our expectation that Haniel will maintain a sustained TCC in the range of 1.0-1.3x. Our rating case incorporates a TCC of 1.2x for the period 2025 to 2027, which implies that cash income from portfolio companies and financial investments would have to be around 10-20% below our forecasts to be insufficient to fully cover the holding company's recurring costs including expected shareholder remuneration (i.e. before TCC falls below 1.0x). The Outlook also takes into account that gearing, as measured by LTV, will remain well below 20%, along with Haniel's plan to reduce net financial debt by 2025, and that concentration risks in the portfolio will persist in relation to the largest income-generating assets.

3. Corporate profile

Franz Haniel & Cie. GmbH is an investment holding founded in 1756. The company is privately owned by more than 750 members of the Haniel family. Haniel does not have any own operating activities. Its cash inflows entirely stem from dividend payments, profit-and-loss transfers from its shareholdings and income from financial assets (from shareholder loans provided to its portfolio companies and other financial assets). While the company's focus is on the accrual of cash inflows from its portfolio companies, additional cash flows can be generated by the (partial) sale of stakes in the different shareholdings. The holding owns a controlling share in CWS, Takkt, BekaertDeslee, ROVEMA, Emma, KMK Kinderzimmer and BauWatch as well as minority stakes in Ceconomy and Metro. In addition, Haniel holds various indirect participations via PE funds.

Investment holding with a long-dated track record

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
17 Apr 2025	Affirmation	BBB-/Stable
19 Apr 2024	Affirmation	BBB-/Stable
17 Apr 2023	Affirmation	BBB-/Stable
25 Apr 2022	Affirmation	BBB-/Stable

5. Financial overview (financial data in EUR m)

Scope credit ratios				Scope estimates		
	2022	2023	2024	2025E	2026E	2027E
TCC	1.0x	1.3x	1.3x	1.2x	1.2x	1.2x
LTV	14%	14%	12%	<20%	<20%	<20%
Liquidity	179%	147%	135%	178%	>200%	>200%
Cash flows						
Cash inflows from portfolio companies	166	172	160	157	162	167
Cash income from financial assets (interest income)	28	24	27	21	19	17
Recurring cash income	194	196	187	178	181	183
Holding cost	41	47	45	55	54	55
Interest payments	24	37	45	38	30	30
Taxes	-	-	-	-	-	-
Shareholder remuneration	128	63	55	60	65	65
Total costs	193	147	145	153	149	150
Asset value and net financial debt						
Gross asset value	4,966	5,530	5,218	n/a	n/a	n/a
Net asset value	4,340	4,798	4,605	n/a	n/a	n/a
Net financial debt as reported by Haniel	628	734	606	n/a	n/a	n/a
Scope-adjusted debt						
Reported financial debt	662	752	622	592	592	592
less: cash and cash equivalents	-12	-9	-17	-62	-94	-126
add: non-accessible cash	-	-	-	-	-	-
add: pension adjustment	44	46	44	44	44	44
Scope-adjusted debt	694	789	650	574	543	510

6. Environmental, social and governance (ESG) profile¹

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

Over the last few years, Haniel has applied an investment strategy that focused on investments in controlling stakes of mature SMEs that meet specific ESG-focused criteria. More specifically, investments needed to match a business purpose that was in line with Haniel's 'People, Planet, Progress' strategy. This strategy focused on companies/investments that serve global and sustainable megatrends in the areas of healthcare&well-being, circular economy, climate change and robotics&automation.

While Haniel has recently refocused its investment approach from the aforementioned positive screening approach to an exclusionary (blacklisting) approach, the old focus, which led to investments in some of the current portfolio companies, remains a positive ESG factor in the credit analysis. We view the old investment focus as a positive factor that has supported and continues to support a sustainable business profile and robust asset valuations.

Old strong investment focus on ES(G)-relevant investments still supports the credit profile

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.

