Frankfurt am Main, March 26, 2020 -- Moody's Investors Service, ("Moody's") has today placed the ratings of 14 European Automotive parts suppliers (collectively "the companies") under review for downgrade. This includes the following eight issuers: Aptiv Plc, Autoliv Inc, Faurecia, Hella GmbH & Co KGaA, Kongsberg Automotive ASA, Novem Group GmbH, Schaeffler AG and Valeo S.A.

Concurrently, Moody's downgraded the ratings of the following six issuers by one notch: Adler Pelzer Holding GmbH's CFR from B1 to B2, Garrett Motion's CFR from Ba3 to B1, Gestamp Automocion, S.A.'s CFR from Ba2 to Ba3, Grupo Antolin's CFR from B2 to B3, IHO-Verwaltungs GmbH's CFR from Ba1 to Ba2, and ZF Friedrichshafen AG from Baa3 to Ba1. As a result of the downgrades, Moody's has withdrawn the issuer rating and assigned corporate family rating (CFR) to ZF Friedrichshafen AG, in line with the rating agency's policy for non-financial corporates with non-investment grade ratings downgraded from investment grade ratings. The ratings of these six issuers are under review for further downgrade.

Full details of the rating actions for the affected entities can be found at the end of this press release.

"The rapid and widening spread of the coronavirus outbreak is creating a severe and extensive credit shock for European automotive parts suppliers," said Matthias Heck, a Vice President and Senior Credit Officer at Moody's. "We have downgraded ratings of companies which were already weakly positioned in their respective ratings ahead of the current market stress, and our review for downgrade processes will focus on the impact on manufacturing operations, consumer demand, as well as governmental support and mitigating measures being taken by the individual issuers."

RATINGS RATIONALE

The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, falling oil prices, and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. The auto sector (and issuers within other sectors that rely on the auto sector) has been one of the sectors most significantly affected by the shock given its sensitivity to consumer demand and sentiment. More specifically, the weaknesses in the companies' credit profiles, including their exposure to final consumer demand for light vehicles have left them vulnerable to shifts in market sentiment in these unprecedented operating conditions and the companies remain vulnerable to the outbreak continuing to spread. We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. Today's action reflects the impact on the companies of the breadth and severity of the shock, and the broad deterioration in credit quality it has triggered.

The six companies that have been downgraded today have been weakly positioned in their respective ratings ahead of the current market stress and hence had very limited ability to weather additional challenges on top of an already weak sector environment.

The reviews for downgrade will consider (i) the outbreak's impact on the manufacturing operations of the European automotive parts suppliers and related issuers listed herein, as these issuers largely have global operations. A number of automotive original equipment manufacturers and auto parts suppliers have already temporarily closed facilities in order to ensure the safety of their employees. The review will assess the impact from facility closures and global automotive production declines these issuers are experiencing and will experience in the coming quarters. The review will also consider (ii) the lingering impact of diminished consumer demand, resulting from consumer concerns over contracting coronavirus, and regional government policies restricting consumer movement over coming quarters, (iii) the impact of governmental action to support corporates and consumers in the companies' main markets, and (iv) the impact of potential self-help measures of the individual issuers. The review will aggregate these effects in conjunction with the liquidity profiles of these issuers placed under review for downgrade. The level of cash, availability under liquidity facilities, financial maintenance covenant pressure, and the pressure of refinancing debt maturities coming due
over the next 12-24 months will be major considerations in Moody’s review. Moody’s expects to conclude the review within 90 days.

**WHAT COULD CHANGE ADLER PELZER’S RATINGS UP/DOWN**

Given the current market situation we do not anticipate any short term positive rating pressure for Adler Pelzer. A stabilization of the market situation leading to a recovery in metrics to pre-outbreak levels could lead to positive rating pressure. More specifically adjusted Debt/EBITDA would have to drop back sustainably below 4x with an EBITA margin sustainably above 5%.

Further negative pressure would build if Adler Pelzer fails to return to meaningful operating profit generation of the second half of 2020 allowing it to stabilize its liquidity situation by reducing the cash burn rate. A prolonged and deeper slump in demand than currently anticipated leading to more balance sheet deterioration and a longer path to restoring credit metrics in line with a B2 credit rating (EBITA margin at least 4%, debt/EBITDA 5x) could also lead to further negative pressure on the rating.

**WHAT COULD CHANGE GARRETT MOTION’S RATINGS UP/DOWN**

Given the current market situation we do not anticipate any short term positive rating pressure for Garrett Motion. A stabilization of the market situation leading to a recovery towards metrics to pre-outbreak levels could lead to positive rating pressure. More specifically adjusted Debt/EBITDA would have to drop back sustainably below 4x with an EBITA margin sustainably above 8%.

