FitchRatings

Corporates
Automotive Manufacturer
Uzbekistan

JSC UzAuto Motors

The upgrade of JSC UzAuto Motors' (UAM) Long-Term Issuer Default Rating (IDR) to 'BB-' from 'B+' followed the revision of socio-political and financial implications of a default to 'Strong' from 'Moderate'. Fitch Ratings therefore equalised the rating with that of the sovereign (BB-/Stable), in line with the agency's Government-Related Entities Rating Criteria (GRE). Fitch continues to assess UAM's Standalone Credit Profile (SCP) at 'b'.

Key Rating Drivers

Strong Socio-Political Impact: Our revision of socio-political implications of a UAM default to 'Strong' reflects our view of a material negative socio-political impact given UAM's large revenue and contribution to Uzbekistan's economy. In addition, UAM, together with related parties, has a rather large workforce in the country of about 28,000 staff, which in case of default will increase the unemployment rate in the country.

Strong Financial Default Implication: Our revision of the financial implication of default to 'Strong' reflects the proven record of the company's access to international capital markets. We expect that a default by UAM would adversely affect the reputation of Uzbekistan, as it is a state-owned company and one of the largest corporate companies in the country.

In terms of revenue size it is similar to companies such as JSC Almalyk Mining and Metallurgical Complex (BB-/Stable) and JSC Uzbekneftegaz (BB-/Stable). UAM is one of few entities in Uzbekistan that placed a Eurobond, leading us to believe that this company could be treated as proxy for government bonds.

Strong Links with State: Fitch views the status, ownership and control linkage of UAM with the state as 'Strong' due to full state ownership and operational control by the parent over the company's capex and operational strategy.

We assess the support track record as 'Strong' due to historical state support in different forms, including shareholder loans on favourable terms; the absence of large dividends paid to the parent, which we expect to continue at least until the large capex programme ends; and a favourable regulatory environment supported previously by high import duties for cars, protecting UAM's dominant domestic market position.

Car Sales Disruption: UAM has a long-term licence agreement with General Motors Company (GM; BBB-/Positive), and while there may be alternative offers from foreign competitors, a default of UAM would cause temporary disruption to the delivery of new cars.

While the regulatory environment has softened over the last two years with falling import duties, demand for UAM's cars is still strong and it remains the dominant seller in Uzbekistan. UAM supplies the most affordable cars in the local market and we believe that it would be hard to substitute UAM's cars with other foreign brands in the medium term.

Constrained SCP: UAM's 'b' SCP reflects a weaker business profile than that of other Fitch-rated carmakers, with limited scale, a narrow product range and sales concentration in Uzbekistan. This could be mitigated by its entry into new CIS markets. Its business profile is also constrained by the absence of a strong brand, limiting its competitive position against that of global auto manufacturers. UAM's operating activity is fully dependent on its existing long-term licence agreement with GM, which provides access to GM's technological knowledge.

Inherent Cash Flow Volatility: UAM's cash flow generation has been highly volatile since 2016, a key rating constraint. Funds from operations (FFO) and free cash flow (FCF) margins

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BB-	Stable	Upgrade 13 Dec 22
Standalone Credit Profile	b		Affirmed 13 Dec 22

Click here for full list of ratings

Applicable Criteria

Government-Related Entities Rating Criteria (September 2020)
Corporates Recovery Ratings and Instrument Ratings Criteria (April 2021)
Corporate Rating Criteria (October 2022)

Related Research

Global Auto Manufacturers and Suppliers Outlook 2023 (December 2022)

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were deeply negative in 2020 before returning to strongly positive territory in 2021, mainly on extreme year-on-year working capital development and expansionary capex. We expect such volatility to remain in the near term on raw-material price inflation and lingering supply-chain issues in the auto industry, although its main capex project is set to be completed by 2023.

