

## Rating Update: Hörmann Finance GmbH

Rating of 3 June 2015	
Company Rating*	Twelve-month outlook
BB-	Stable

\* see rating notation

Rating history	01.11.2013	16.09.2014	28.10.2014
Notation/outlook	BB+ / stable	BB+ / negative	BB / negative

**Euler Hermes Rating has awarded Hörmann Finance GmbH a BB- rating for its creditworthiness and sustainability and expects this rating to remain stable over the next few months.**

Euler Hermes Rating GmbH is lowering its rating for Hörmann Finance GmbH from BB to BB-. The primary rationale for the change in the rating is what the analysts consider to be the heightened market and competition risks. In 2014, these risks were particularly reflected in very weak demand for heavy trucks and reduced order call-downs in connection with the conflict in Ukraine.

As a result, consolidated sales declined by 4.7% to € 418.0 million in 2014, while operating profit contracted from € 14.3 million to € 6.4 million. After net finance income/finance expense and extraordinary expense, this resulted in a net loss for the year of € 10.1 million. This loss caused reported equity to decline from € 80.7 million to € 70.7 million. Cash and cash equivalents stood at € 87.9 million at the end of 2014, exceeding financial liabilities by € 32.4 million.

Although the capital structure and debt ratios weakened in 2014, Euler Hermes Rating still considers them to be satisfactory. Given the company's strong liquidity position, Euler Hermes Rating views its financial flexibility as good in the short term. The analysts therefore currently consider Hörmann Finance GmbH's financial risk to be generally moderate at the moment. In the medium term, however, they see elevated funding risks against the backdrop of the mounting challenges to the company's market and competitive position.

This year, Euler Hermes Rating projects stable to slightly higher sales and earnings in view of the already weak market environment and the capacity adjustments which have been implemented. Accordingly, it expects the rating to remain stable over the next few months.

Hörmann Finance GmbH the holding company of a sub-group which primarily pools the Hörmann Group's automotive activities, i.e. the production of metal components, modules and systems for commercial vehicles. With an average of 2,479 employees, Hörmann Finance GmbH generated consolidated sales of € 418.0 million in 2014.

Euler Hermes Rating GmbH is registered as a credit rating agency (CRA) in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and Council and is accredited by BaFin as an external credit assessment institution (ECAI). A detailed rating report in German is available on our website.

### **Analysts**

Holger Ludewig, director and project manager  
Hauke Steffen, junior analyst

### **Rating Committee**

Jörg Walbaum, senior analyst  
Torsten Schellscheidt, senior analyst

### **Principal sources of information**

- Consolidated financial statements of Hörmann Finance GmbH for 2014
- Consolidated financial statements of Hörmann Holding GmbH & Co. KG for 2014

### **Rating method**

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

## 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 increased 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).