7. Business risk profile: BBB-

Haniel's business risk profile benefits from robust and geographically diversified income via its portfolio companies, a transparent long-term investment philosophy, and prudent financial governance, although it is constrained by high portfolio and income concentration and limited portfolio liquidity.

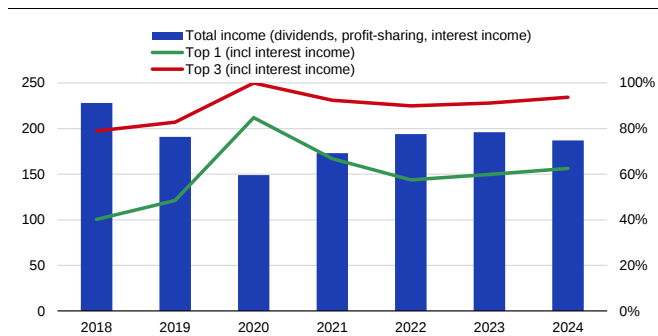
Solid business risk profile, but with concentration risks

Haniel's business risk profile is assessed as solid and consistent with an investment-grade assessment, supported by the resilience and composition of its income-generating investment portfolio. A key positive factor is the holding's exposure to three (CWS, TAKKT, BekaertDeslee), occasionally four (Metro in the past and ROVEMA in the future), established portfolio companies that generate recurring income, supplemented by significant returns from financial assets. While income concentration remains pronounced – with the top holding accounting for 60–70% and the top three for 90–95% of cash income at holding level (**Figure 1**) – this risk is mitigated by the strong track record and reliability of these core portfolio assets. The sustainability of income generation remains credible, contributing positively to the overall business risk profile despite the concentration-related constraint.

Few, but robust income-generating portfolio companies ...

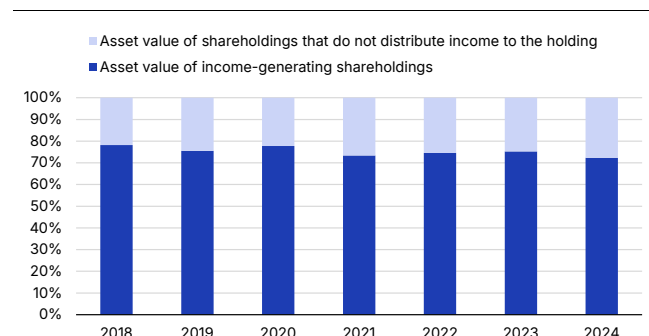
... with still significant asset and income concentrations

Figure 1: Total income at holding level (EUR m; lhs) and concentration risk as measured by income contributions from top portfolio companies (rhs)



Sources: Haniel, Scope

Figure 2: Income generating portfolio (% of GAV)

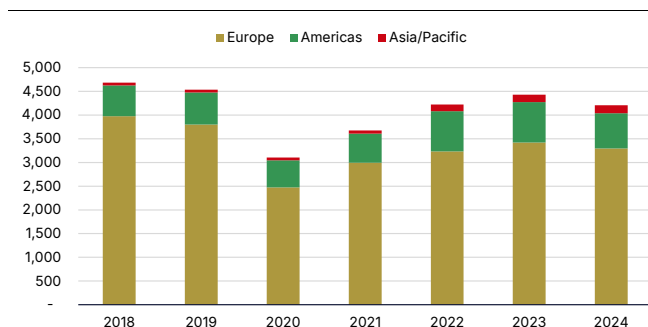


Sources: Haniel, Scope

Diversification is a clear strength in Haniel's portfolio structure. The holding benefits from broad geographic exposure, with a strong footprint of the core portfolio companies across Europe and notable presence in the Americas and Asia (**Figure 3**). We assess sector exposure as well balanced, with the largest single sector accounting for no more than 20–25% of the total gross asset value (GAV) of around EUR 5.2bn at YE 2024 (**Figure 4**). This diversification provides resilience of the portfolio value against sector-specific or regional shocks, although the holding's weighted average industry portfolio risk stands at a good BB+ according to our industry classifications. Nevertheless, the overall concentration of GAV in core investments continues to weigh on the assessment, mirroring the concerns around income dependency.

