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Maxima Grupe UAB

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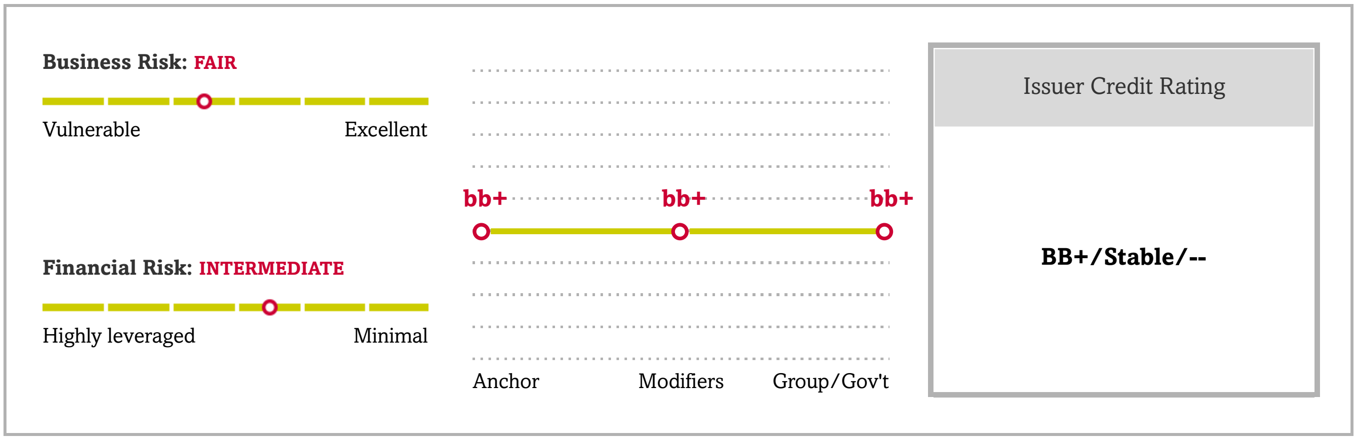


Credit Highlights

Overview

Key Strengths	Key Risks
Leading market position in the Baltics due to competitive price positioning and high brand awareness.	Modest overall size and high geographic concentration in the Baltics, the home market.
Good store format diversity, a partly owned store network, and a high share of private-label sales.	EBITDA margins below the peer group average, despite anticipated improvements.
Lower competition in the Baltics compared with in Western European countries.	Increased leverage in 2018, following the acquisition of Poland-based Emperia Holding SA.
	Material dividend distribution of €90 million-€100 million a year to parent company Vilnius Prekyba, which has comparable debt levels but more diversified business activities.

With a 28 % market share in the Baltics, Maxima Grupe is a leading player in what we perceive as a niche and relatively less-competitive food retail market. Although German discounter Lidl only entered the Baltics in 2016, we believe the market has already felt the disruptive effects. We think there is limited incentive for other larger Western food retailers to enter the Baltics, given its relatively low scale, limited growth prospects, and price competitive nature. In addition, Maxima Grupe's well-diversified and partly owned store network, and its increasing omnichannel capacities, further support its competitive position in the home market. This enables the group to capture a large portion of the population and hedge somewhat against various forms of competition.

With the recent debt-funded acquisition of Emperia Holding, Maxima Grupe is entering a new phase. The group already has some international diversification outside the Baltics, but with the acquisition of Emperia Holding and planned new store openings, we expect Poland will become a key area for growth. Integration costs in the first few years will be mitigated, in our view, by the margin accretive effects of the recently acquired Franchisee operator Franmax in 2017, and the group's increased bargaining power due to its larger size.

Credit measures will improve only moderately from peak levels in 2018 because material capital expenditure and dividends will hamper debt reduction, offsetting the increase in profitability. To finance the Emperia Holding acquisition, the company raised a €300 million unsecured bond, increasing adjusted debt to EBITDA to 2.7x-2.8x in 2018, which we expect will gradually decrease to 2.4x-2.6x from 2019 as the group's EBITDA base increases. The deleveraging will essentially come from the increase in EBITDA, because the group's annual capital expenditure (capex) of €90 million-€100 million, and annual dividends of the same amount to its parent Vilinus Prekyba, will weigh on debt reduction.

