

Standard & Poor's Research

Standard & Poor's Assigns Management And Governance Scores To More Than 600 Nonfinancial Corporates In EMEA

Primary Credit Analyst:

Tobias Mock, CFA, Frankfurt (49) 69-33-999-126; tobias.mock@standardandpoors.com

Secondary Contact:

Steven J Dreyer, Washington D.C. (1) 202-383-2487; steven.dreyer@standardandpoors.com

Table Of Contents

Related Criteria And Research

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Standard & Poor's Ratings Services today announced the completion of its criteria implementation to score all the nonfinancial corporates it rates in terms of management and governance, as outlined in its ratings criteria published Nov. 13, 2012. (See "Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers," published on RatingsDirect.) The management and governance score is a subfactor within the business risk determination in corporate ratings. The establishment of these scores has not in itself led to rating actions. These scores, which we will update regularly as part of our ongoing surveillance activities, should in our opinion enhance the transparency of one of the most qualitative aspects of our rating methodology. The criteria as they apply to corporate enterprises combine eight strategic positioning, risk management, and organizational effectiveness subfactors and seven governance subfactors to create a single management and governance score of either "strong," "satisfactory," "fair," or "weak." By assigning these scores, we endeavor to further assist users of our credit ratings to better understand the role that management and governance plays in our analysis of a company's creditworthiness.

Of the 662 Europe, Middle East, and Africa (EMEA)-based publicly rated issuers that we have scored for management and governance, 87 (13.1%) are "strong," 287 (43.4%) "satisfactory," 271 (40.9%) "fair," and 17 (2.6%) "weak." The 104 companies that we've scored at either end of the scoring scale--"strong" and "weak"--are listed in the table below.

By and large, the management and governance scores are highly correlated with our credit ratings; investment-grade companies (that is, those rated 'BBB-' and above) tend to have "strong" or "satisfactory" management and governance scores, while speculative-grade companies (rated 'BB+' and below) more often have "fair" or "weak" scores. However, there are exceptions: Six speculative-grade companies--Continental AG (Germany), ISS A/S (Denmark), Stena AB (Sweden), Titan Cement Co. S.A. (Greece) OYAK (Ordu Yardimlasma Kurumu) (Turkey), and William Hill PLC (U.K.)--scored "strong" for management and governance. By contrast, none of our EMEA-based investment-grade companies scored "weak."

All else being equal, an investment-grade category rated company with only a "fair" management and governance score is likely to be more vulnerable than its peers with "satisfactory" or "strong" scores in a stress situation; similarly, we would view a speculative-grade rated company with a "strong" or "satisfactory" score more positively than its peers with a "fair" or "weak" score.

Worldwide, Standard & Poor's has assigned management and governance scores to 3,868 nonfinancial corporates: of these, we assess 8% as "strong," 32% as "satisfactory," 57% as "fair," and 3% as "weak."

Management And Governance Scores, Standard & Poor's EMEA Corporate Ratings

(Public Ratings Only; As Of May 9, 2013)

Issuer	Country of domicile	Long-term corporate credit rating
Strong (87)		
ABB Ltd.	Switzerland	A

Management And Governance Scores, Standard & Poor's EMEA Corporate Ratings (cont.)		
Adecco S.A.	Switzerland	BBB
Amadeus IT Holding S.A.	Spain	BBB-
Anheuser-Busch InBev N.V./S.A.	Belgium	A
Arkema S.A.	France	BBB
Assa Abloy AB	Sweden	A-
Atlas Copco AB	Sweden	A
Autoroutes du Sud de la France S.A.	France	BBB+
BASF SE	Germany	A+
Bayer AG	Germany	A-
Belgacom S.A.	Belgium	A
Brenntag AG	Germany	BBB-
BSH Bosch und Siemens Hausgeraete GmbH	Germany	A
BT Group PLC	U.K.	BBB
Centrica PLC	U.K.	A-
Cofiroute	France	BBB+
Compagnie Generale des Etablissements Michelin S.C.A.	BBB+	BBB+
Compass Group PLC	U.K.	A
Continental AG	Germany	BB-
Copenhagen Airports Denmark ApS	Denmark	BBB-
CRH plc	Ireland	BBB+
Danone	France	A-
Derwent London PLC	U.K.	BBB
Deutsche Telekom AG	Germany	BBB+
Diageo PLC	U.K.	A-
E.ON SE	Germany	A-
Eutelsat Communications S.A.	France	BBB
Evonik Industries	Germany	BBB+
EXOR SpA	Italy	BBB+
Experian Finance PLC	U.K.	A-
Ferrovial S.A.	Spain	BBB
France Telecom S.A.	France	BBB+
Gas Natural SDG S.A.	Spain	BBB
GDF SUEZ S.A.	France	A
Geberit AG	Switzerland	A-
Gerresheimer AG	Germany	BBB-
GlaxoSmithKline PLC	U.K.	A+
Henkel AG & Co. KGaA	Germany	A
Holcim Ltd	Switzerland	BBB
InterContinental Hotels Group PLC	U.K.	BBB
Investor AB	Sweden	AA-
ISS A/S	Denmark	BB-
Klepierre S.A.	France	BBB+