Further negative pressure would build if Garrett Motion fails to return to meaningful operating profit generation of the second half of 2020, thus sustaining adjusted debt/EBITDA above 5x and an adjusted EBITA margin trending below 5%. Furthermore, a deterioration in Garrett’s liquidity profile would also excerpt negative ratings pressure.

**WHAT COULD CHANGE GESTAMP AUTOMOCION’S RATINGS UP/DOWN**

Given the current market situation we do not anticipate any short term positive rating pressure for Gestamp Automocion. A stabilization of the market situation leading to a recovery in metrics to pre-outbreak levels could lead to positive rating pressure. More specifically adjusted Debt/EBITDA would have to drop back sustainably below 3.5x with an EBITA margin sustainably above 6%.

Further negative pressure would build if Gestamp fails to return to meaningful operating profit generation of the second half of 2020 allowing it to stabilize its liquidity situation by reducing the cash burn rate. A prolonged and deeper slump in demand than currently anticipated leading to more balance sheet deterioration and a longer path to restoring credit metrics in line with a Ba3 credit rating (EBITA margin at least 5%, debt/EBITDA not exceeding 4.0x on a sustained basis) could also lead to further negative pressure on the rating.

**WHAT COULD CHANGE GRUPO ANTOLIN’S RATINGS UP/DOWN**

Given the current market situation we do not anticipate any short term positive rating pressure for Grupo Antolin. A stabilization of the market situation leading to a recovery in metrics to pre-outbreak levels could lead to positive rating pressure. More specifically adjusted Debt/EBITDA would have to drop back sustainably below 5.5x with an EBITA margin sustainably above 2.5%.

Further negative pressure would build if Grupo Antolin fails to return to meaningful operating profit generation of the second half of 2020 allowing it to stabilize its liquidity situation by reducing the cash burn rate. A prolonged and deeper slump in demand than currently anticipated leading to more balance sheet deterioration and a longer path to restoring credit metrics in line with a B3 credit rating (EBITA margin at least 2%, debt/EBITDA not exceeding 6.5x on a sustained basis) could also lead to further negative pressure on the rating.

**WHAT COULD CHANGE IHO VERWALTUNG’S RATINGS UP/DOWN**

Moody’s could downgrade IHO-V’s ratings if its (1) net market value-based leverage remains above 40% on a sustained basis (approximately 50%, based on share prices of Continental AG and Schaeffler AG on March 24, 2020); (2) FFO interest cover deteriorates below 2.0x (approximately 3.2x, based on proposed dividends for 2019) on a sustained basis; (3) Moody’s adjusted debt/EBITDA remains above 3.0x (approximately 3.1x for 2019) sustainably and Moody’s adjusted EBITA margin fails to recover to above 8% (approximately 6% in 2019), both based on INA-Holding Schaeffler GmbH & Co. KG statements that fully consolidate Schaeffler AG
and Continental AG; or (4) liquidity deteriorates.

Given the current market situation we do not anticipate any short term positive rating pressure. An upgrade of IHO-V’s ratings would require (1) a clearly formulated financial policy aimed to preserve a conservative capital structure, (2) a market value-based net leverage of 30% or less, and (3) FFO interest cover above 2.5x on a sustained basis. An upgrade would also require (4) Moody's adjusted debt/EBITDA to be sustained below 2.5x and Moody's adjusted EBITA margin to be improved to around 10%, both based on INA-Holding Schaeffler GmbH & Co. KG’s financial statements that fully consolidate Schaeffler AG and Continental AG. An upgrade would also require (5) improved reporting at IHO-V level.

WHAT COULD CHANGE ZF FRIEDRICHSHAFEN’S RATINGS UP/DOWN

Given the current market situation we do not anticipate any short term positive rating pressure for ZF Friedrichshafen. A stabilization of the market situation leading to a recovery in metrics to pre-outbreak levels could lead to positive rating pressure. More specifically adjusted Debt/EBITDA would have to drop back sustainably below 3x with an EBITA margin sustainably above 7%.

Further negative pressure would build if ZF fails to return to meaningful operating profit generation of the second half of 2020. A prolonged and deeper slump in demand than currently anticipated leading to more balance sheet deterioration and a longer path to restoring credit metrics in line with a Ba1 credit rating (EBITA margins of at least 5.0%; debt/EBITDA not exceeding 3.5x on a sustainable basis) could also lead to further negative pressure on the rating.