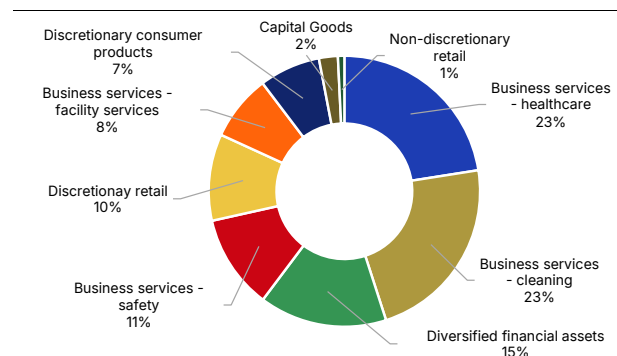
Good diversification within the portfolio companies and solid overall sector exposure

Figure 3: Consolidated regional revenue split (EUR m)



Sources: Haniel, Scope

Figure 4: Assumed sector concentration (% of GAV 2024)

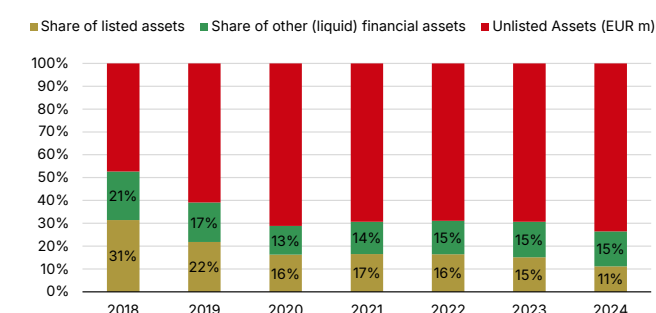


Source: Scope

Portfolio liquidity – as measured by the share of liquid assets and the ability to easily sell portfolio assets – remains the central weakness in Haniel’s business risk profile (**Figure 5**). We continue to attach less importance to the limited exposure to liquid/listed portfolio companies, given i) the investment holding’s long-term investment approach, and ii) no expected need for short-term asset sales in light of a sustained sufficient total cost cover (TCC) and adequate liquidity. Therefore, the share of 15-30% of listed and other liquid assets (listed portfolio ventures and financial assets) of the GAV is not deemed as strongly detrimental to the credit profile.

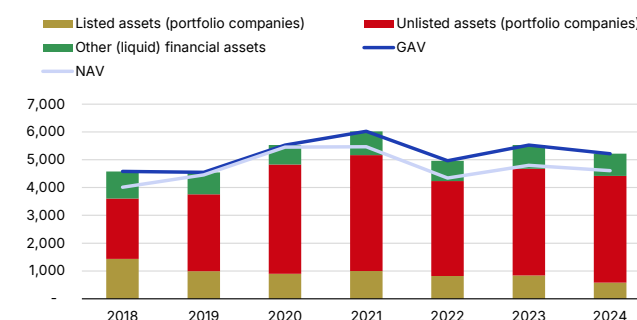
Weak portfolio liquidity ... but no pressure to liquidate assets as per the investment strategy and solid financial risk profile

Figure 5: Significant asset transformation towards an increased share of unlisted portfolio companies (measured by gross asset value)



Sources: Haniel, Scope

Figure 6: Development of gross asset value (EUR m)



Sources: Haniel, Scope

On the contrary, we regard the company’s investment philosophy and the associated financial policy as credit-positive. The investment philosophy is geared towards long-term ownership and value creation through a disciplined buy-and-build approach and does not require frequent portfolio rebalancing which provides good transparency about the long-term structure of the investment portfolio. This approach is complemented by an increasing focus on financial assets under a multi-asset strategy which targets liquid and cash-generating investments. Moreover, Haniel’s conservative financial policy – including a low target level on its net financial debt and dividend distributions only when consistent with full cost coverage – adds further robustness to its business model and portfolio development (**Figure 6**).