Outlook

The stable outlook on Lithuania-based retailer Maxima Grupe UAB reflects S&P Global Ratings' expectation that Maxima Grupe will defend or strengthen its already solid position in Baltic food retail markets, and soundly execute on its Polish acquisition. This should allow the group to augment its revenues and earnings, underpinned by the recent strengthening in operating margins stemming from the Franchisee Franmax integration and cost-control efforts.

In our base case, we forecast S&P Global Ratings-adjusted funds from operations (FFO) to debt at about 30% and adjusted debt to EBITDA of about 2.7x-2.8x in 2018 and trending toward 2.5x by end-2019.

Our stable outlook also points to our anticipation of balanced financial policies, particularly related to capex and dividends, and comparable credit metrics at the Vilniaus Prekyba group level, namely FFO to debt of around 30% in 2018 and above 35% in 2019. We think the group will gain some upside from acquisition-related synergies, partially offset by the impact of incremental restructuring costs and inflationary pressures.

Downside scenario

We could consider a downgrade if there was a significant decline in operating performance, with profitability deteriorating substantially because of stiff market competition, or a weaker market environment in the Baltics or Poland, or because of a difficult integration of Emperia Holding weighing on margins.

Although not in our base case, we could also consider a negative rating action if Maxima Grupe's current financial policy became more aggressive in the form of increased dividend distribution or large-scale, debt-funded acquisitions. Such a scenario would result in weakening credit metrics from what we currently anticipate at the group level, for example, the adjusted debt to

EBITDA increased to above 2.8x in 2018, or if FFO to debt meaningfully lower

Upside scenario

An upgrade is remote at this stage, since we see Maxima Grupe's overall size and narrow EBITDA base constraining our overall assessment of its credit quality.

Over the next 18-24 months, Maxima Grupe's stand-alone credit profile (SACP) may benefit from a marked improvement in trading, resulting in an EBITDA margin in excess of 10%. This could translate into improved credit metrics stemming from stronger free cash flow generation, causing adjusted FFO to debt to move closer to 45%, with adjusted debt to EBITDA decreasing toward 2x on a consistent basis. Even if we were to revise upward our assessment of Maxima Grupe's SACP, an upgrade would still hinge on our view of the credit profile of the wider Vilniaus Prekyba group. For any rating upside, there needs to be a low risk of releveraging at both Maxima Grupe and the Vilniaus Prekyba group level, based on our assessment of the group's financial policy. Additionally, we would need to see similar improvement in the wider Vilniaus Prekyba group's credit metrics, to comparable levels as that of Maxima Grupe, and a track record of prudent financial policy across the whole group.

Base-Case Scenario

Assumptions

- Real GDP growth in Lithuania of about 2.9%-3.1% from 2018 to 2020, buoyed by firming exports and strong investments, with inflation of 2.3%-2.6%, which is above the European Central Bank's target range.
- Real GDP growth in Latvia of about 3%-4% over the next two years, supported by strong investments and favorable external environment. Wage growth will have inflationary implications, and we expect inflation of 2.6%-2.8% over this period.
- Real GDP growth in Estonia, Bulgaria, and Poland of 3%-4% over the next two years, driven by favorable external environment and uptick in exports.
- Revenue growth of 5%-7% for 2018 and 2019, supported the abovementioned economic conditions, the group's store development plan, expansion in Poland, and our anticipation of like-for-like growth in excess of 1.5% in all of the group's geographies. That said, we expect price pressures in its main markets will remain, in particular because we perceive consumers as particularly price sensitive.
- Moderate gross margin improvement by about 30-50 basis points on a pro forma basis, stemming from the group's centralization efforts, improved negotiating terms thanks to increased size, and development of private label offerings. Competitive conditions in the food retail market and potential for cost inflation could however, constrain any meaningful uplift.
- A reported EBITDA margin of 6.0%-6.5% for 2018 and 2019, broadly stable from the 6.3% pro forma reported in 2017 and increasing from historical levels, thanks to contributions from Franchisee Franmax in particular. This should translate to an adjusted EBITDA margin of 8%-9% in 2018 and 2019. While we expect some economies of scale from the Emperia Holding acquisition, we also expect a rise in restructuring costs could weigh on the EBITDA margin in particular in 2018.
- Capex to remain at 2.5%-2.7% of sales through 2019 (excluding the Emperia Holding acquisition), equating to €90 million-€100 million of capex per year, which should translate into reported free operating cash flow (FOCF) generation in excess of €120 million per year.

