

## Rating Update: Hörmann Finance GmbH

Rating of 16th November 2014	
<b>Company Rating*</b>	<b>Outlook</b>
<b>BB+</b>	<b>negative</b>
* see Rating notations	

**Euler Hermes Rating considers a downgrade of the rating of Hörmann Finance GmbH, Kirchseeon as likely. Thereupon the outlook changes from stable to negative.**

In the first six months of the year, the operating profitability of Hörmann Finance GmbH decreased from € 4.0 million to € 0.7 million (Group-EBIT). The weak development of the demand in the Automotive segment, especially in the heavy truck segment, was decisive. The turnover in the Automotive division declined by 3.6 % to € 175.5 million. Due to the first-time consolidation of the Hörmann Logistik GmbH at 31<sup>st</sup> December 2013, the turnover of the subgroup Hörmann Finance GmbH rose by 8.0 % to € 214.5 million in the first six months of the year.

For the current financial year, the Hörmann Finance GmbH predicts the turnover to decline to € 425 and 435 million (in 2013: € 438.8 million) as well as of the EBIT to € 6 and 8 million (in 2013: € 14.3 million).

Because of the weak development of the demand in the Automotive key business segment as well as the still restrained sales and earnings perspective, Euler Hermes Rating considers a negative development of the rating as likely within the next twelve months.

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### Rating Committee

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### Principal sources of information

- Semi-annual report of the subgroup Hörmann Finance GmbH per 30.06.2014

### Rating method

Issuer rating, company rating manual of Euler Hermes Rating Deutschland GmbH, March 2012 version

## Rating notations

category	explanation
<b>AAA</b>	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.
<b>AA</b>	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.
<b>A</b>	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 in-creased susceptibility to the worsening of circum-stances and general economic conditions in the future.
<b>BBB</b>	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.
<b>BB</b>	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</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.
<b>CCC</b>	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.
<b>CC</b>	Companies receiving a CC rating have very little security for their future. Capital service is in great jeopardy.
<b>C</b>	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.
<b>D</b>	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.
<b>SD</b>	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.
<b>NR</b>	A debtor or an issuer not rated by Euler Hermes Rating is classified as NR (Not Rated).
<b>PLUS (+) MINUS (-)</b>	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.