Baromfi-Coop Kft.
Hungary, Consumer Products

BB STABLE

Key metrics

			Scope estimates	
Scope credit ratios	**2022**	**2023**	**2024E**	**2025E**
Scope-adjusted EBITDA/interest cover	>20x	>20x	13.4x	11.3x
Scope-adjusted debt/EBITDA	2.3x	2.3x	2.6x	2.3x
Scope-adjusted funds from operations/debt	41%	42%	35%	38%
Scope-adjusted free operating cash flow/debt	-3%	13%	-8%	0%

Rating rationale

The issuer rating is supported by the Baromfi-Coop's ultimate market leader position in Hungary in chicken processing and strong export activity. The group also has a resilient business model, operating with low volatilities, and pricing power. The rating is constrained by Low diversification in terms of product categories and the locations of production assets.

The business risk profile (assessed at BB, unchanged) is driven by Baromfi-Coop's leading position in Hungary and growing export focus. The group has solid product quality and a developing brand, leading to a moderate market share and brand strength assessment. Profitability is in the double-digit range with low-to-medium volatility. Low diversification in terms of product categories and the locations of production assets constrains the assessment.

The financial risk profile (assessed at BB, revised from BB-) is driven by good leverage, as a result of a strong deleveraging phase, and robust interest cover due to mainly low fixed-rate debt and the partial conversion of debt into euros. The financial risk profile is constrained by low and volatile cash flow cover due to the capex intensity of the industry and owner-management's growth aspirations.

Adequate liquidity is supported by good cash generation, the phasing and possible delay of investments, and a high cash balance of HUF 23.8bn (on 30 June 2024). This mitigates the refinancing risk for HUF 20bn in debt repayment obligations for bonds and Baross Gábor loans due in 2026.

Outlook and rating-change drivers

The Stable Outlook reflects our expectation of debt/EBITDA of around 2.5x or below in the next couple of years, investments in a new processed poultry products plant and solar power generation for own use, as well as continued positive performance thanks to a resilient business model.

The possibility of an upgrade is remote. However, it may be warranted if improvements in the group's business risk profile reduce concentration/cluster risk around its product portfolio and production asset location together with maintaining solid credit metrics (Scope-adjusted debt/EBITDA sustained well below 3.0x)

A downgrade may be warranted if Scope-adjusted debt/EBITDA increased above 3.0x.

Ratings & Outlook

Issuer	BB/Stable
Senior unsecured guaranteed debt instruments	BB

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Related Methodologies

General Corporate Rating Methodology; October 2023

Rating Methodology: Consumer Products; October 2024

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Baromfi-Coop Kft.

Hungary, Consumer Products

Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
19 Nov 2024	Upgrade	BB/Stable
5 Dec 2023	Outlook change	BB-/Positive
7 Dec 2022	Affirmation	BB-/Stable

Rating and rating-change drivers

Positive rating drivers	Negative rating drivers
• Integrated approach covering whole value chain including crop production and processing of chicken meat and a fully controlled production (circular economy, ESG factor: credit-positive) • Largest chicken processing company in Hungary (around 50% market share in chicken processing) and top 20 in Europe by size (estimated 1.5%-2.0% market share) • Solid EBITDA margin (10%-15%) – current investments in automation and ramp-up of by-products and solar power generation expected to offset higher expected labour costs • Up to 15% of all chicken products sold by McDonald's in Europe supplied by Baromfi-Coop • Family business model with high share of reinvested profits year by year • Resilient business model: successful management of effects from Covid pandemic, bird flu and high inflation on both top line and EBITDA level	• Weak diversification with concentrated production sites and focus on one product category (chicken and related processed products) • Low free operating cash flow due to heavy investment phase and working capital swings, to continue due to significant investment needed in processed products • High share of short-term debt maturing in 2024 and large debt maturities (bonds, Baross Gábor loans) in 2026, mitigated by good record of rolling over debt and high operating cash • Increasing labour costs and low unemployment mitigated by Industry 4.0 robotisation and imports of Asian workforce (for whom decent housing is provided under own operation and ownership) • Full consolidation of related entities not yet finished, which hinders a full picture of vertical integration from crops to finished product, especially for cooked/frozen products (ESG factor: credit-negative governance factor)