Key Metrics

	2017a	2018e	2019e
EBITDA margin (%)	7.2	~8.0-9.0	~8.0-9.0
Debt/EBITDA (x)	3.1	~2.8	~2.5
FFO/debt (%)	26.7	~30	~32
FOCF/debt (%)	20.7	~20	~24
DCF/debt (%)	6.2	~9	~11
EBITDAR ratio	3.4	~3.2	~3.2

Note: All figures are fully adjusted by S&P Global Ratings. FFO--Funds from operations. FOCF--Free operating cash flow. DCF—Discretionary cash flow. a--Actual. e--Estimate.

Base-Case Projections

Integration costs will weigh on credit metrics. We expect adjusted EBITDA will increase by about €100 million in 2018 from 2017 audited adjusted levels, due to the integration of Franmax and the full year effect of the Emperia acquisition. We incorporate expected integration costs in 2018 in our base-case assumptions for adjusted EBITDA, which will weigh on margins and credit ratios. We also expect the group's cash flow generation will be hampered by the material amounts of capex required to roll-out the group's expansion throughout its geographies, and by the dividends service to the parent company, resulting in reported discretionary cash flow of about €30 million only in 2018.

We expect top-line growth will exceed 5% over the next two years, as a result of the group's expansion into foreign geographies. Foreign markets will be the group's primary source of growth, particularly those of Poland and Latvia. We expect top-line growth of 8%-12%, materially above these countries' real GDP growth, as a result of rapid store expansion. We anticipate like-for-like growth of 2%-3%, with the exception of in Bulgaria. We expect growth in the group's domestic market Lithuania will remain at 3%-5% over the next couple of years.

Company Description

Maxima Grupe is the biggest employer and leading food retailer in the Baltic states, with a market share of about 28%. Operating since 1998, the group has experienced rapid growth in its home market and started to expand internationally in 2011 by entering the Bulgarian market and subsequently the Polish market. In 2017, pro forma the recent acquisition of Polish retailer Emperia Holding and the integration of Franchisee Franmax, it generated €3.4 billion of sales, with about €221 million of reported EBITDA. With that acquisition, the group initiated a major step in diversifying away from the Baltic states, because the Polish businesses (Emperia Holding and Aldik) combined will become almost as big as its Latvian business, the group's second-largest market, and have greater growth potential.

The company is fully owned by Vilniaus Prekyba--a holding company with other stakes in retail and real estate. That said, Maxima Grupe is the group's most important asset, generating about 75% of the group's overall EBITDA in 2018.

