

Announcement of the rating action for the issuer rating of Helvetia Environnement Groupe SA

| | 7 June 2017* | 18 October 2018* | 18 October 2019 | 16 April 2020 |
|----------------|--------------|------------------|-----------------|----------------|
| Rating | BB- | BB- | BB- | BB- |
| Outlook | stable | stable | stable | watch negative |

* in accordance with the issuer rating methodology of Euler Hermes Rating GmbH from August 2019

Euler Hermes Rating is currently reviewing the rating for the issuer Helvetia Environnement Groupe SA and has therefore placed it on the watch list with negative outlook.

The reason for the rating action is the current market situation triggered by Covid-19, which will negatively HEG's revenue. Strongly decreasing wastes' volumes from non-food retail clients may lead to the weakening of HEG's internally generated cash-flows along with its creditworthiness and may thereby negatively affect the rating outcome of the aforementioned issuer.

Factors that could affect the Rating

Factors that could lead to an Upgrade

- Significant improvement of profitability, capitalization, leverage profile and coverage
- A better diversification profile
- Major increase of internally generated cash flows

Factors that could lead to a Downgrade

- Further deterioration of the business conditions and of the competitive position
- Weakening of the financial profile
- Tightening of the liquidity situation

Related Information

Analysts

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Rating committee

Holger Ludewig, Director, Euler Hermes Rating GmbH, Germany
Jörg Walbaum, Senior Analyst, Euler Hermes Rating GmbH, Germany

Principal sources of information

- Conference call with the management
- Market analyses

Rating / Solicitation

- This credit rating has been issued in accordance with the CRA Regulation
 - Solicited Rating
 - Unsolicited Rating
 - No participation of the rated entity or related third party
 - With participation of the rated entity or related third party
 - Access to internal documents
 - Access to management
- Prior to its publication the rating was disclosed to the rated entity. During this period, the rated entity had the opportunity to review the rating and to verify the underlying assumptions. Following this review, the rating was not amended.

Rating methodology

- SME Rating Methodology (Switzerland) of 28 August 2019
(<https://tribrating.com/uploads/methodology-28-1566978618.pdf>)
- Basic Principles for Assigning Credit Ratings and Other Services as of March 2020
(https://www.ehrq.de/seiten/Principles_2020.pdf)
- Guidance Regarding the Consideration of ESG Factors in Euler Hermes Rating Credit Ratings as of March 2020
(https://www.ehrq.de/seiten/ESG_2020.pdf)

Please refer to EHRG's Basic Principles for Assigning Credit Ratings and Other Services, which is available at www.eulerhermes-rating.com, for the meaning of EHRG's opinion(s).

Appendix 1: Rating Categories*

| Category | Explanation |
|-------------------------------|---|
| AAA | In the opinion of EHRG, AAA rated entities demonstrate an excellent credit quality and the lowest default risk. |
| AA | In the opinion of EHRG, AA rated entities demonstrate a very high credit quality with a very low default risk. |
| A | In the opinion of EHRG, A rated entities demonstrate a high credit quality with a low default risk. |
| BBB | In the opinion of EHRG, BBB rated entities demonstrate a medium credit quality with a moderate default risk. |
| BB | In the opinion of EHRG, BB rated entities demonstrate a medium-low credit quality with a slightly increased default risk. |
| B | In the opinion of EHRG, B rated entities demonstrate a low credit quality with an increased default risk. |
| CCC | In the opinion of EHRG, CCC rated entities demonstrate a very low credit quality with a high default risk. |
| CC | In the opinion of EHRG, CC rated entities demonstrate a very low credit quality, an event of default is very likely. |
| C | In the opinion of EHRG, C rated entities demonstrate a very low credit quality, an event of default is imminent. |
| D / SD | D rated entities have defaulted, as defined by the rating agency. The rated entity is assigned an SD rating (Selective Default) if it has only defaulted on certain debt obligations. |
| PLUS (+) MINUS (-) | Rating categories from AA to CCC are modified by a PLUS (+) or MINUS (-), where required, in order to show their relative position within the rating category. |

*For more explanations and definitions please refer to: Basic principles for Assigning Credit Ratings and Other Services (https://www.ehr.de/seiten/Principles_2020.pdf)

Appendix 2: Metrics Definitions

Quantitative credit metrics may incorporate some accounting adjustments to the income statement, cash flow statement and balance sheet amounts. Analysts may perform some analytical adjustments to account for specificities of a SME.

Size

| Revenues |
|-------------------------|
| Total Revenues (EUR Mn) |

Profitability

| ROCE | Financial Debt |
|---|--|
| Numerator | Bonds |
| Operating result (=EBIT) | + Liabilities to banks |
| Denominator | + Other interest-bearing liabilities |
| Net financial debt + equity (=capital employed) | + Operating lease liabilities |
| | + Adjustments for ABS / factoring transactions |

Leverage

| Liabilities / EBITDA | FFO / Liabilities |
|-----------------------|-----------------------|
| Numerator | Numerator |
| Total assets - equity | Funds from operations |
| Denominator | Denominator |
| EBITDA | Total assets - equity |

| Funds from Operations |
|---------------------------------|
| Net income |
| + Depreciation and Amortization |
| + Deferred income taxes |
| + Minority interest |
| + Other non-cash items |

Capitalization

| Equity Ratio | Leverage Ratio |
|--------------------|-------------------------|
| Numerator | Numerator |
| Equity | Financial debt |
| Denominator | Denominator |
| Total assets | Financial debt + equity |

Coverage

| EBIT / Interest Expense |
|--------------------------|
| Numerator |
| Operating result (=EBIT) |
| Denominator |
| Interest expense |

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