



The European Rating Agency

Budapest 12. September 2019



A rating agency enables access to capital market





Scope Corporate Ratings

A rating agency needs to be...



RELIABLE

(for both customers, companies and investors)



INDEPENDENT

(credit risk statements without conflicts of interest)



FAST

(investor-driven)



OPINION-DRIVEN

(interpret and explain instead of pure „number-crunching“)



Corporate Ratings

Facts and figures

Scope's Corporate Ratings methodology reflects a truly European approach which assesses underlying rating drivers and is unconstrained by the attempt to shoehorn regional differences into a global product.

Selected clients/mandates

Daimler, Lufthansa, BASF, Haniel, Merck, Tecnocon (ESP), Sanofi (FRA), Lyse (NOR), Agder (NOR), Ceconomy, Uniper

Types of ratings

Issuer and issuance credit ratings on short-term and long-term corporate debt

Coverage

>130 corporates rated

>1,230 corporate bonds

Rating scales with sub-categories

Long-term: AAA to D

Short-term: S-1+ to S-4

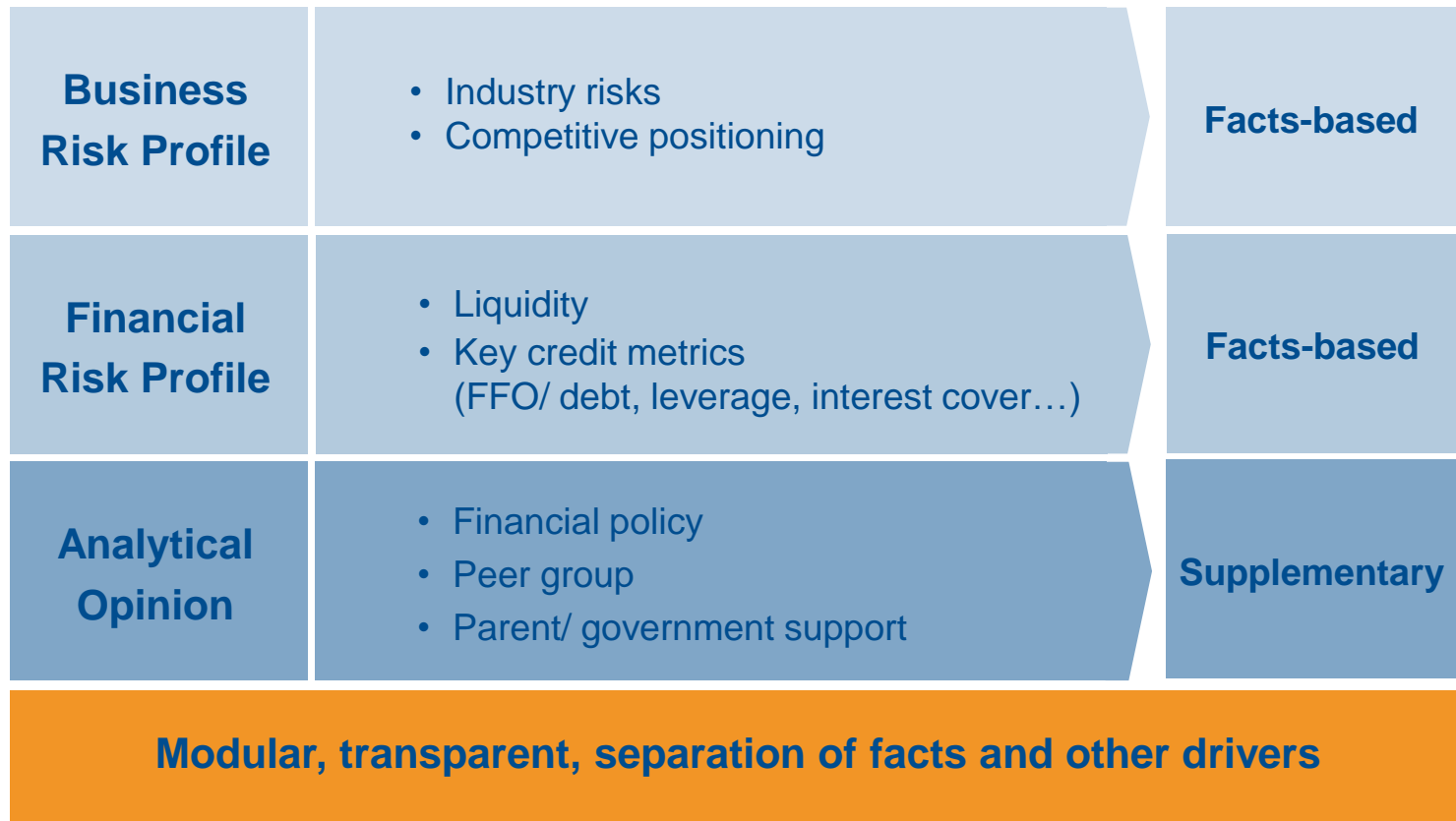
Key clients



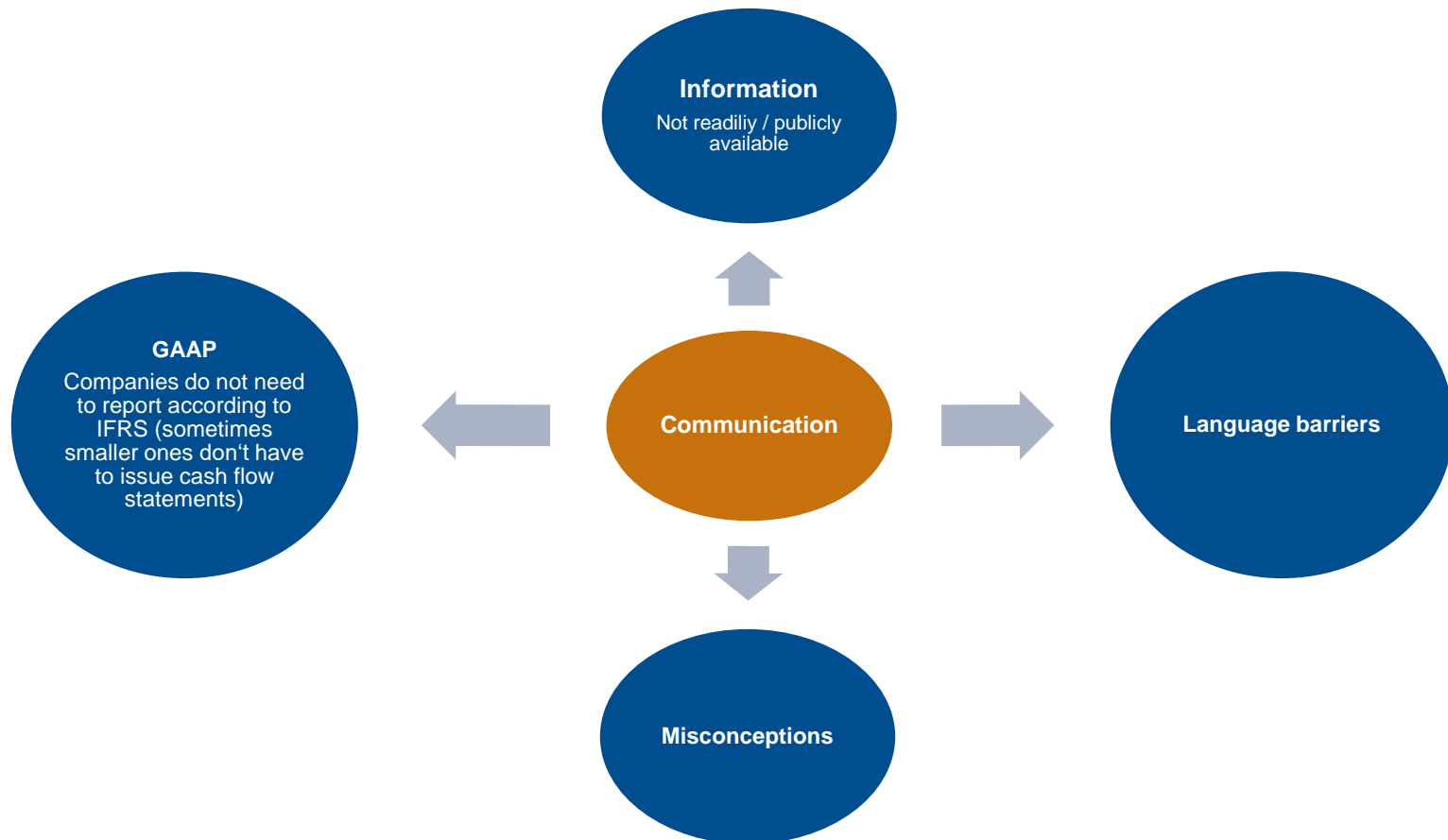
Corporate Ratings

Methodology

Corporate methodology, defined in a clear and comprehensible way.

