

Rating Action: Moody's assigns B3 rating to Axactor's €300 million senior unsecured notes

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Frankfurt am Main, August 25, 2021 -- Moody's Investors Service (Moody's) assigned a B3 senior unsecured debt rating to Axactor SE's (Axactor) proposed €300 million senior unsecured notes. Axactor is a publicly-listed debt purchasing company, headquartered in Oslo, Norway.

RATINGS RATIONALE

The B3 senior unsecured debt rating reflects Axactor's B1 corporate family rating (CFR) and the application of Moody's Loss Given Default for Speculative-Grade Companies methodology (published in December 2015), Axactor's capital structure and particularly the priorities of claims and asset coverage in the company's current and future liability structure. The size of Axactor's secured revolving credit facility (RCF) indicates higher loss-given default for senior unsecured creditors, leading to senior unsecured rating two notches below Axactor's B1 CFR.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

FACTORS THAT COULD LEAD TO AN UPGRADE

Axactor's senior unsecured debt rating would likely be upgraded, if Axactor's CFR will be upgraded. Axactor's senior unsecured debt rating could also be upgraded following a positive change in its debt capital structure that would increase the recovery rate for the senior unsecured debt class.

FACTORS THAT COULD LEAD TO A DOWNGRADE

Axactor's senior unsecured debt rating could be downgraded, if Axactor's CFR will be downgraded. Axactor's senior unsecured debt rating could also be downgraded if the company were to materially increase its secured RCF, which ranks structurally above to the senior unsecured bonds.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was Finance Companies Methodology published in November 2019 and available at https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_1187099. Alternatively, please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1288435.

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