Temporary Profitability Erosion: EBITDA margin in 2022 has been affected by inflation and industry-wide chip shortage, leading to 1H22 fixed-cost absorption inefficiencies. This is partially offset by price rises on average of about 10% and some production catch-up in 2H22. We expect EBITDA and EBIT margins to ease slightly to 8.9% and 7.4%, respectively, in 2022, before trending toward 11% and 8% by 2025. This is due to a change in the portfolio mix, with legacy models being phased out by 2023 and sales of the new and relaunched models growing.

Dominant Position: UAM is the main producer of passenger cars in Uzbekistan and has a dominant position in Uzbekistan. This, combined with high capex in production facilities and favourable regulation, acts as significant barriers to entry and supports the company's local market share. Nevertheless, ongoing liberalisation of Uzbekistan's economy could increase competition from foreign competitors and erode UAM's sales and profitability.

Financial Summary

JSC UzAuto Motors

(USDm)	Dec 20	Dec 21	Dec 22F	Dec 23F
Gross revenue	2,624	2,162	3,520	4,516
EBITDA margin (%)	10.2	9.5	8.9	9.4
Free cash flow margin (%)	-8.1	11.8	-1.0	3.2
EBITDA leverage (x)	1.1	1.6	1.7	1.3
EBITDA net leverage (x)	0.9	0.9	1.4	0.8

F – Forecast.
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

UAM's business profile is weaker than that of global automotive manufacturers, including GM, Ford Motor Company (BB+/Positive) and Renault SA (BB/Stable). The company is not fully comparable to Fitch-rated peers as it does not own the brand of the models it manufactures and the associated technological knowledge. Moreover, despite its dominant position in its domestic market UAM's scale is much smaller than that of peers. Its product and geographical diversification is also significantly lower than that of global automotive manufacturers.

Though UAM's EBITDA and EBIT margins are commensurate with Fitch's expectation for the investment-grade category, its cash flow generation has been erratic. We forecast that UAM's FFO margin will be in the range of 6%-9% in 2022-2025, in line with GM's and Ford's, but lower than that of Stellantis N.V. (BBB/Stable). The historical FCF margin volatility stems from large annual working-capital swings and growth capex.

UAM's gross leverage profile is comparable with Ford's and GM's. We expect UAM to reach net cash position by 2025.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- Upgrade of Uzbekistan's sovereign rating;
- EBITDA leverage sustainably below 1.3x accompanied by sustainably positive FCF margin could be positive for SCP, but not necessarily for the IDR.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- Downgrade of Uzbekistan's sovereign rating;
- EBITDA leverage sustainably above 2.3x or sustainably negative FCF could be negative for the SCP but not necessarily for the IDR;
- Evidence of weaker ties between Uzbekistan and UAM (including, but not limited to, a change of UAM's legal status; a decline of government ownership to less than 50%; weakening of financial and regulatory support).

Liquidity and Debt Structure

Improved Liquidity: Fitch expects UAM to conclude 2022 with about USD100 million readily available cash, after restricted cash adjustment of about USD90 million. We deem such liquidity satisfactory to sustain intra-year working-capital swings. UAM obtained during 2022 a trade finance facility totalling USD100 million, of which USD70 million is used, from two financial institutions for its payables to suppliers, which provides additional liquidity headroom.

Its announced IPO was postponed from December 2022 to February 2023. It should bring in cash proceeds of about USD17 million. We forecast the cash position to further improve on positive cash flow generation beyond 2022.

Bullet Debt Maturity Profile: The Eurobond is the main borrowing facility in the UAM's debt quantum, with a maturity in May 2026. The company also guarantees UzAuto Motors Powertrain's amortising loan with ECA to fund its capex programme. Although UAM has no imminent debt maturities, refinancing risk is on the rise and its own production capacity expansion could mean additional funding needs.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturities