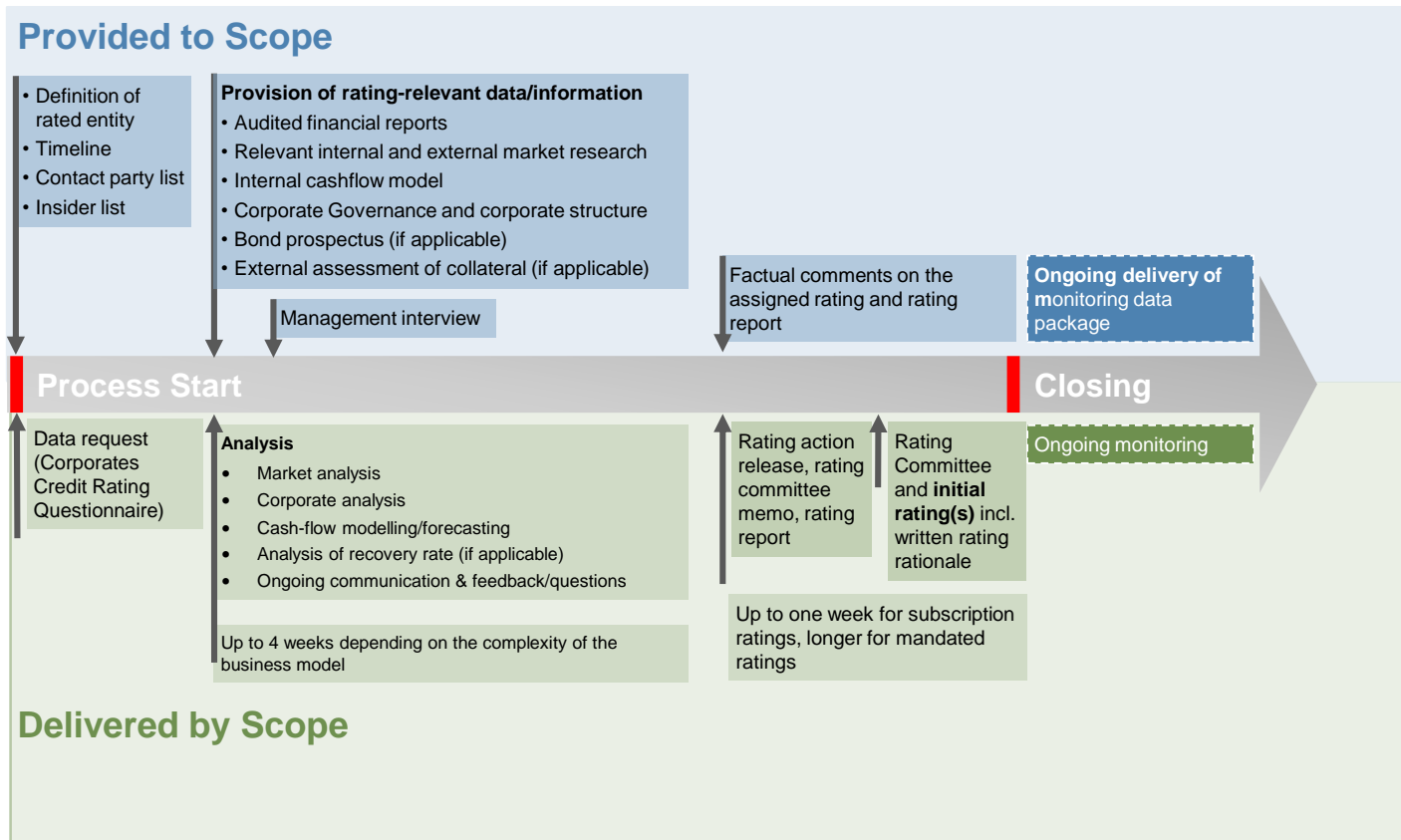


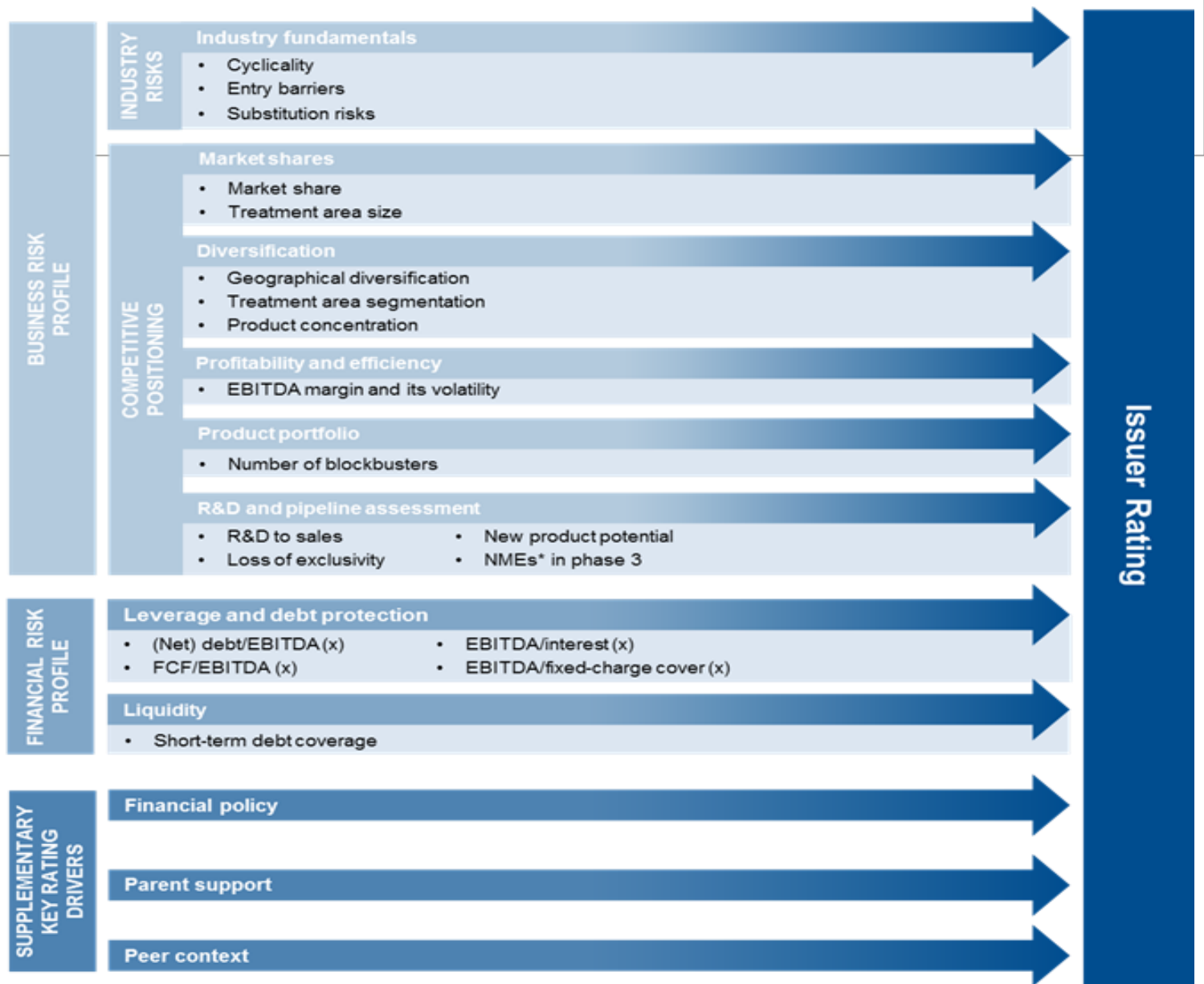
Often more difficult than rating large multi-national firms



- Companies are not used to capital markets requirements
 - rating advisors can help
- Standards sometimes differ to what we see in „the West“, in terms of:
 - Structures
 - Ownership
 - Corporate governance
- Early calls with rating agency
- Expectation management is important
- Companies don't know sufficiently how a rating agency works
- Rating advisors, early explanatory calls
- Rating comes with transparency – but this also needs to be wanted
- A rating is a process – not only an initial effort

Information needed and key steps in the rating process





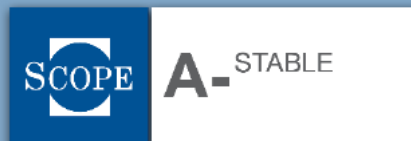


Scope Report

19 October 2016

Corporates

Merck KGaA ('Merck') Germany, Pharma/Chemicals



Corporate profile

Merck KGaA is a diversified chemicals/pharmaceuticals group that was founded in 1668 with a Merck pharmacy in Darmstadt, Germany, where the group is still based. The Merck family holds 70% of the voting rights and the remainder is in public ownership. After several acquisitions and divestments, the group now consists of three divisions: healthcare (pharmaceuticals and consumer healthcare), life science and performance materials (around its global market leadership in liquid crystals). In 2015, Merck acquired the US-based life science company Sigma Aldrich for a price of USD 17bn and is one of the consolidators in that industry. In pharmaceuticals, it is a specialised mid-sized producer of drugs relying on two blockbuster products, Erbitux and Rebif, but it has a new focus on immuno-oncological products, mainly represented by its antibody Avelumab. At the end of 2014, US-based Big Pharma company Pfizer acquired partial ownership of the molecule as well as US distribution rights for USD 850m.