Positive rating-change drivers	Negative rating-change drivers
• Improved business risk profile (reduced concentration/cluster risk on product portfolio and production asset location) – remote • Solid credit metrics (Scope-adjusted debt/EBITDA sustained well below 3.0x)	• Scope-adjusted debt/EBITDA above 3.0x

Corporate profile

Baromfi-Coop, headquartered in Debrecen, Hungary and with operations in eastern Hungary, operates along the whole value chain in the chicken-processing industry. The Baromfi-Coop group consists of: i) Baromfi-Coop Kft. covering the agricultural activities of the group (procurement and corn farming); ii) Master Good Kft., focusing on the primary processing of live poultry, the manufacturing and sales of prepared and further processed products, and the use of by-products, mainly in pet food: and iii) SáGa Foods Zrt., focusing on processed-product manufacturing, mainly of frankfurters and cooked hams.

Besides its main farm in Kisvárda, Baromfi-Coop operates a hatchery in Petneháza as well as feed production plants in Nyírkércs, Balsa and Nyírmada. The Baktalórántháza farm has been certified as a McDonald's flagship farm since 2015.

The group deployed a significant investment programme in 2020. In 2023, the group generated sales of about HUF 237bn (EUR 0.6bn) with EBITDA of roughly HUF 26bn (EUR 65m). The Baromfi-Coop group is a family business wholly owned by the Bárány family through their family trust. Two generations of the family are also strongly involved in the group's management.

Financial overview

			Scope estimates		
Scope credit ratios	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Scope-adjusted EBITDA/interest cover	>20x	>20x	13.4x	11.3x	13.5x
Scope-adjusted debt/EBITDA	2.3x	2.3x	2.6x	2.3x	1.9x
Scope-adjusted funds from operations/debt	41%	42%	35%	38%	48%
Scope-adjusted free operating cash flow/debt	-3%	13%	-8%	0%	9%
Scope-adjusted EBITDA in HUF bn					
EBITDA	28.3	26.3	28.1	31.6	35.3
Scope-adjusted EBITDA	**28.3**	**26.3**	**28.1**	**31.6**	**35.3**
Funds from operations in HUF bn					
Scope-adjusted EBITDA	28.3	26.3	28.1	31.6	35.3
less: (net) cash interest paid	-0.9	-0.3	-2.1	-2.8	-2.6
less: cash tax paid per cash flow statement	-0.1	-0.1	-0.9	-0.9	-1.0
Funds from operations (FFO)	**27.3**	**25.9**	**25.1**	**27.8**	**31.7**
Free operating cash flow in HUF bn					
Funds from operations	27.3	25.9	25.1	27.8	31.7
Change in working capital	-22.4	-6.1	-0.5	-4.7	-6.7
Non-operating cash flow	-0.6	0.0	0.0	0.0	0.0
less: capital expenditure (net)	-6.3	-11.6	-30.5	-23.5	-18.8
Free operating cash flow (FOCF)	**-2.1**	**8.2**	**-5.9**	**-0.3**	**6.1**
Net cash interest paid in HUF bn					
Net cash interest per cash flow statement	0.9	0.3	2.1	2.8	2.6
Net cash interest paid	**0.9**	**0.3**	**2.1**	**2.8**	**2.6**
Scope-adjusted debt in HUF bn					
Reported gross financial debt	80.9	81.1	83.5	82.3	67.3
less: cash and cash equivalents[1]	-14.9	-19.6	-15.2	-12.4	-2.1
add: non-accessible cash	0	0	3.8	3.1	0.5
Scope-adjusted debt (SaD)	**66.0**	**61.5**	**72.1**	**73.0**	**65.8**

[1] Cash netting: 100% between 2023, 75% afterwards. We do not consider some of the cash as permanent or earmarked for debt repayment, but rather used for investments. We therefore applied a partial netting of debt.

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Environmental, social and governance (ESG) profile[2]

Environment		Social		Governance	
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)		Labour management		Management and supervision (supervisory boards and key person risk)	
Efficiencies (e.g. in production)		Health and safety (e.g. staff and customers)		Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)	
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)		Clients and supply chain (geographical/product diversification)		Corporate structure (complexity)	
Physical risks (e.g. business/asset vulnerability, diversification)		Regulatory and reputational risks		Stakeholder management (shareholder payouts and respect for creditor interests)	

Legend

Green leaf (ESG factor: credit positive)

Red leaf (ESG factor: credit negative)

Grey leaf (ESG factor: credit neutral)

Focus on circular economy

Baromfi-Coop is one of the few Hungarian companies which have managed to issue a green bond. The group also has a circular economy focus, which protects it from input price volatilities and creates value across the chain.