Liquidity Analysis

(USDm)	2022	2023F	2024F
Available liquidity			
Beginning cash balance	136	77	237
Rating case FCF after acquisitions and divestitures	-35	143	90
IPO proceeds (February 2023)		*17*	
ECA backed loan	*3*		
Total available liquidity (A)	**104**	**237**	**327**
Liquidity uses			
Debt maturities	-27	0	0
Total liquidity uses (B)	**-27**	**0**	**0**
Liquidity calculation			
Ending cash balance (A+B)	77	237	327
Revolver availability	0	0	0
Ending liquidity	**77**	**237**	**327**
Liquidity score (x)	3.8	Not meaningful	Not meaningful

F – Forecast.
Source: Fitch Ratings, Fitch Solutions, UAM

Scheduled debt maturities (USDm)	2021
2022	27
2023	0
2024	0
2025	0
2026	302
Thereafter	0
Total	**329**

Source: Fitch Ratings, Fitch Solutions, UAM

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer:

- Revenue peak in 2023 driven by new model launches and pricing, and to remain at USD4 billion in 2024-2025;
- EBITDA margin of 8.9% in 2022 before gradually trending toward 11% by 2025;
- Negative to neutral working-capital changes, in line with revenue growth to 2025;
- Average capex at 3.4% of sales to 2025, including spending to increase production capacity to around 500,000 units;
- Dividend pay-out ratio between 15% and 30%;
- No M&A for the next four years.

Financial Data

JSC UzAuto Motors

(USDm)	Historical			Forecast		
	Dec 19	Dec 20	Dec 21	Dec 22F	Dec 23F	Dec 24F
Summary income statement						
Gross revenue	2,761	2,624	2,162	3,520	4,516	3,944
Revenue growth (%)	31.0	-5.0	-17.6	62.8	28.3	-12.6
EBITDA (before income from associates)	415	269	206	314	426	404
EBITDA margin (%)	15.0	10.2	9.5	8.9	9.4	10.2
EBITDAR	415	269	206	314	426	404
EBITDAR margin (%)	15.0	10.2	9.5	8.9	9.4	10.2
EBIT	360	226	174	262	313	301
EBIT margin (%)	13.0	8.6	8.0	7.4	6.9	7.6
Gross interest expense	-14	-18	-15	-30	-33	-33
Pre-tax income (including associate income/loss)	292	195	199	237	285	273
Summary balance sheet						
Readily available cash and equivalents	41	33	136	93	224	323
Debt	11	283	329	548	548	548
Lease-adjusted debt	11	283	329	548	548	548
Net debt	-31	250	193	455	324	225
Summary cash flow statement						
EBITDA	415	269	206	314	426	404
Cash interest paid	-14	-15	-19	-30	-33	-33
Cash tax	-49	-33	-38	-71	-43	-41
Dividends received less dividends paid to minorities (inflow/(out)flow)	0	0	0	0	0	0
Other items before FFO	5	23	72	0	0	0
Funds flow from operations	360	258	240	219	355	335
FFO margin (%)	13.0	9.8	11.1	6.2	7.9	8.5
Change in working capital	-55	-382	271	-78	-61	-11
Cash flow from operations (Fitch defined)	304	-124	511	140	294	324
Total non-operating/nonrecurring cash flow	0	0	0			
Capex	-19	-90	-243			
Capital intensity (capex/revenue) (%)	0.7	3.4	11.2			
Common dividends	0	0	-12			
Free cash flow	285	-214	256			
Net acquisitions and divestitures	0	0	1			
Other investing and financing cash flow items	-60	-37	-234	-210	-5	-5
Net debt proceeds	-212	233	84	219	0	0
Net equity proceeds	0	0	0	0	17	0
Total change in cash	15	-17	107	-43	131	99
Leverage ratios						
EBITDA net leverage (x)	-0.1	0.9	0.9	1.4	0.8	0.6
EBITDAR leverage (x)	0.0	1.1	1.6	1.7	1.3	1.4
EBITDAR net leverage (x)	-0.1	0.9	0.9	1.4	0.8	0.6
EBITDA leverage (x)	0.0	1.1	1.6	1.7	1.3	1.4
FFO adjusted leverage (x)	0.0	1.1	1.4	2.3	1.4	1.5
FFO adjusted net leverage (x)	-0.1	1.0	0.8	1.9	0.8	0.6
FFO leverage (x)	0.0	1.1	1.4	2.3	1.4	1.5
FFO net leverage (x)	-0.1	1.0	0.8	1.9	0.8	0.6
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-19	-90	-254	-175	-151	-234
Free cash flow after acquisitions and divestitures	285	-214	257	-35	143	90
Free cash flow margin (after net acquisitions) (%)	10.3	-8.1	11.9	-1.0	3.2	2.3
Coverage ratios						
FFO interest coverage (x)	26.4	17.0	12.8	8.2	11.7	11.1
FFO fixed charge coverage (x)	26.4	17.0	12.8	8.2	11.7	11.1
EBITDAR fixed charge coverage (x)	29.6	17.7	10.9	10.6	13.0	12.3
EBITDA interest coverage (x)	29.6	17.7	10.9	10.6	13.0	12.3
Additional metrics						
CFO-capex/debt (%)	2,708.5	-75.6	81.3	-2.7	32.7	28.9
CFO-capex/net debt (%)	-927.1	-85.7	138.7	-3.3	55.4	70.5

Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

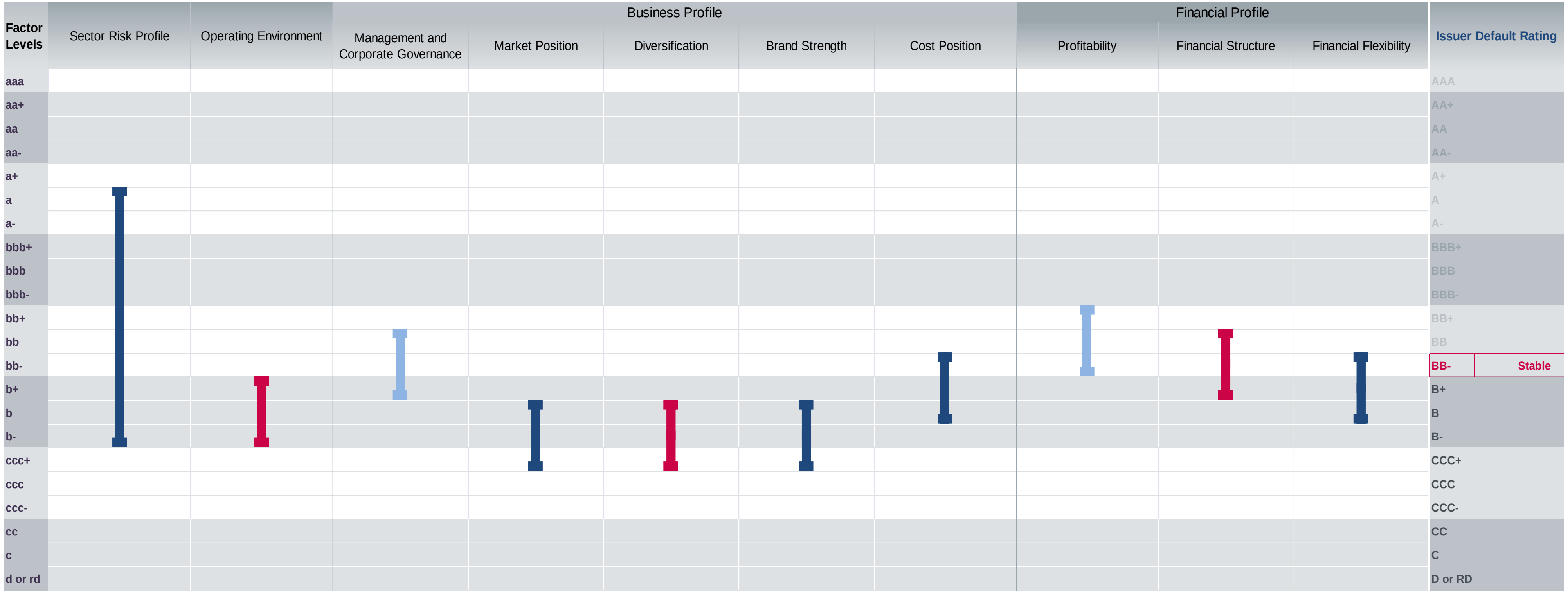
Ratings Navigator

FitchRatings

JSC UzAuto Motors

ESG Relevance:

Corporates Ratings Navigator
Automotive Manufacturers



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colours = Relative Importance		⇧	Positive
■	Higher Importance	⇩	Negative
■	Average Importance	⇳	Evolving
■	Lower Importance	□	Stable

FitchRatings

JSC UzAuto Motors

Corporates Ratings Navigator
Automotive Manufacturers

Operating Environment

bb-	Economic Environment	b	Weak combination of countries where economic value is created and where assets are located.
b+	Financial Access	bb	Below average combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	b	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'b'.
b-			
ccc+			

Management and Corporate Governance

bb+	Management Strategy	bb	Strategy generally coherent but some evidence of weak implementation.
bb	Governance Structure	bb	Board effectiveness questionable with few independent directors. "Key person" risk from dominant CEO or shareholder.
bb-	Group Structure	b	Highly complex group with large and opaque related-party transactions or opaque ownership structure.
b+	Financial Transparency	bb	Financial reporting is appropriate but with some failings (eg, lack of interim or segment analysis).
b			

Market Position

b+	Product Positioning	b	Small/niche manufacturer.
b	Overall Scale	ccc	Small scale leading to poor competitiveness.
b-			
ccc+			
ccc			

Diversification

b+	Product Range	b	Heavy reliance on two to three key products (top three products >75% of total unit sales).
b	Geography	b	Heavy reliance on one or two end-markets (>75% of total unit sales).
b-	Production	b	Heavy concentration of production in one country/region and significant mismatch between sales and production.
ccc+			
ccc			

Brand Strength

b+	Brand Value	b	Low brand value.
b	Market Share	ccc	Marginal player in most markets.
b-			
ccc+			
ccc			

Cost Position

bb	Capacity Utilization	bb	Poor capacity utilization rates leading to high under-absorption of fixed costs.
bb-	Potential for Synergies	b	Impossibility to sustain business model without external partners.
b+			
b			
b-			

Profitability

bbb-	EBITDA Margin	bbb	8%
bb+	EBIT Margin - Group	a	6%
bb	FFO Margin	bbb	7%
bb-	FCF Margin	bb	0.5%
b+	Volatility of Margins	b	Significant volatility leading to operating losses at cycle trough.

Financial Structure

bb+	EBITDA Leverage	bbb	1.3x
bb	EBITDA Net Leverage	bbb	0.8x
bb-	FFO Leverage	bb	2.5x
b+	(CFO-Capex)/Debt	b	Positive
b	CFO/Debt	b	25%

Financial Flexibility

bb	Financial Discipline	bb	Financial policies in place but flexibility in applying them could lead to temporarily exceeding downgrade guidelines.
bb-	Liquidity	bb	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
b+	EBITDA Interest Coverage	a	9.0x
b	FFO Interest Coverage	a	9.0x
b-	FX Exposure	b	Large FX exposure. No significant/ineffective hedging in place.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

JSC UzAuto Motors has 14 ESG potential rating drivers				Overall ESG
Emissions and pollutants from vehicles sold	key driver	0	issues	5
Fuel economy requirements of the product	driver	0	issues	4
Water usage in manufacturing	potential driver	14	issues	3
Waste and recycling in manufacturing operations; use of environmentally friendly materials	not a rating driver	0	issues	2
n.a.		0	issues	1
n.a.				