Ratings

Corporate Rating	A-/ S-1
Outlook	Stable
Sector	Diversified

Analyst

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Related Research // Methodology

European Pharmaceuticals:
rating Methodology

January 2016

European Pharmaceuticals:
Application Study

April 2016



Corporate Ratings

Our Analysts (1/3)



Olaf Tölke
Managing Director

Scope Ratings AG
Standort: Frankfurt

English, German

Head of Corporate Ratings

Specialities:

- Consumer Goods
- Retail Industry
- Healthcare Industry

With Scope since 2015

20+ years experience at

- Standard & Poor's
- AXA Investment Managers
- Merrill Lynch
- Deutsche Bank



Henrik Blymke
Managing Director

Scope Ratings AG
Location: Oslo

English, Norwegian

Specialities:

- Scandinavian Corporates
- Energy Supply
- Transportation Companies

With Scope since 2017

16+ years experience in credit analysis and research at

- SEB
- Citigroup



Thomas Faeh
Executive Director

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Location: Oslo

English, German, Norwegian

Specialities:

- Scandinavian Corporates
- Oil Service Industry
- Food Industry, Agriculture, Shipping, Real Estate

With Scope since 2017

10+ years experience in credit and stockmarket analysis at

- Carnegie
- MainFirst Bank
- Berenberg Bank



Werner Stäblein
Executive Director

Scope Ratings AG
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English, German

Deputy Team Head

Specialities:

- Automotive Industry
- Capital Goods
- Aviation & Defence Technology

With Scope since 2015

20+ years experience at

- Standard & Poor's
- ING
- KPMG
- PwC



Corporate Ratings

Our Analysts (2/3)



Sebastian Zank
Executive Director

Scope Ratings GmbH
Location: Berlin

English, German

Specialities:

- Renewable Energies
- Transportation
- Investment Holdings
- Consumer Goods
- Engineering

With Scope since 2013

14+ years experience at

- Scope Ratings
- WestLB Equity Markets
- S. Quandt & Cie
- PwC
- BMW



Philipp Wass
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English, German

Specialities:

- Real Estate & Housing Industry
- Construction Industry
- Retail Industry

With Scope since 2013

8+ years experience at

- IVG Immobilien
- Degewo



Jacques de Greling
Director

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Location: Paris

English, French

Specialities:

- Telecommunications
- Consumer Products

With Scope since 2018

20+ years experience at

- Natixis
- KBC Securities



John Opie
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Location: Frankfurt

English, German

Specialities:

- Technology
- Macroeconomics

With Scope since 2017

20+ years experience at

- FERI EuroRating



Corporate Ratings

Our Analysts (2/3)



Gennadij Kremer
Associate Director

Scope Ratings GmbH
Location: Frankfurt

English, German, Russian

Specialities:
• Capital Goods

6+ years experience at
• Oddo Seydler Bank
• JP Morgan One Equity Partners

With Scope since 2017



Denis Kuhn
Associate Director

Scope Ratings GmbH
Location: Frankfurt

English, German

Specialities:
• Real Estate (Fixed Income,
Project Finance)
• Shipping, Logistics,
Transportation

5+ years experience at
• IKB Deutsche Industriebank
• SRC Research

With Scope since 2017



Marlen Shokhitbayev
Associate Director

Scope Ratings GmbH
Location: Berlin

English, German, Russian

Specialities:
• Oil and Gas
• Utilities
• Information Technology

10+ years experience at
• Gazprom Germania
• EY

With Scope since 2018



Klaus Kobold
Senior Analyst

Scope Ratings GmbH
Location: Frankfurt

English, German

Specialities:
• Chemicals
• Business Services
• Oil and Gas
• Hybrid Bonds

5+ years experience at
• Scope Ratings
• KPMG

With Scope since 2017



Corporate Ratings

Our Analysts (2/3)



Adrien Guerin
Associate Analyst

Scope Ratings GmbH
Location: Frankfurt

English, French, German

Specialities:
• Retail, E-Commerce

With Scope since 2016

3+ years experience at
- S.O. Capital Advice
- KBL Richelieu



Azza Chammem
Associate Analyst

Scope Ratings GmbH
Location: Berlin

English, German, French, Arab.

Specialities:
• Airlines
• Business Services
• Hybrid Bonds

With Scope since 2017

3+ years experience at
• Merck
• USAID



Alexander Kallenborn
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English, German

Specialities:
• Automotive Industry

With Scope since 2018

1+ years experience at
• Scope Ratings
• Deloitte



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