Business Risk: Fair

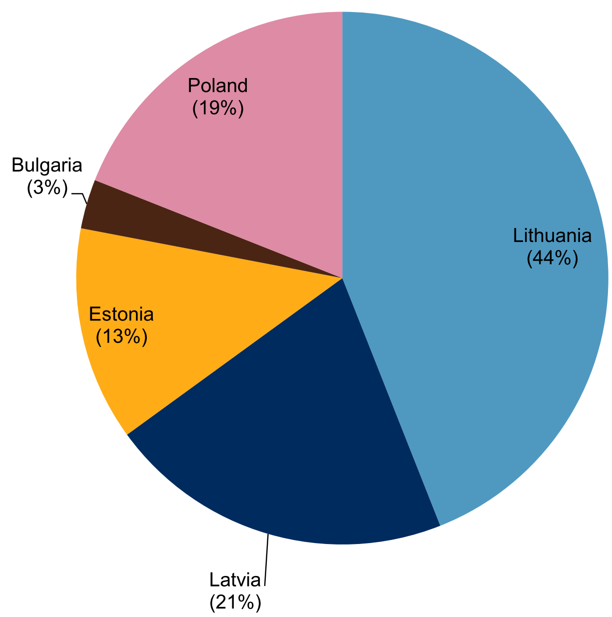
Maxima has a leading position in the Baltics region, a market we see as less competitive than other European retail markets because of its relatively limited size and demographics. It also incorporates our view that the group's debt to EBTIDA, in particular on a reported basis, is somewhat lower than that of some other retail peers of comparable size. Its position is further supported by a financial policy aimed at gradual deleveraging from a peak in 2018 due to the Emperia Holding acquisition for €285 million, excluding transaction-related costs. Our view stems from our anticipation of an increasing EBITDA margin and positive discretionary cash flow, in spite of a material dividend distribution.

Maxima has maintained its leading position in the Baltics, despite the recent increase in pressure from the arrival of Lidl in Lithuania in 2016. In our view, this is due to Maxima's competitive price positioning and high brand awareness. We don't expect competition in the Baltics will escalate further, given the market's overall modest size, already competitive nature, and what we perceive as limited remaining growth avenues for new entrants.

We see the group's Baltic operations as a strength, given our expectation that Maxima's like-for-like growth in the region will remain in excess of 1.5%, driven by real GDP growth of about 3%-4% per year. That said, the Baltics combined GDP for 2018 is about 4x less than that of Poland, where the group aims to expand following the Emperia Holding acquisition. We forecast that the supportive macroeconomic trends, alongside the group's expansion plan in Poland in particular, but also in the Baltics, will result in overall growth of about 7% per year. We also believe the resilience and relative predictability of the food retail industry, as well as the group's modest exposure to foreign exchange risk--in particular in comparison with other Eastern European peers', thanks to the Baltics' adoption of the euro--provides the group with some visibility on revenues and earnings.

Chart 1

Maxima Grupe--2017 Pro Forma Revenue Breakdown For Retail Operations



The group also benefits from a resilient operating model. In particular, we note the meaningful sales contribution from private labels of about 18%, which is in line with that of Western European peers, as well as its diversified store formats. Proximity format as of end-2017, as per the company's definition and without taking into account Emperia Holding's store network, already represented 45% of sales and about 77% of formats, and we expect this will rise. Both factors, in our view, support margins and help maintain Maxima's strong competitive advantage over peers. We understand that the group has a local sourcing strategy that provides it with fairly good bargaining power, despite its overall limited size.

Additionally, we believe the group benefits from a partly owned real estate network, with a book value of approximatively €500 million as estimated by management, and a market value that is likely higher. Excluding the impact of Emperia Holding, out of 568 stores we believe only 25-30 were unprofitable. These were essentially located in Bulgaria and Poland, two markets where the group is investing in pricing to consolidate its market position

Moreover, while online sales still represent a very small part of the group's revenues (less than 1% of sales), we believe the group is well positioned in that space, since it faces little competition and already has an online-dedicated offering through the Barbora website.

Our view of Maxima's business profile is constrained by its relatively small size, scale, and EBITDA base compared with other rated food retailers, as well as its still substantial but declining geographic concentration (the Baltics represent over 75% of revenues). These factors tend to limit the group's bargaining power with suppliers, and its relatively narrow EBITDA base means less flexibility to adapt to potential disruptions, either from competition or unforeseen operating events, without hurting credit ratios. Additionally, the group's revenue concentration exposes it to potential macroeconomic headwinds in the Baltics, although this is not in our base case. Moreover, we note that Maxima's business in some of the group's newer geographies, in particular Bulgaria and Poland, only had about breakeven EBITDA, before the integration of Emperia Holding. Emperia Holding will help boost EBITDA margins in Poland to 3%-3.5% and we expect the expansion into the country will improve diversification. That said, we see a degree of execution risk given the presence of several large competitors in Poland.