Showing top 6 issues

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

JSC UzAuto Motors

Corporates Ratings Navigator
Automotive Manufacturers

Credit-Relevant ESG Derivation

JSC UzAuto Motors has 14 ESG potential rating drivers

- JSC UzAuto Motors has exposure to emissions regulatory risk but this has very low impact on the rating.
- JSC UzAuto Motors has exposure to energy regulatory risk but this has very low impact on the rating.
- JSC UzAuto Motors has exposure to water management risk but this has very low impact on the rating.
- JSC UzAuto Motors has exposure to waste & impact management risk but this has very low impact on the rating.
- JSC UzAuto Motors
- JSC UzAuto Motors

Showing top 6 issues

Overall ESG Scale

key driver	0	issues	5
driver	0	issues	4
potential driver	14	issues	3
not a rating driver	0	issues	2
	0	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	3	Emissions and pollutants from vehicles sold	Brand Positioning; Profitability; Financial Structure	5
Energy Management	3	Fuel economy requirements of the product	Brand Positioning; Profitability; Financial Structure	4
Water & Wastewater Management	3	Water usage in manufacturing	Competitive Position; Cost Structure; Profitability; Financial Structure	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Waste and recycling in manufacturing operations; use of environmentally friendly materials	Brand Positioning; Profitability; Financial Structure	2
Exposure to Environmental Impacts	3	n.a.	n.a.	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	3	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Data security; vehicle safety	Brand Positioning; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Cost Structure; Profitability	3
Employee Wellbeing	3	n.a.	n.a.	2
Exposure to Social Impacts	3	Cities' focus on promoting less vehicle ownership; shift in consumer preferences toward cleaner energy	Profitability	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

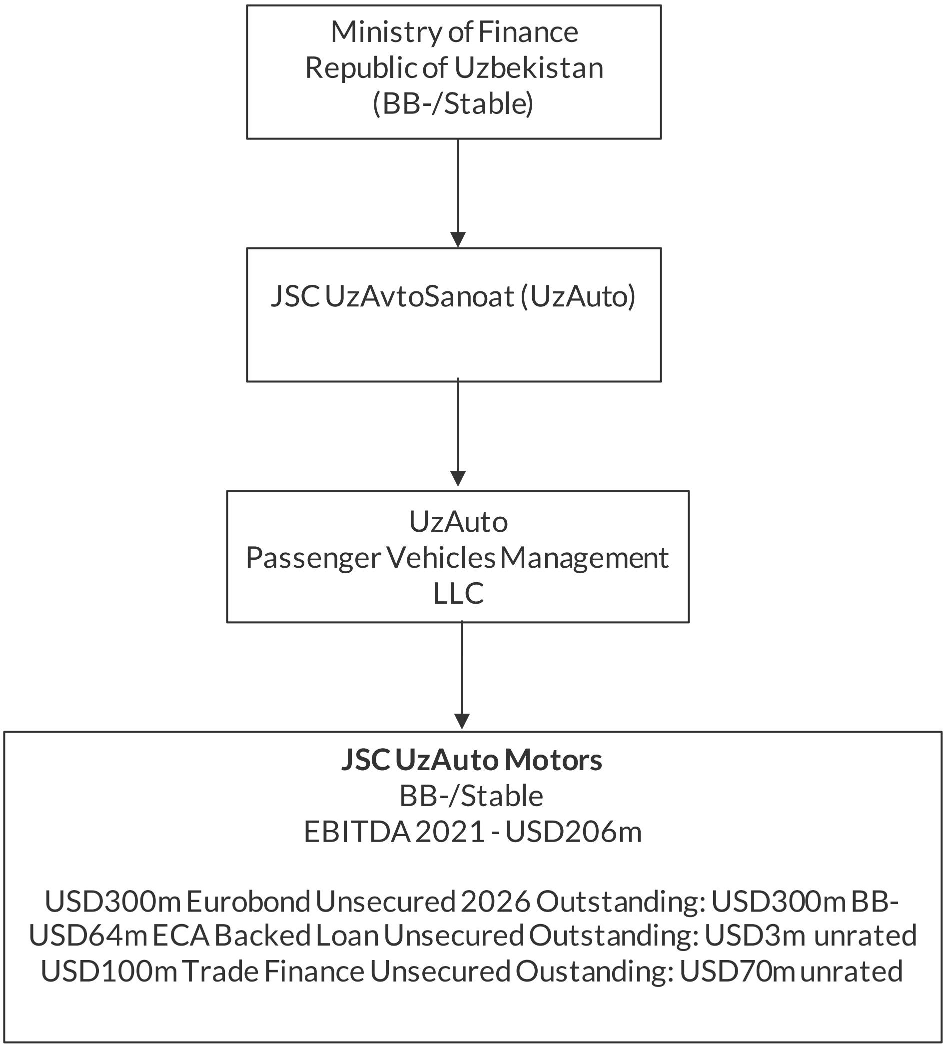
The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