The group has high vertical integration, from agricultural activity to finished fresh meat products and processed meat products, while also selling by-products with added value as pet food or fertilizer. This demonstrates a strong focus on the circular economy, which is credit-positive.

ESG-compliant operations result in efficiencies but high investment cost

New investments have focused on decreasing energy and water needs, waste and by-product use. Furthermore, the group has developed its own 10.5 MW solar energy production plant to fully cover internal needs.

Baromfi-Coop received a second-party opinion for its green bond issued in 2021 and successfully issued its first green bond as part of its investment strategy. Master Good (fully consolidated by Baromfi-Coop) issued its first ESG report in 2022. These reports show the group's commitment to ESG principles, which have resulted in operational efficiencies but a heavy investment strategy (incorporated in our projections). Therefore, we view the business as resilient but credit-neutral in terms of ESG.

Corporate structure complexity

Baromfi-Coop has been through an intensive growth phase, tripling its revenues from 2018 to 2023 both organically and through acquisitions. The full consolidation of all entities belonging to the ownership circle is ongoing and the corporate structure remains complex. The non-consolidation of all production assets is a negative governance factor. However, it is mitigated by the consolidation efforts and the willingness of the managing owners to simplify the structure over time.

The group's size would warrant an update of the auditor to a Tier 1-2 service provider.

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[2] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

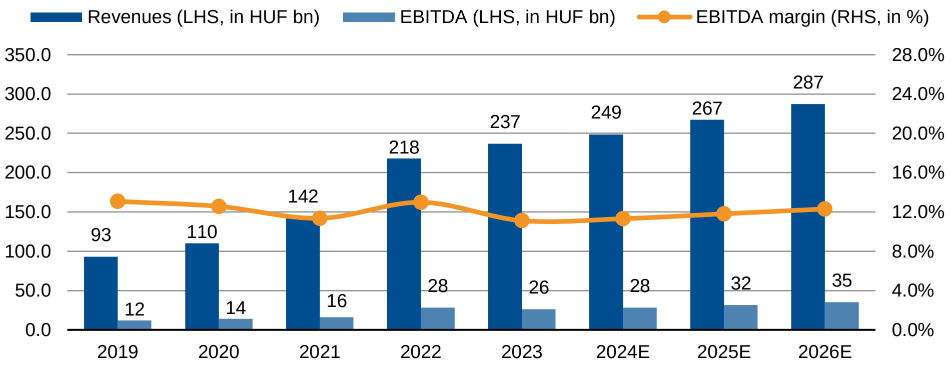
Business risk profile: BB

The business risk profile (assessed at BB, unchanged**)** is driven by Baromfi-Coop's leading position in Hungary. The group also has solid product quality and a developing brand, leading to a moderate market share assessment. Profitability is in the double-digit range with low-to-medium volatility. Low diversification in terms of product categories and the locations of production assets constrains the assessment.

Blended industry risk profile: A-

The blended industry risk rating is unchanged at A-, reflecting the group's increasing exposure to consumer products in terms of revenues and EBITDA. The industry risk assessment consists of an A industry risk rating for non-durable consumer products (low cyclicality, medium market entry barriers, low substitution risk) and BBB for agribusiness (high cyclicality, high market entry barriers, low substitution risk).

Figure 1: Revenue and EBITDA versus EBITDA margin



Sources: Baromfi-Coop, Scope estimates

Leading player in the Hungarian chicken processing industry …

Baromfi-Coop slaughters around half of all the chickens raised in Hungary, many of them produced in its own integration. It is also one of the largest food producers in Hungary with 2023 revenues HUF 236.8bn (EUR 0.6bn, up 8.7% YoY).

… but fairly small compared to European competitors

In Europe, Baromfi-Coop holds 1.5%-2.0% of the market, ranking it top 25 for chicken. Other large chicken producers, such as the French European leader LDC Group (majority owner of Tranzit Food Kft.), typically have farms and slaughterhouses in larger regions and several countries. This provides more revenues groupwide but means they are smaller on their domestic markets.

A significant improvement in the issuer's growth is limited by its single location in eastern Hungary. Setting up a new location with a circular economy takes time. In addition, growth investment is limited by high interest rates, sluggish funding opportunities, and internal management capacity constraints on the execution of plans of such scale.

