

BEYOND RATINGS: PRODUCTS AND SERVICES FOR CORPORATE ENTITIES



**STANDARD & POOR'S
RATINGS SERVICES**

McGraw Hill Financial



GAIN NEW INSIGHTS ON CREDITWORTHINESS

When planning strategic change or evaluating counterparty exposures, you may be seeking supplementary, third-party information about the creditworthiness of your proposed initiatives. If so, Standard & Poor's Ratings Services may be able to help.

Whilst we may be best known for our credit ratings, we provide an additional suite of products and services. These services provide detailed analyses which may help inform and provide clarity where there is uncertainty, and include:

- Feedback on potential strategic initiatives
- Early indication of an unrated company's likely creditworthiness
- Review of the risk profile/capital structure of subsidiaries and acquisition targets

Rating Evaluation Service (RES)

Our Rating Evaluation Service can be used when you are considering strategic or financial initiatives that could potentially affect your creditworthiness. It is often used in restructurings, acquisitions, divestitures, or material changes to debt or capital structure. An RES analysis provides information on the potential rating implications of hypothetical scenarios presented to us by you, and can be used by issuers who are currently rated, and unrated issuers looking to access the capital markets. The Rating Evaluation Service may help you to:

Test options and identify cost benefits and flexibility in a capital restructuring

- To better assess the terms for sub-underwriters and potential investor interest in a refinancing, you can ask for an RES analysis in order to obtain an indicative rating, based on your hypothetical capital structure scenarios. This may help you to evaluate the flexibility in potential issuance structures — for example, testing debt levels to optimise financing costs and flexibility, without affecting the default and recovery prospects of existing debt.
- After an RES analysis is completed, and once the financing structure has been finalised, you can request a credit rating from us, to help support the distribution of the debt instruments.

Determine the best capital structure in a tight issuance window or uncertain market environment

- Our RES analysis of your hypothetical scenarios enables you to evaluate the potential credit impact of these financing options. In turn, this can help you gain better insight in order to decide when to launch a syndication or new issue. The indicative rating outcomes can also let you have a more informed view of debt pricing and risk. Your final funding structure can then be based on your sense of potential investor appetite.

Understand the impact of an acquisition bid or an auction

- An RES analysis can identify the potential credit implications of a proposed acquisition or sale of a unit or subsidiary. RES takes into account the stand-alone credit of the target entity and helps you optimise your bid/achieve the best price. Alternatively, it can inform you about the potential impact of the proposed acquisition/sale on your existing ratings.

Negotiate with lenders in a stressed situation

- RES feedback can be useful for issuers and steering committee members as they try to reconcile what may be conflicting interests. Our analysis may help a company and its lenders consider the possible ratings implications of proposed financial solutions, which can then help a steering committee agree on new financing arrangements.

Credit Assessment

A corporate Credit Assessment provides our opinion of creditworthiness based on our view of the general credit strengths and weaknesses of an unrated company. It represents a point-in-time evaluation (there is no ongoing surveillance) and is generally provided to you on a confidential basis. A Credit Assessment may help you to:

Gain an early indication of creditworthiness

With a Credit Assessment, we will review the general credit particulars of your unrated company, without the need for you to commit to the more resource-intensive full rating analysis. This may help you plan your next steps towards a capital markets issue. Based on our evaluation of summary information, the Credit Assessment may help you identify strategic credit issues. After the Credit Assessment is completed, you may decide to request a full credit rating.

Private Credit Analysis (PCA)

Our Private Credit Analysis can help you gain insight about a third party's or group entity's creditworthiness when a public credit rating is not available. We'll provide you with an analysis that is composed of a Credit Estimate grade (an indication of the likely Standard & Poor's Ratings Services issuer credit rating) and our rationale. The Private Credit Analysis is generally confidential but may be shared with limited third parties. It may help you to:

Price inter-company loans more accurately and improve your tax planning

- Establish the credit standing of your subsidiaries on a stand-alone basis, and benchmark market pricing.
- Negotiate more effectively with auditors and tax authorities.

Benchmark a target company at an early stage in a bid process to help determine whether it is priced competitively

- Our general overview of a company's existing capital structure and business risk profile can help you calculate an appropriate balance between the amount and cost of debt needed to fund a bid.

Manage counterparty risk with suppliers or joint ventures

- Our opinion on an unrated supplier or joint venture partner could help you identify and manage potential risks associated with the supplier or partner, allowing you to make informed decisions and allocate resources accordingly.

Set appropriate credit limits

- Set credit limits objectively and give financial staff more time to spend on value-added activities.
- Potentially reduce your exposure to excessive risks when extending lines of credit to individual customer credit accounts.

On receipt of your PCA report, if you want to consider the impact of specific funding options or the effect of the potential acquisition on your own credit rating, you may also want to request specific RES feedback.