We anticipate a moderate increase in margins, in particular thanks to the integration of the highly EBITDA-accretive Franchisee Franmax, and to synergies from the Emperia Holding acquisition. Maxima's adjusted EBITDA margin was about 7.2% in 2017, and we forecast it will increase to about 8.0%-8.5% in 2018. While Maxima's adjusted EBITDA margin is somewhat higher than that of larger Western European peers, it remains modest, in our view, given that the group owns 45% of its store network (which should reduce fixed costs) and is of a much more moderate size, which we consider facilitates implementation of cost-control initiatives. Maxima's margins are below what we see for Russian retail peers, such as X5 and Magnit, who typically have adjusted EBITDA margins of about 11%-12%.

Peer comparison

Table 1

Maxima Grupe UAB -- Peer Comparison

Industry Sector: Supermarkets

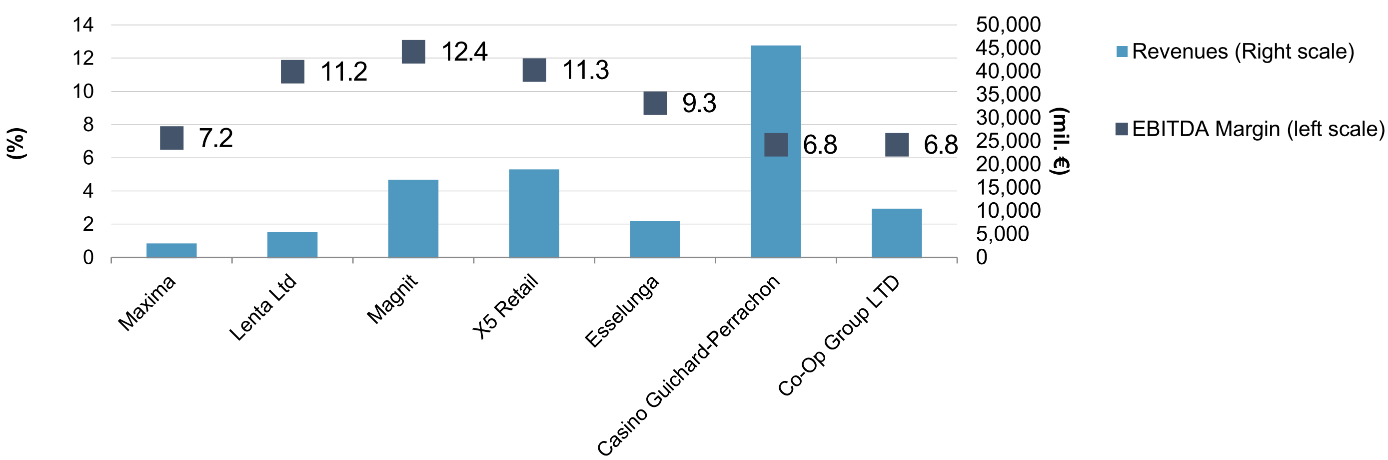
	Maxima Grupe UAB	**Lenta LLC**	**Magnit PJSC**	**X5 Retail Group N.V.**	**Esselunga SpA**	**Casino Guichard - Perrachon S.A.**	**Co-operative Group Ltd.**
Rating as of Nov. 6, 2018	BB+/Stable/--	BB-/Stable/--	BB/Stable/--	BB/Stable/--	BBB-/Stable/--	BB/Negative/B	BB/Stable/--
	--Fiscal year ended Dec. 31, 2017--						
(Mil. €)							
Revenues	2,806.5	5,282.7	16,539.2	18,733.6	7,594.7	45,351.0	10,296.0
EBITDA	202.8	591.0	2,047.1	2,120.0	702.7	3,093.2	699.7
Funds from operations (FFO)	165.4	388.7	1,543.4	1,493.9	579.6	2,323.3	535.4
Net income from cont. oper.	74.9	191.9	514.1	454.1	298.9	127.0	78.9
Cash flow from operations	190.8	377.1	1,346.1	1,321.6	541.8	1,746.4	510.6
Capital expenditures	62.9	399.3	1,087.1	1,183.2	454.1	1,331.7	485.6
Free operating cash flow	127.9	(22.2)	259.0	138.3	87.7	414.7	25.0
Discretionary cash flow	27.9	(22.2)	(163.9)	138.3	87.7	(6.9)	25.0
Cash and short-term investments	332.6	206.9	265.3	399.3	500.8	3,391.0	454.0
Debt	618.7	1,991.9	5,484.4	6,451.5	1,596.9	9,871.3	2,434.8

