

Rating Update: EOS Holding GmbH

Rating of 8 July 2015	
Company Rating*	Outlook
A	Stable
* see rating notation	

Euler Hermes Rating continues to rate EOS Holding GmbH A for its creditworthiness on a stand-alone basis. We expect the rating to remain stable over the next twelve months.

According to the Rating Agency, the very good creditworthiness is reflected in the A rating, which has ever been awarded since the first rating from 2005. Euler Hermes Rating evaluates EOS's business risk profile as moderate and its financial risk profile as low.

The primary rationale for the rating awarded to EOS is its consistently very high earnings over many years and the strong stability of the cash flows, which it generates. Euler Hermes Rating's analysts assess positively its long-standing experience in measuring, acquiring, and collecting non-performing receivables, its strong market position in Germany and its good position in various countries of West and East Europe. Euler Hermes Rating considers the dependence of EOS's earnings on the German market and sales of receivables as a weakness. According to the Rating Agency, the development of services as well as growing consumption and volumes of receivables in international markets turn out to be opportunities for EOS. In Euler Hermes Rating's opinion, risks arise from the price level increase of non-performing receivables due to a growing competition as well as changes of the legal environment for collection services.

Euler Hermes Rating considers that the earnings situation is continuing to slow down in the ongoing year in some markets as a result of the high price level of non-performing receivables and reduced purchasing opportunities. The Rating Agency expects however that financial metrics will still reach a very good quality level.

EOS Holding GmbH (Group) is one of the leading collection service providers in Europe. In its 2014/15 financial year, EOS generated revenues of € 566.9 million from receivables, liquidity and information management with an average global headcount of 7,926 employees.

Euler Hermes Rating GmbH is registered as a Credit Rating Agency (CRA) pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council and is recognized as External Credit Assessment Institution (ECAI) by the EBA.

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Principal sources of information

- Consolidated financial statements for 2012/2013, 2013/2014, 2014/2015
- Extracts from internal reports
- Analysis of bank liabilities
- Market information
- Strategy documentation and corporate planning
- Conversations with management

Rating method

Issuer rating of Euler Hermes Rating GmbH of December 2014
(<http://www.ehrg.de/seiten/Methodik2014.pdf>)

Rating Notations

category	explanation
AAA	AAA rated companies demonstrate an excellent credit quality. Such companies are characterized by an extremely positive future outlook and are viewed as being "first class" business partners. Although the various security elements can certainly change, such changes – to the extent this can be assessed - are highly unlikely to adversely affect the fundamentally strong position of such companies.
AA	AA rated companies demonstrate very high quality with respect to future security. Along with the AAA rated companies, this group forms the so-called "quality class." Security margins may, however, be comparatively thinner, the solidity of the security elements may fluctuate more or individual assessment components may indicate a greater long-term risk than is the case for AAA rated companies.
A	A rated companies demonstrate high quality with respect to future security. They show many favourable features which secure their future. Nevertheless, there may be isolated factors which reveal a slightly increased susceptibility to the worsening of circum-stances and general economic conditions in the future.
BBB	BBB rated companies demonstrate reasonable quality with respect to future security. Compared to A rated companies, however, it is more likely that worsening of general economic conditions could weaken the capability of fulfilling financial obligations.
BB	BB rated companies still have structures adequate to secure their future. Yet they are subject to greater insecurities. Negative business developments or changes in the general financial and economic conditions can make it impossible for them to fulfil their financial obligations in a suitable manner.
B	B rated companies lack the usual structures to secure their future. Negative business developments or changes in the general financial and economic conditions will most likely make it impossible for them to fulfil their financial obligations in a suitable manner.
CCC	CCC rated companies have structures which greatly endanger the security of their future. Capital service is in jeopardy. Such a company is dependent on a favourable development of general economic conditions if it is to be able to meet its financial obligations in the long term.
CC	Companies receiving a CC rating have very little security for their future. Capital service is in great jeopardy.
C	C rated companies have the least future security of all. The basic conditions enabling such debtors to fulfil their financial obligations are extremely poor. Default is imminent.
D	Companies with a D rating are already in default of payment or have filed for bankruptcy. The D rating is irrelevant for the future; it documents solely the bankruptcy of the company.
SD	If an issuer defaults with respect to a certain financial liability or class of liabilities but is still able to honour its payment obligations under other financial liabilities or classes of liabilities within the requisite period, it is assigned SD (selective default) status.
NR	A debtor or an issuer not rated by Euler Hermes Rating is classified as NR (Not Rated).
PLUS (+) MINUS (-)	Rating notations from AA to CCC may be complemented by a PLUS (+) or MINUS (-) if required, in order to show their relative position within the respective rating category.

In November 2010, Euler Hermes Rating Deutschland GmbH was the first rating agency to be registered and approved in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and Council.