CREDIT-RELEVANT ESG SCALE
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



As of end-December 2022
Source: Fitch Ratings, Fitch Solutions, UAM

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (USDm)	EBITDA margin (%)	Free cash flow margin (%)	EBITDA leverage (x)	EBITDA net leverage (x)
JSC UzAuto Motors	BB-						
	B+	2021	2,162	9.5	11.8	1.6	0.9
		2020	2,624	10.2	-8.1	1.1	0.9
		2019	2,761	15.0	10.3	0.0	-0.1
Renault SA	BB						
	BB	2021	51,168	9.7	1.0	3.9	1.2
	BB	2020	45,972	7.8	-11.3	6.7	2.7
	BBB	2019	58,355	9.7	-1.8	2.6	0.7
Ford Motor Company	BB+						
	BB+	2021	126,268	5.9	1.0	1.3	-0.2
	BB+	2020	115,941	2.5	-0.2	4.3	-1.1
	BBB	2019	143,640	5.2	-0.6	1.4	-0.4
General Motors Company	BBB-						
	BBB-	2021	113,590	9.3	0.9	1.2	-0.3
	BBB-	2020	108,673	9.4	0.8	1.5	-0.1
	BBB	2019	122,697	8.7	-2.6	1.2	-0.1
Volkswagen AG	A-						
	BBB+	2021	243,835	15.6	4.8	0.5	-0.4
	BBB+	2020	207,550	13.0	1.7	0.7	-0.5
	BBB+	2019	237,836	14.5	3.1	0.5	-0.2
Stellantis N.V.	BBB						
	BBB-	2021	179,851	14.6	2.6	1.6	-0.5
	BBB-	2020	98,628	8.6	-0.4	2.5	-0.3
	BBB-	2019	120,865	10.2	1.3	0.9	-0.2

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(USDm) 31 December 2021	Notes and formulas	Reported values	Sum of adjustments	Other adjustments	Adjusted values
Income statement summary					
Revenue		2,162			2,162
EBITDAR		233	-27	-27	206
EBITDAR after associates and minorities	(a)	233	-27	-27	206
Lease expense	(b)	0			0
EBITDA	(c)	233	-27	-27	206
EBITDA after associates and minorities	(d) = (a-b)	233	-27	-27	206
EBIT	(e)	201	-27	-27	174
Debt and cash summary					
Other off-balance-sheet debt	(f)	0			0
Debt[b]	(g)	329			329
Lease-equivalent debt	(h)	0			0
Lease-adjusted debt	(i) = (g+h)	329			329
Readily available cash and equivalents	(j)	136			136
Not readily available cash and equivalents		71			71
Cash flow summary					
EBITDA after associates and minorities	(d) = (a-b)	233	-27	-27	206
Preferred dividends (paid)	(k)	0			0
Interest received	(l)	18			18
Interest (paid)	(m)	-19			-19
Cash tax (paid)		-38			-38
Other items before FFO		45	27	27	72
Funds from operations (FFO)	(n)	240			240
Change in working capital (Fitch-defined)		271			271
Cash flow from operations (CFO)	(o)	511			511
Non-operating/nonrecurring cash flow		0			0
Capital (expenditures)	(p)	-243			-243
Common dividends (paid)		-12			-12
Free cash flow (FCF)		256			256
Gross leverage (x)					
EBITDAR leverage[a]	(i/a)	1.4			1.6
FFO adjusted leverage	(i/(n-m-l-k+b))	1.4			1.4
FFO leverage	(i-h)/(n-m-l-k)	1.4			1.4
EBITDA leverage[a]	(i-h)/d	1.4			1.6
(CFO-capex)/debt (%)	(o+p)/(i-h)	81.3%			81.3%
Net leverage (x)					
EBITDAR leverage[a]	(i-j)/a	0.8			0.9
FFO adjusted net leverage	(i-j)/(n-m-l-k+b)	0.8			0.8
FFO net leverage	(i-h-j)/(n-m-l-k)	0.8			0.8
EBITDA net leverage[a]	(i-h-j)/d	0.8			0.9
(CFO-capex)/debt (%)	(o+p)/(i-h-j)	138.7%			138.7%
Coverage (x)					
EBITDAR fixed charge coverage[a]	a/(-m+b)	12.4			10.9
EBITDA interest coverage[a]	d/(-m)	12.4			10.9
FFO fixed-charge coverage	(n-l-m-k+b)/(-m-k+b)	12.8			12.8
FFO interest coverage	(n-l-m-k)/(-m-k)	12.8			12.8