Long-term buy and build approach with robust GAV and conservative financial risk management

8. Financial risk profile: BBB

The credit profile of the investment holding remains underpinned by its solid financial standing, which continues to mitigate the risks associated with income concentration among its key portfolio assets. Its financial risk profile is supported by a consistently good TCC, ranging between 1.0x and 1.3x (**Figure 8**), as well as by low and stable leverage (**Figure 9**).

Good financials somewhat offsetting persisting portfolio concentrations

In 2024, TCC was maintained at 1.3x (unchanged from 2023), underpinned by steady cash income from portfolio companies and financial assets, alongside a normalised cost base—particularly in terms of shareholder returns via dividends and share buybacks. We expect TCC to remain at around 1.2x between 2025 and 2027, supported by anticipated cash income of EUR 175m to EUR 185m from core portfolio holdings and financial assets (**Figure 7**). These inflows are projected to cover lean holding-level costs, interest payments, and shareholder distributions, estimated at roughly EUR 150m per year.

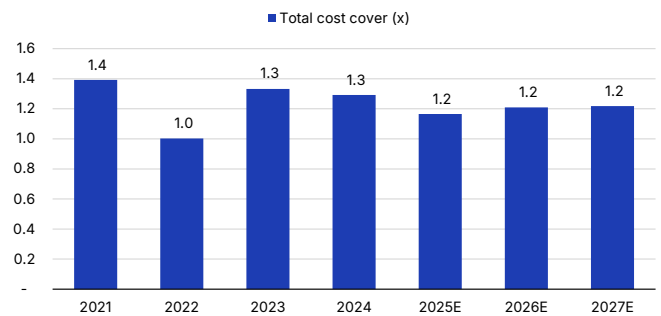
TCC expected to range between 1.0x and 1.3x on a sustained basis

In addition, we believe that Haniel would likely use its flexibility in shareholder remuneration to ensure full cost cover (TCC at or above 1.0x) should cash inflows fall below expectations. However, we project that cash inflows would have to fall short of forecasts by around 10-20% before TCC would drop below 1.0x.

Sufficient headroom before TCC falls below 1.0x

Figure 7: Total cash income vs total cash outflow (EUR m)

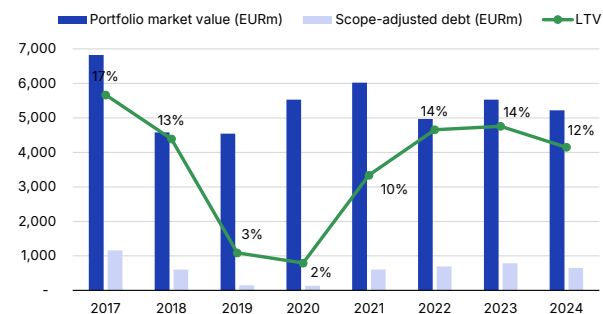

Sources: Haniel, Scope estimates

Figure 8: Total cost cover


Sources: Haniel, Scope estimates

Similarly, leverage, as measured by loan/value (LTV), remains supportive of the rating. LTV remained at an unchanged level at 12% at YE 2024 (compared to 14% at YE 2023), following a slight decrease in Scope-adjusted debt to EUR 650m at YE 2024 compared to around EUR 790m at YE 2023, which more than offset the slight decline of the investment portfolio's market value to around EUR 5.2bn. We view Haniel's target of EUR 500m on its net financial debt position at YE 2025 (EUR 605m at YE 2024) paired with the holding's robust development of the portfolio market value as an assuring factor that LTV can be expected to remain at a comparatively low level. Still, we emphasise that there is a significant buffer for the development of Haniel's portfolio market value, which – all else being equal – would have to deteriorate by around 40% before an LTV of more than 20% would be exceeded (**Figure 10**).