Management And Governance Scores, Standard & Poor's EMEA Corporate Ratings (cont.)		
Koc Holding A.S.	Turkey	BBB-
Koninklijke DSM N.V.	The Netherlands	A
L E Lundbergforetagen AB	Sweden	A+
L'Air Liquide S.A.	France	A
LANXESS AG	Germany	BBB
Legrand S.A.	France	A-
Linde AG	Germany	A
L'Oréal S.A.	France	A-1+*
LVMH Moët Hennessy Louis Vuitton S.A.	France	A
Majid Al Futtaim Holding LLC	United Arab Emirates	BBB
Merck KGaA	Germany	A-
Mondi Consumer Packaging International AG	Germany	BBB-
Mondi Group	South Africa	BBB-
Nestle S.A.	Switzerland	AA
Novartis AG	Switzerland	AA-
Novo Nordisk A/S	Denmark	A+
OYAK (Ordu Yardimlasma Kurumu)	Turkey	BB+
Pernod Ricard S.A.	France	BBB-
Philip Morris International Inc.	U.S.	A
Prosegur Compania De Seguridad S.A.	Spain	BBB
Reed Elsevier PLC	U.K.	BBB+
Rexam PLC	U.K.	BBB-
Robert Bosch GmbH	Germany	AA-
Roche Holding AG	Switzerland	AA
Rolls-Royce PLC	U.K.	A
RWE AG	Germany	BBB+
Sanofi	France	AA
Saudi Basic Industries Corp.	Saudi Arabia	A+
Scania (publ.) AB	Sweden	A-
Schneider Electric S.A.	France	A-
SES S.A.	Luxembourg	BBB
Siemens AG	Germany	A+
Sodexo	France	BBB+
Solvay S.A.	Belgium	BBB+
Stena AB	Sweden	BB
Svenska Cellulosa Aktiebolaget SCA	Sweden	BBB+
Swisscom AG	Switzerland	A
Syngenta AG	Switzerland	A
Titan Cement Co. S.A.	Greece	BB-
Unibail-Rodamco	France	A
Unilever PLC	U.K.	A+
VINCI S.A.	France	BBB+

Management And Governance Scores, Standard & Poor's EMEA Corporate Ratings (cont.)		
Vodafone Group PLC	U.K.	A-
William Hill PLC	U.K.	BB+
Weak (17)		
Agroton Public Ltd.	Ukraine	CCC
Enemalta Corp.	Malta	B+
Eurasian Natural Resources Corp. PLC	Kazakhstan	B
Heckler & Koch GmbH	Germany	CCC
Kazakhtelecom JSC	Kazakhstan	BB
Mobile TeleSystems (OJSC)	Russia	BB
Moscow Integrated Power Co. JSC	Russia	BB-
Natsionalna Elektricheska Kompania EAD	Bulgaria	BB-
Novasep Holding S.A.S.	France	B-
Ocean Rig UDW Inc.	Marshall Islands	B
Public Power Corp. S.A.	Greece	CC
Rostelecom OJSC	Russia	BB+
Sistema (JSFC)	Russia	BB
Songa Offshore SE	Cyprus	B-
Turkcell Iletisim Hizmetleri A.S.	Turkey	BB+
UkrLandFarming PLC	Ukraine	B-
Yioula Glassworks S.A.	Greece	CC

*Short-term corporate credit rating only. EMEA--Europe, the Middle East, and Africa.

Related Criteria And Research

All articles listed below are available on RatingsDirect, unless otherwise stated.

- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008

Additional Contact:

Industrial Ratings Europe; Corporate_Admin_London@standardandpoors.com

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