Table 1

Maxima Grupe UAB -- Peer Comparison (cont.)							
Equity	276.5	1,038.5	3,751.1	2,292.0	2,819.8	12,383.0	3,263.8
Adjusted ratios							
EBITDA margin (%)	7.2	11.2	12.4	11.3	9.3	6.8	6.8
Return on capital (%)	15.1	13.6	12.3	13.2	10.5	7.0	4.3
EBITDA interest coverage (x)	9.6	3.0	4.5	4.4	10.2	4.4	3.6
FFO cash int. cov. (X)	82.0	3.7	10.3	9.1	25.2	5.6	8.6
Debt/EBITDA (x)	3.1	3.4	2.7	3.0	2.3	3.2	3.5
FFO/debt (%)	26.7	19.5	28.1	23.2	36.3	23.5	22.0
Cash flow from operations/debt (%)	30.8	18.9	24.5	20.5	33.9	17.7	21.0
Free operating cash flow/debt (%)	20.7	(1.1)	4.7	2.1	5.5	4.2	1.0
Discretionary cash flow/debt (%)	4.5	(1.1)	(3.0)	2.1	5.5	(0.1)	1.0

Chart 2

Revenues And Adjusted Margins 2017



Source: S&P Global Ratings.

Peers in the food retail sector include Lenta LLC, Magnit PJSC, X5 Retail Group N.V, Esselunga SpA, Casino Guichard, Perrachon S.A., and Co-operative Group Ltd. In its peer group, Maxima stands out as the smallest player, with lower level of margins in comparison to those of Russian retailers, but with higher margins than Co-Op or bigger players such as Casino-Guichard. More importantly, we expect greater margin uplift potential for Maxima than for peers, related to the integration of Emperia Holding, increased bargaining power, and economies of scale. Supporting Maxima's business risk profile against Russian retailers' is, in our view, a lower degree of macro risks, in particular regarding foreign exchange, as Maxima still has predominantly euro denominated revenues, and the Polish currency is closely linked to the euro.

We therefore see a more moderate volatility pattern than for Russian retailers, although we regard consumer spending habits to be somewhat comparable, with a strong focus on price and value in particular. In comparison to other Western European peers, in terms of margin, Maxima stands in the middle of the range, but benefits from better growth prospects than, for example, Esselunga or Co-op, and increasing international diversification. Offsetting this is Maxima's more modest scale, which is a disadvantage when there is a disruption in the market, as we believe size and breadth of customer reach provides companies with some capacity to overcome such disruption. That said, given the relatively modest size of the group's main countries of operations, we believe the group is less exposed to competition-led disruption.