Strongly credit-supportive leverage: LTV constantly below 20%

Figure 9: Portfolio market value vs Scope-adjusted debt (EUR m) and corresponding LTV


Sources: Haniel, Scope estimates

Figure 10: LTV sensitivity

		Portfolio market value (EURbn)							
		5.7	5.5	5.2	4.7	4.2	3.7	3.1	2.6
		change in %							
Scope-adjusted debt (EURbn)	0%	11.3%	11.9%	12.4%	13.8%	15.6%	17.8%	20.7%	24.9%
	5%	11.9%	12.4%	13.1%	14.5%	16.3%	18.7%	21.8%	26.1%
	10%	12.4%	13.0%	13.7%	15.2%	17.1%	19.6%	22.8%	27.4%
	15%	13.0%	13.6%	14.3%	15.9%	17.9%	20.4%	23.9%	28.6%
	20%	13.6%	14.2%	14.9%	16.6%	18.7%	21.3%	24.9%	29.9%
	25%	14.1%	14.8%	15.6%	17.3%	19.4%	22.2%	25.9%	31.1%
	30%	14.7%	15.4%	16.2%	18.0%	20.2%	23.1%	27.0%	32.4%
	35%	15.3%	16.0%	16.8%	18.7%	21.0%	24.0%	28.0%	33.6%

Source: Scope estimates

Haniel's liquidity remains strong despite the significant amount of short-term debt at YE 2024 which mostly comprises drawn volumes from credit facilities, commercial paper and shareholder loans, all of which is typically rolled over on a repeated basis. Debt maturing between 2025 and 2027 in the amount of about EUR 550m is well covered, mainly by a significant amount of committed, multi-year credit lines in an amount of around EUR 700m, complemented by positive free operating cash flow (positive TCC) and a small cash buffer of EUR 17m at YE 2024. As a result, we do not see any refinancing risk that would necessitate the sale of any shareholdings or financial assets.

Robust liquidity

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

	2025E	2026E	2027E
Unrestricted cash (t-1)	17	62	94
Open committed credit lines (t-1)	720	720	720
Free operating cash flow (t)	85	96	98
Short-term debt (t-1) ²	463	76	28
Liquidity	178%	>200%	>200%

Sources: Haniel, Scope estimates

9. Supplementary rating drivers: +/- 0 notches

The rating does not incorporate any adjustments for supplementary rating drivers, such as parent support or governance and structure. Moreover, the investment-grade rating is well placed within the peer group and the company’s sizeable investment portfolio as signalled by its GAV of more than EUR 5.0bn does not require any rating adjustment.

No rating adjustments

10. Debt ratings

Debt is issued at the level of Franz Haniel & Cie. GmbH and its financing subsidiary Compartment Haniel Enkelfähig der NowCM Luxembourg S.A. under a EUR 5bn debt issuance programme and a EUR 1bn commercial paper programme. Debt issued by the financing subsidiary benefits from an unconditional and irrevocable guarantee from Franz Haniel & Cie. GmbH. Currently, no long-term public debt such as senior unsecured bonds or hybrid bonds are outstanding. Only private debt is currently issued by the compartment under the debt issuance programme. The financing subsidiary Haniel Finance Deutschland GmbH does not issue debt any longer.

Concurrently, the short-term debt rating stands at S-2 which is based on the underlying BBB-/Stable issuer rating and reflects the better-than-adequate liquidity position as well as solid access to bank funding and the capital markets.

Short-term debt rating: S-2

Senior unsecured debt is rated at BBB-, consistent with the issuer rating.

Senior unsecured debt rating: BBB-

² Short-term debt at YE 2024, mainly comprising Commercial Paper, liabilities due to bank (used volume from credit facilities) and liabilities to shareholders, all of which is typically rolled over/re-issued on an ongoing basis.

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