

Crown Holding Kft.

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Dr. Radostina Stamenova, Lead Financial Analyst
stamenova@bcra.eu

Kalina Dimitrova, Financial Analyst
k.dimitrova@bcra.eu

| Crown Holding Kft. | | Initial Rating | Review | Review | Review | Monitoring |
|-----------------------------------|-------------------|----------------|------------|------------|------------|------------|
| Date of Rating Committee: | | 20.01.2022 | 24.01.2023 | 17.02.2023 | 25.01.2024 | 25.09.2024 |
| Date of Publication: | | 04.02.2022 | 25.01.2023 | 17.02.2023 | 26.01.2024 | 25.09.2024 |
| Issuer Rating | Long-term rating: | BB- | BB- | BB- | BB- | BB- |
| | Outlook: | Stable | Stable | Stable | Positive | Positive |
| Bond Rating ISIN: HU0000361472 | Long-term rating: | BB- | BB- | BB- | BB- | BB- |
| | Outlook: | Stable | Stable | Stable | Positive | Positive |

1) The credit rating and the rating outlook were disclosed to the rated entity or related third party. Following that disclosure amendments in the credit rating and rating outlook have not been executed;

2) During the last 2 years, BCRA Credit Rating Agency EAD has not provided ancillary services to the rated entity or a related third party.

BCRA – CREDIT RATING AGENCY AD (BCRA) is the third fully recognized rating agency in the EU, registered pursuant to Regulation No. 1060/2009 of the European Parliament and of the Council. The credit ratings, assigned by the BCRA are valid throughout the EU and are fully equal to those, of the other agencies, recognized by the European Securities and Markets Authority, without any territorial or other limitations.

On 24th of September 2024, the Rating Committee of BCRA had a session, in which the new circumstances related to the ratings of Crown Holding were discussed. The session was headed by Dr. Kiril Grigorov - chairman of the Rating Committee. The Committee members concluded that if the projected revenue targets are met, the presented acquisition project will be capable of servicing its debt independently while contributing positively to Crown Holding's financial results.

BCRA hereby **affirms** both the Long-term issuer rating and the Bond rating of Crown Holding Kft. at "**BB-**" and maintains the **Positive Outlook** related to them.

The official Methodology of BCRA for assigning a Corporate Credit Rating (effective as of February 2023) has been applied:

https://bcra.eu/files/corporate_methodology_2023_en.pdf

The users of the rating can find information on the meaning of each rating category, including the definition of default in the published Global rating scale on the BCRA's website:

https://bcra.eu/files/global_scale_en.pdf

Information from the rated entity, the BCRA database, and other sources of public information has been used.

Table 1: General information about the rated entity

| | |
|----------------------|--|
| Issuer: | Crown Holding Kft. |
| Head Office: | 1052 Budapest, Deák Ferenc tér 3., Hungary |
| Main Activities: | Renting and operating of own or leased real estate |
| Registration number: | 01-09-207175 |
| LEI: | 2330007B46WU4T654359 |
| Bond ISIN: | HU0000361472 |

Crown Holding is a limited liability company, founded in 2015 and headquartered in Hungary. It is active in the commercial real estate sector in Hungary and Romania. The main field of activity of Crown Holding is asset management but indirectly through its subsidiaries, it is engaged in real estate development, real estate investment, and real estate management. The group has a diversified portfolio of commercial real estate- shopping malls, hotels, and office buildings at different locations in Romania and Hungary.

On the monitoring line, **Crown Holding has promptly notified BCRA of its intention to enter into new loan agreements totaling EUR 8.625 mln**, aimed at financing new acquisitions. Accordingly, this rationale is issued **to evaluate the potential impact of this additional financing on the credit ratings of Crown Holding**.

The rated entity **plans to acquire two four-star hotels**— one located in Győr and the other in Budapest. Both properties will be managed by Novoop, a subsidiary of Crown Holding, under a franchise agreement with one of the world's leading hospitality companies. With two hotels already in operation (in Szeged and Budapest), the Crown Group has experience in this business activity, and the considered strategic expansion will **further solidify its market position in Hungary's competitive hotel industry**.

The total purchase price for the two properties amounts to EUR 11.15 mln. **The project is set to be financed through a combination of equity (25%) and debt (75%)**. In this regard, Crown Holding plans to secure a subsidized euro loan of EUR 8 mln (with a 10-year term and a fixed interest rate of 3% p.a.) and an additional euro loan of EUR 0.625 mln (also with a 10-year term and a fixed interest rate of 3% p.a.).