Baromfi-Coop's relationship with McDonald's is also a positive rating driver. Baromfi-Coop supplies up to 15% of all chicken products sold by McDonald's in Europe, and McDonald's has been the group's customer for over 15 years. However, Baromfi-Coop's output is rather low compared to European competitors. For instance, France's LDC and the Netherlands' Plukon Food Group each process more than 400m chickens a year, compared to up to 80m processed by Baromfi-Coop.

Diversification is constraining rating factor

Baromfi-Coop's credit rating continues to be constrained by low diversification in several aspects. This is due to: i) a fairly concentrated customer portfolio; and ii) a focus on processing chicken. In addition, the group has about 250 customers, and the top 10 account for close to 50% of sales. This negative factor is mitigated by Baromfi-Coop's long-term relationships with customers, along with the fact that its biggest customers are large, well-known retail companies such as retailers SPAR and Tesco. Further, the quantities sold by the group cannot be replaced easily by competitors on the domestic market.

Given its focus on chicken meat production, Baromfi-Coop would be highly sensitive to a sharp decline in demand for the meat, for example, due to a local outbreak of avian flu. However, we believe that the group's animal stock is well protected from infection and thus from emergency slaughter in such an event. This assumption is grounded on its stringent hygiene regulations, including farms which operate as self-sufficient systems that include wastewater purification. Sustainability is strengthened by diversification through the use of by-products as pet food and fertiliser, which also generate high margins.

Moderate, stable operating profitability

Baromfi-Coop's profitability continues to be credit-supportive, based on reported EBITDA margins of well above 10%. Even in 2020, when the global economy was in severe crisis, the group achieved an EBITDA margin of 12.6%. This was mainly due to stable demand from major retail chains, for example, McDonald's, which ramped up its delivery and drive-in supply channels. Demand from McDonald's supplier OSI Group did fall in 2020, but has since recovered. Management successfully boosted export sales channels, which can provide further growth should the hospitality, food and catering segment come under pressure due to closures or decreasing purchasing power. Baromfi-Coop defended its margins well against both the Covid pandemic and the start of the Russia-Ukraine war. We expect an EBITDA margin of above 10% at year-end 2024, which is very good compared to local consumer product peers given the general cost inflation, sluggish demand and negative performance of the duck market to which domestic competitors in the poultry business are greatly exposed.

Baromfi-Coop has moderate operating profitability in Hungary but is below the average for European consumer product companies. Double-digit profitability is only achievable in Hungary for vertically integrated consumer products, including agricultural activity such as that performed by the issuer. Positively, Scope-adjusted EBITDA margins have fairly low volatility of 10%-13% from 2019 until the forecast horizon of YE 2026. Nominal EBITDA has been increasing since 2015. We expect EBITDA to normalise in 2024 from the exceptional HUF 28.3bn in 2022 (+75.4% YoY growth) and slight decrease in 2023 to HUF 26.3bn (-7.0% YoY). We expect EBITDA exceeding HUF 30bn on average for 2024-26. This is underpinned by H1 2024 EBITDA (unaudited) of HUF 14.7bn and the seasonality towards the second half of the year.

Our rating case projects a moderate increase in Baromfi-Coop's EBITDA with the EBITDA margin stable but still moderate. This is based on: i) the continuing integrated approach, which limits sensitivity to fluctuations in crop prices; ii) efforts to ramp up highly profitable business lines, including the sale of fertilisers and abattoir waste from chicken processing for the pet food industry; iii) capex for automation to counterbalance rising labour costs and in renewable energy production; and iv) considerable pricing power in tandem with the positive effects from acquisitions and contributions in kind.

Operating in agriculture, meat, by-products; heavy expansion into processed products

The group entered the processed poultry products segment with the bolt-on acquisition of SáGa Foods in 2020. SáGa is small compared to Baromfi-Coop. Consequently, Baromfi-Coop will continue to concentrate on chicken processing. The SáGa brand will be replaced by the heavily advertised Master Good brand, though we believe that significant investments in the brand are still needed.