Financial Risk: Intermediate

The group's debt increased in 2017 and 2018 as a result of the Emperia Holding acquisition. The group has recently refinaced part of the bank debt raised for that purpose with a €300 million bond, maturing in five years. We estimate that this will result in adjusted debt to EBITDA of about 2.7x-2.8x in 2018, and 2.4x-2.6x from 2019 as the group's EBITDA base increases. Our adjusted metrics incorporate our operating lease adjustment, which in the case of Maxima is significant, pro forma the acquisition of Emperia Holding, with about €496 million of operating lease adjustments for 2018 against €282 million based on 2017's audited figures. Mitigating this, we note the group's comfortable EBITDAR ratio of over 3x and solid FOCF, despite high capex.

That said, we expect deleveraging will be slowed by the group's expansion plans, which entail annual investments of €90 million-€100 million in 2018 and 2019, as well as planed annual dividends of €90 million-€100 million. That said, excluding the 2018 acquisition of Emperia Holding, we expect discretionary cash flow generation will remain positive throughout the period, enabling the group to comply with its net leverage ratio threshold under the current financial policy. We also note that the business has working-capital-supportive characteristics.

Financial summary

Table 2

Maxima Grupe UAB -- Financial Summary			
Industry Sector: Supermarkets			
	--Fiscal year ended Dec. 31--		
	2017	**2016**	**2015**
(Mil. €)			
Revenues	2,806.5	2,693.2	2,682.9
EBITDA	202.8	179.3	171.0
Funds from operations (FFO)	165.4	143.0	133.4
Net income from continuing operations	74.9	36.4	81.9
Cash flow from operations	190.8	146.4	153.8
Capital expenditures	62.9	67.2	73.6

Table 2

Maxima Grupe UAB -- Financial Summary (cont.)			
Industry Sector: Supermarkets			
	--Fiscal year ended Dec. 31--		
	2017	**2016**	**2015**
(Mil. €)			
Free operating cash flow	127.9	79.3	80.2
Discretionary cash flow	27.9	(30.7)	36.7
Cash and short-term investments	332.6	160.1	173.2
Debt	618.7	346.5	255.2
Equity	276.5	249.1	324.2
Adjusted ratios			
EBITDA margin (%)	7.2	6.7	6.4
Return on capital (%)	15.1	12.2	21.0
EBITDA interest coverage (x)	9.6	9.9	9.0
FFO cash int. cov. (x)	82.0	82.3	53.6
Debt/EBITDA (x)	3.1	1.9	1.5
FFO/debt (%)	26.7	41.3	52.3
Cash flow from operations/debt (%)	30.8	42.3	60.3
Free operating cash flow/debt (%)	20.7	22.9	31.4
Discretionary cash flow/debt (%)	4.5	(8.9)	14.4

Liquidity: Adequate

Following the recent refinancing, we assess Maxima's liquidity as adequate. This is based on our calculation that its sources of liquidity will exceed uses by about 2x over the next 12 months, and our expectations that the sources would cover liquidity uses even if EBITDA were to decline by 15%. Our liquidity assessment of the group is further underscored by management's strong commitment to maintain liquidity of at least €100 million, and by the group's committed bilateral lines available not includedin our sources given that we understand that they mature in less than 12 months, but which are still available in case of short term needs.

Principal liquidity sources as of October 2018:

- Cash and liquidity investments of about €174 million;
- 23 million of committed overdraft maturing beyond 21 months
- About €200 million of FFO; and
- Working capital inflows of about €15 million.

Principal liquidity uses as of October 2018:

- Seasonal working capital requirements of €60 million;

- About €45 million-€50 million of maintenance capex outflows,as opposed to about €90 million of overall capex; and
- Dividends up streamed to Vilniaus Prekyba of €90 million-€100 million.

We forecast comfortable headroom under the proposed covenants and the covenants existing for the remaining senior secured debt.

Debt maturities

With the recent refinancing, the group's largest debt matures in more than four years.

Covenant Analysis

Compliance Expectations

The group has to maintain a consolidated net leverage ratio of 3x. We expect the group will maintain sufficient headroom against that level of leverage over the next 24 months.