[a] EBITDA/R after dividends to associates and minorities.
[b] Includes other off-balance-sheet debt.
Source: Fitch Ratings, Fitch Solutions, UAM

B+/B/B-/CCC Table

Considerations	b+	b	b-	ccc+	ccc	ccc-	cc	Trend	Fitch's View
Business Model	Robust	Sustainable	Intact	Redeemable	Compromised	Disrupted	Irredeemable	◀▶	UAM is a small-sized producer of cars under the Chevrolet brand with a limited business profile. Operating activity is solely based on an existing alliance agreement with GM, while UAM does not own its own brand.
Strategy/ Execution Risk	Limited	Moderate	Meaningful	Challenging Yet Achievable	Uncertain	Highly Speculative	Not Credible	◀▶	The expansion capex project has been deployed and is expected to ramp up in 2023 .UAM plans to increase the production capacity further by 20,000 units.
Cash Flow	Consistently Positive	Neutral to positive	Volatile	Mostly negative	Constantly negative	Accelerating cash outflow	Irreversible Outflow	◀▶	The cash flow generation is historically volatile due to yoy working-capital swings and capex for new models. UAM, unlike global automakers, does not have many levers to smooth out the working capital development (via inventory management, payables)
Leverage Profile	Clear deleveraging path	Deleveraging capacity	High but sustainable	Significant outlier	Unsustainable	Disproportionate and increasing	Unrecoverable	◀▶	UAM has financed its large investment project with a Eurobond of EUR300 million. UAM obtained additional trade finance from a few international institutions, in total close to USD100 million as of December 2022. EBITDA leverage should reach 2.0x in 2022, which is still commensurate for 'BB' medium in the rating navigator.
Governance and Financial Policy	Committed	Some commitment to deleveraging	Aggressive	Ineffective	Uncommitted	Hostile	Inevitable Balance Sheet Restructuring	◀▶	UAM has a target EBITDA gross leverage threshold of less than 3.75x. It is also subject to financial covenant under the Eurobond (net EBITDA leverage less than 3.5x).
Refinancing Risk	Limited	Manageable	High	Off Market Options	Excessive	Unavailable	Imminent	◀▶	UAM has a long-term record with state-owned banks and can attract refinancing if needed. It has a favourable debt maturity profile being represented mainly by the Eurobond due 2026.
Liquidity	Comfortable	Satisfactory	Limited	Minimal Headroom	Poor/Partly funded	Unfunded	De Facto Insolvent	◀▶	With the trade finance in place and expected IPO proceeds, UAM's liquidity position is satisfactory.
CONCLUSION	**bb-* / Stable**		**Previous Assessment**						
			Current Assessment						

Source: Fitch Ratings

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.