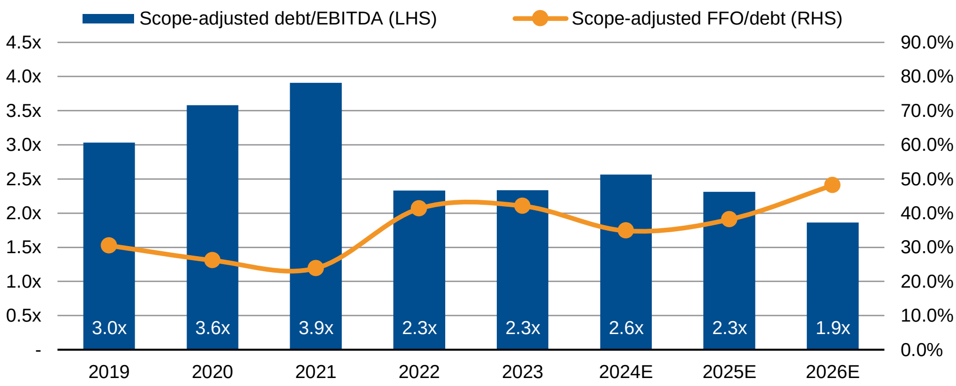
Brand strength is moderate. Our assessment reflects emerging brand Master Good, now marketed heavily in Hungary and set to replace the SáGa brand. The group's brand strength is constrained by the high share of non-branded or retailer/restaurant-branded chicken but supported by its premium GMO-free labels and intensive omnichannel marketing campaign deployed in 2024.

The SáGa productions sites are rather old, save for the frankfurter line. Significant capex has been deployed for the modernisation and scaling-up of production volumes, which may put renewed pressure on free operating cash flow in 2025-26 depending on execution speed.

Financial risk profile: BB

The group's moderate financial risk profile is supported by good leverage as a result of a strong deleveraging phase, robust interest cover due to mainly low fixed-rate debt and the partial conversion of debt into euros. The financial risk profile is constrained by low and volatile cash flow cover, due to the capex intensity of the industry and owner-management's growth aspirations.

Figure 2: Leverage metrics



Sources: Baromfi-Coop, Scope estimates

Good leverage following strong deleveraging phase

Baromfi-Coop had HUF 81.1bn in gross debt at YE 2023 (flat YoY) in the form of three senior unsecured bonds totalling HUF 51.5bn and HUF 29.6bn in senior secured bank loan facilities. The cash balance stayed high at HUF 19.6bn at YE 2023, which is partially earmarked for the repayment of the HUF 14.0bn bond maturing in November 2026. This provides comfort for the large upcoming debt maturity and mitigates refinancing risk. In 2023 leverage metrics stood flat YoY at Scope-adjusted debt/EBITDA of 2.3x and Scope-adjusted funds from operations/debt of slightly above 40%.

Baromfi-Coop is going through an aggressive growth phase, which was followed by a strong deleveraging path from debt/EBITDA of 3.9x in 2021 and 3.6x in 2020. The deleveraging was driven by nominal EBITDA growth to HUF 26.3bn in 2023 from HUF 13.8bn in 2020 (EBITDA has roughly doubled) as a result of the capacity increase and high food price inflation in Hungary (above 50% in the period 2020-23).

Large investments are supported by strong cash flow

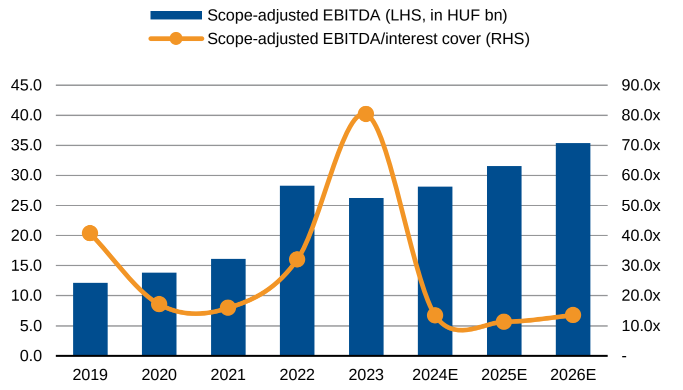
We forecast an increase in Scope-adjusted debt/EBITDA to slightly above 2.5x in 2024. This is due to: i) one of the largest investments in 2024-25 in the Hungarian meat industry, at subsidiary Sága Foods Zrt., an estimated investment value of around HUF 20bn (EUR 50m), for modernisation and a capacity increase for the manufacturing of processed poultry products and; ii) the development of 10.5 MW in solar power generation at subsidiary Master Good Kft., to be self-sustainable with regard to energy needs (ESG factor: credit-positive). Delay in the execution of capex may result in temporarily better metrics. As a base case we expect credit metrics to slightly to deteriorate in the short term, but to recover as energy costs decrease and new production ramps up. Management has a good track record in executing large-scale investments (ESG: credit-positive governance factor).