Group Influence

Maxima Grupe is part of a wider group, Vilniaus Prekyba, whose main consolidated asset is Maxima Grupe. Vilniaus Prekyba also consolidates pharmacy business Euroapotheca, which we expect will generate about €45 million of reported EBITDA in 2018, and consider has fairly good geographic diversification. Vilniaus Prekyba also owns real estate business Akropolis, which we expect will generate about €22 million of EBITDA. Vilinius Prekyba (which consolidates Maxima) is slightly more leveraged than Maxima alone on a net reported basis, about 0.2x to 0.3x as per our estimates. That higher level of leverage results from the acquisition of ApoteksGrupen in Sweden by Euroapotheca for a €334 million cash consideration. Offsetting this, we understand Vilnius Prekyba is looking at various alternatives to deleverage the business and to reduce debt at the holding level. We expect the gross reported debt at the Vilniaus Prekyba level will stand at about €1 billion for 2018, with about €446 million of cash immediately available, and a comparable operating lease adjustment. Thanks to incremental EBITDA provided by the group's other businesses, adjusted leverage stands at 2.5x-2.7x, slightly lower than that of Maxima Grupe.

Given that Maxima Grupe contributes the bulk of the overall group revenues and earnings, and also because we consider Maxima Grupe is the largest business of ultimate shareholder Nerijus Numavicius, we believe it is a core entity to the wider group.

We also understand there is no plan for a partial listing of Maxima Grupe and that main shareholders intend to keep clear control of the company going forward.

Lastly, we also note that Vilniaus Prekyba services a very modest dividend to private entities above, held by Nerijus Numavicius, which we understand are debt free on a stand-alone basis. We assess the wider group credit profile (GCP) at 'bb+', which is driven by and consistent with our assessment of Maxima's SACP at 'bb+'. Hence, our rating on Maxima Grupe is in line with its SACP and the GCP.

Issue Ratings--Subordination Risk Analysis

Capital structure

Following the bond issuance, Maxima's capital structure comprises about €585 million of debt, the bulk of it being represented by the recently issued €300 million senior unsecured bond. In addition, the group will still have about €244 million of remaining portion of secured debt and/or unsecured debt standing at the subsidiaries level.

Analytical conclusions

The proportion of secured debt and unsecured debt both at the group and subsidiaries level is about 40% in our calculation of overall financial debt, in line with our criteria. We also note the group will have about €50 million of secured debt amortizing over the upcoming 12 months. We have also reviewed the final credit documentation and terms are in line with our initial expectations.

As a result, the 'BB+' rating on the senior unsecured bond is in line with the issuer credit rating. This is because no significant elements of subordination risk are present in the capital structure.

Reconciliation

Table 3

Reconciliation Of Maxima Grupe UAB Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2017--					
Maxima Grupe UAB reported amounts						
	Debt	**EBITDA**	**Operating income**	**Interest expense**	**EBITDA**	**Cash flow from operations**
Reported	424.3	149.5	93.6	2.6	149.5	158.4
S&P Global Ratings' adjustments						
Interest expense (reported)	--	--	--	--	(2.6)	--
Interest income (reported)	--	--	--	--	0.1	--
Current tax expense (reported)	--	--	--	--	(16.3)	--
Operating leases	282.2	53.2	18.5	18.5	34.7	34.7
Surplus cash	(87.8)	--	--	--	--	--
Non-operating income (expense)	--	--	0.1	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	(2.2)
D&A - Impairment charges/(reversals)	--	--	0.7	--	--	--
Total adjustments	194.4	53.2	19.3	18.5	15.9	32.5
S&P Global Ratings-adjusted amounts						
	Debt	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**
Adjusted	618.7	202.8	113.0	21.1	165.4	190.8

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - Industrials: Key Credit Factors For The Retail And Restaurants Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	**bb+**	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of November 6, 2018)

Maxima Grupe UAB	
Issuer Credit Rating	BB+/Stable/--
Senior Unsecured	BB+
Issuer Credit Ratings History	
12-Oct-2018	BB+/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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