According to management's estimates, the operations of the two hotels will generate min. EUR 1.3 mln adjusted EBITDA per annum. With the adjusted DSCR projected to strictly sustain above 1.3x, the project is expected to contribute **at least EUR 0.3 mln in yearly free cash flow** to Crown Group throughout the loans' term, further enhancing the company's financial performance and liquidity.

The financial forecast prepared by BCRA does not indicate a possibility for a breach of the financial covenants tied to Crown Holding's bond issue (HU0000361472). Following the accumulation of new debt, Crown Group's financial leverage, as measured by the Net Financial Debt-to-Equity ratio,

is expected to marginally increase to approximately 0.25x by the end of 2024 (up from the previously projected 0.2x), **remaining comfortably below that of similarly rated peers**.

Moreover, the company is projected to generate more than sufficient cash flow to sustain operations and service its debt obligations in a timely manner over the medium term. With EBITDA-to-interest coverage expected to range between 4.7x and 8x, and a Net Debt-to-EBITDA ratio anticipated to fall below 1x by 2026, Crown Group's financial stability and ability to meet its commitments remain strong.

Accordingly, **the proposed EUR 8.625 mln financing is not considered a material factor that would negatively impact the current credit ratings of Crown Holding Kft.** BCRA hereby affirms both the long-term issuer rating and the bond rating of Crown Holding Kft. at "BB-", with a Positive Outlook.

General Conclusions:

The **issuer credit rating** of Crown Holding is backed by its sound financial metrics, namely high profitability, and moderate leverage, as well as by track record of successful business development. On the other hand, the company operates in the highly cyclical real estate industry with a small relative market share which represents a rating constraint.

The **rating of the bond** (HU0000361472) issued by Crown Holding corresponds to the rating assigned to the issuer.

The **positive outlook** reflects improved profitability of operations and better financial results achieved after the successful deployment of newly acquired assets.

The following factors could lead to a **rating upgrade**:

- 1) strengthening of the company's market position through a decline in concentration, better cash flow visibility, and increase in relative market share;
- 2) sustaining favourable financial results and high profitability;
- 3) reduction in indebtedness.

The following factors could lead to a **negative change in outlook** and/or **rating downgrade**:

- 1) material increase in leverage;
- 2) unreached revenue targets, resulting in negative EBITDA

APPENDIX

Table 2: Key financial indicators (based on consolidated FS) of Crown Holding Ltd: 2020 – H1 2024

| TEUR | H1 2024 | 2022 | 2022 | 2021 | 2020 |
|-----------------------------|---------|---------|---------|---------|---------|
| Total Assets | 176 719 | 177 208 | 165 545 | 128 830 | 127 236 |
| Fixed Assets | 143 751 | 143 109 | 145 055 | 116 557 | 107 266 |
| Equity | 78 817 | 76 064 | 68 841 | 82 465 | 68 329 |
| Net Financial Result | 4 519 | 3 733 | 5 133 | 3 259 | 4 369 |
| EBITDA | 6 737 | 12 171 | 10 883 | 3 996 | 6 442 |
| Financial Debt* | 56 277 | 58 693 | 59 783 | 32 796 | 20 607 |
| Net Debt | 42 847 | 41 807 | 51 787 | 25 457 | 14 065 |
| EBITDA margin | 51.3% | 45.8% | 47.5% | 24.9% | 44.6% |
| EBITDA-to-Interest coverage | 382% | 333% | 367% | 604% | 877% |
| Leverage | 55.4% | 57.1% | 58.4% | 36.0% | 46.3% |
| Net Debt-to-Equity | 54.4% | 55.0% | 75.2% | 30.9% | 20.6% |
| Net Debt-to-EBITDA | - | 3.43 | 4.76 | 6.37 | 2.18 |
| Net Debt-to-Total Assets | 24.2% | 23.6% | 31.3% | 19.8% | 11.1% |
| Current Liquidity | 131.1% | 123.6% | 66.2% | 85.3% | 85.1% |
| Cash Liquidity | 59.1% | 66.4% | 30.3% | 56.7% | 30.0% |

*Total amount of outstanding interest-bearing financial liabilities (bonds, loans, leases), excluding loans provided by the shareholders.