Strong interest cover aided by interest received on strong cash position

Baromfi-Coop operates with a high share of fixed interest rate debt facilities, which offer significant debt protection. The exceptionally strong EBITDA growth and high interest received on cash deposits allowed for a very strong EBITDA/interest cover of 80x in 2023 (up from 32x in 2022 and 16x in 2021). We expect Scope-adjusted EBITDA/interest cover in the range of 10-15x for 2024-26 (excluding much of interest received conservatively), based on the persistent high-interest rate environment and decreasing cash reserves as they are spent on growth capex and debt reduction.

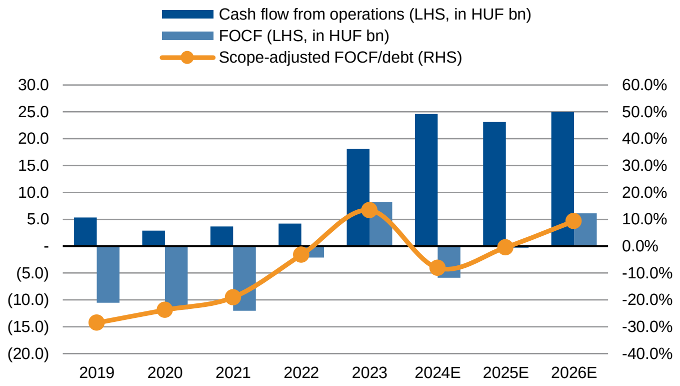
Performance was good in H1 2024. Interest payments on drawn debt were partially (close to half) neutralised by interest received on cash deposits. We therefore expect this metric to be strong in 2024, continuing at least into H1 2025.

Figure 3: Interest cover



Sources: Baromfi-Coop, Scope estimates

Figure 4: Cash flow cover



Sources: Baromfi-Coop, Scope estimates

Low and volatile cash flow cover due to aggressive growth aspirations

Scope-adjusted free operating cash flow/debt has been historically negative. This is because the Bárány family has continuously expanded the business following the generation change to reach full vertical integration and achieve a circular economy (ESG: credit-positive environmental factor). The expansion of the business also required a significant rise in working capital. The high nominal EBITDA, high level of automation and low volatility in operating profitability coupled with the reinvestment of profits (low dividend policy) allows Baromfi-Coop to continue its aggressive growth path without a significant increase in leverage.

Adequate liquidity

Baromfi-Coop's liquidity metrics are above 110% and we expect them to remain solid at least until YE 2025 assuming that overdrafts and working capital facilities are rolled over. Liquidity metrics may come under pressure in 2026 when the company faces large debt maturities of HUF 14bn in expiring bond from the Bond for Growth programme and HUF 6.0bn in loans from the Baross Gábor programme while continuing aggressive growth funded by own cash sources and cash flow.

We note that liquidity metrics are volatile, but Baromfi-Coop holds significant cash reserves of HUF 19.6bn at YE 2023 (HUF 23.8bn on 30 June 2024, not audited). Leverage metrics also allow for further debt issuance, if needed. The company has a good track record of rolling over debt for working capital and issuing debt in general. We see refinancing risk as manageable.

Baromfi-Coop Kft. issued three series of senior unsecured bonds with a total value of HUF 51.5bn over 2019-2021. The bond proceeds were used for capex to increase production capacity and deepen vertical integration. The bonds have long tenors and low fixed coupons of 2.7%-3.0%. The bonds have bullet repayment, with HUF 14bn repayable in November 2026, HUF 14.5bn in May 2028 and HUF 23bn in July 2031.

Baromfi-Coop Kft.'s senior unsecured bonds guaranteed by subsidiary Master Good Kft. and issued under the Hungarian National Bank's Bond Funding for Growth Scheme have a covenant requiring the accelerated repayment of the outstanding nominal debt amount (HUF 51.5bn) if the debt rating of the bonds stays below B+ for more than two years (grace period) or drops below B- (accelerated repayment within 30 days). Such a development could adversely affect the group's liquidity profile. The rating headroom to entering the grace period is two notches.

In addition to the rating deterioration covenant, bond covenants include a list of other covenants such as change of control. Financial covenants in bank agreements contain net debt/EBITDA of max. 3.5x, compared to which Baromfi-Coop has around 1x comfortable headroom. We therefore see no significant risk of the covenants being triggered and/or enforced.

Balance in HUF bn	2024E	2025E
Unrestricted cash (t-1)	19.6	15.2
Open committed credit lines (t-1)	3.8	3.8
Free operating cash flow	-5.9	-0.3
Short-term debt (t-1)	5.2	10.8
Coverage	**>200%**	**172%**

Supplementary rating drivers: +/- 0 notches

No notching was applied based on supplementary rating drivers.

Neutral financial policy coupled with family business approach

Baromfi-Coop continues to be strongly committed to a neutral financial policy. Net leverage is kept below 3.5x, as demonstrated by the group's acceptance and keeping of such financial covenants in its loan agreements and the maintenance of proper headroom to them.

This is combined with low dividend payments over the last few years. This is typical for a family-owned businesses and we consider it to be creditor-friendly.

While the capex programme has led to higher debt, no dividends were paid until 2020. In 2021-2022 the dividend payout only averaged around 10% of profit after tax for the two years. In addition, the group has been disciplined regarding M&A, paying a reasonable price to purchase SáGa Foods.

The owners' ambition to eventually contribute in-kind Steam Cook Kft. and Várda Meat Kft., both owned by the Bárány family, will further increase the group's vertical integration. This is because both companies process certain convenience foods (such as frozen and breaded products). Future contributions in kind to make these companies part of Baromfi-Coop is creditor-friendly, as their leverage is similar to the issuer's and no cash would be paid from the structure.

Moreover, the Bárány family has been running the group proactively for decades and remains strongly committed to its long-term success. This is underpinned by most of the profits being reinvested in the past decade by both the third and fourth generation.

Long-term debt ratings

Senior unsecured guaranteed debt instrument ratings: BB

We have upgraded the rating of the senior unsecured debt to BB from BB-, in line with the issuer rating. The debt category rating reflects the ranking of the debt, at below a significant amount of the HUF 38bn of senior secured bank debt and HUF 22bn in Hungarian state and European Union subsidies assumed at YE 2026. The recovery analysis indicates an 'above average' recovery for the senior unsecured guaranteed bonds and for all other senior unsecured debt positions in a hypothetical default scenario based on a liquidation value at YE 2026. Nevertheless, there is no uplift compared to the issuer rating due to the potential volatility in the company's capital structure on the path to default, and the issuer's ability to raise additional debt ranking above the senior unsecured debt positions.

Concurrently, we have withdrawn the BB senior unsecured debt rating due to business reasons and assigned a BB rating on the senior unsecured bonds issued by Baromfi-Coop Kft. and guaranteed by its subsidiary Master Good Kft. (ISINs: HU0000359294, HU0000359302, HU0000360706). There is no uplift given for the corporate guarantee as it is a fully consolidated subsidiary.

Appendix: Peer comparison (as at last reporting date)

	Baromfi-Coop Kft.	Vajda-Papír Kft.	Kometa 99 Zrt.	Bonafarm Zrt.
Issuer rating with supplementary rating drivers	**BB/Stable**	**B+/Stable**	**B+/Stable**	**BB/Stable**
Last reporting date	31 December 2023	31 December 2023	31 December 2023	31 December 2023
Business risk profile	**BB**	**BB-**	**BB-**	**BB+**
Size (revenue in EUR bn)	0.6	0.7	0.2	0.8
Diversification	Agriculture and chicken; Hungary and exports	Paper products; Hungary and exports	Mainly pork; Hungary and exports	Agriculture, pork and milk; Hungary and exports
Operating profitability (EBITDA margin)	10-13%	0-5%	3-5%	7-11%
Financial risk profile	**BB**	**B+**	**B+**	**BB-**
Scope-adjusted EBITDA/interest cover	>20x	6.2x	Net interest income	Net interest income
Scope-adjusted debt/EBITDA	2.3x	3.3x	4.4x	1.6x
Scope-adjusted funds from operations/debt	42%	25%	27%	66%
Scope-adjusted free operating cash flow/debt	13%	-57%	-1%	-35%
Supplementary rating drivers	**-**	**-**	**-**	**+1**
Parent support	-	-	-	+1

Sources: Public information, Scope

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