The principal methodology used in these ratings was Automotive Supplier Methodology published in January 2020. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

LIST OF AFFECTED RATINGS

On Review for Downgrade:
..Issuer: Aptiv Plc
....Multiple Seniority Shelf, Placed on Review for Downgrade, currently (P)Baa2
....Senior Unsecured Regular Bond/Debenture, Placed on Review for Downgrade, currently Baa2
..Issuer: Delphi Corporation
....Senior Unsecured Regular Bond/Debenture, Placed on Review for Downgrade, currently Baa2
..Issuer: Valeo S.A.
....LT Issuer Rating, Placed on Review for Downgrade, currently Baa3
....Commercial Paper, Placed on Review for Downgrade, currently P-3
....Multiple Seniority Medium-Term Note Program, Placed on Review for Downgrade, currently (P)Baa3
....Senior Unsecured Regular Bond/Debenture, Placed on Review for Downgrade, currently Baa3
..Issuer: Autoliv ASP, Inc.
....Senior Unsecured Commercial Paper, Placed on Review for Downgrade, currently P-2
..Issuer: Autoliv, Inc.
....Senior Unsecured Commercial Paper, Placed on Review for Downgrade, currently P-2
..Issuer: Faurecia
....LT Corporate Family Rating, Placed on Review for Downgrade, currently Ba1
....Probability of Default Rating, Placed on Review for Downgrade, currently Ba1-PD
....Senior Unsecured Regular Bond/Debenture, Placed on Review for Downgrade, currently Ba1
Issuer: HELLA GmbH & Co. KGaA
.... LT Issuer Rating, Placed on Review for Downgrade, currently Baa1
.... ST Issuer Rating, Placed on Review for Downgrade, currently P-2
.... Senior Unsecured Bank Credit Facility, Placed on Review for Downgrade, currently Baa1
.... Senior Unsecured Regular Bond/Debenture, Placed on Review for Downgrade, currently Baa1

Issuer: Novem Group GmbH
.... LT Corporate Family Rating, Placed on Review for Downgrade, currently Ba3
.... Probability of Default Rating, Placed on Review for Downgrade, currently Ba3-PD
.... Backed Senior Secured Regular Bond/Debenture, Placed on Review for Downgrade, currently Ba3

Issuer: Schaeffler AG
.... LT Issuer Rating, Placed on Review for Downgrade, currently Baa3
.... Senior Unsecured Medium-Term Note Program, Placed on Review for Downgrade, currently (P)Baa3
.... Senior Unsecured Regular Bond/Debenture, Placed on Review for Downgrade, currently Baa3

Issuer: Schaeffler Finance B.V.
.... Backed Senior Secured Regular Bond/Debenture, Placed on Review for Downgrade, currently Baa3

Issuer: Kongsberg Automotive ASA
.... LT Corporate Family Rating, Placed Under Review for Downgrade, currently B1
.... Probability of Default Rating, Placed Under Review for Downgrade, currently B1-PD

Issuer: Kongsberg Actuation Systems B.V.
.... Backed Senior Secured Regular Bond/Debenture, Placed Under Review for Downgrade, currently B1

Downgrades:
Issuer: Gestamp Automocion, S.A.
.... LT Corporate Family Rating, Downgraded to Ba3 from Ba2; Placed Under Review for further Downgrade
.... Probability of Default Rating, Downgraded to Ba3-PD from Ba2-PD; Placed Under Review for further Downgrade
.... Backed Senior Secured Regular Bond/Debenture, Downgraded to B1 from Ba3; Placed Under Review for further Downgrade

Issuer: Gestamp Funding Luxembourg S.A.
.... Backed Senior Secured Regular Bond/Debenture, Downgraded to B1 from Ba3; Placed Under Review for further Downgrade

Issuer: Grupo Antolin-Irausa, S.A.
.... LT Corporate Family Rating, Downgraded to B3 from B2; Placed Under Review for further Downgrade
.... Probability of Default Rating, Downgraded to B3-PD from B2-PD; Placed Under Review for further Downgrade
.... Senior Secured Regular Bond/Debenture, Downgraded to B3 from B2; Placed Under Review for further Downgrade
Issuer: IHO Verwaltungs GmbH
.... LT Corporate Family Rating, Downgraded to Ba2 from Ba1; Placed Under Review for further Downgrade
.... Probability of Default Rating, Downgraded to Ba2-PD from Ba1-PD; Placed Under Review for further Downgrade
.... Senior Secured Regular Bond/Debenture, Downgraded to Ba2 from Ba1; Placed Under Review for further Downgrade

Issuer: TRW Automotive Inc.
.... Senior Unsecured Regular Bond/Debenture, Downgraded to Ba1 from Baa3; Placed Under Review for further Downgrade

Issuer: ZF Europe Finance B.V.
.... Backed Senior Unsecured Regular Bond/Debenture, Downgraded to Ba1 from Baa3; Placed Under Review for further Downgrade

Issuer: ZF North America Capital, Inc.
.... Backed Senior Unsecured Regular Bond/Debenture, Downgraded to Ba1 from Baa3; Placed Under Review for further Downgrade

Issuer: Adler Pelzer Holding GmbH
.... LT Corporate Family Rating, Downgraded to B2 from B1; Placed Under Review for further Downgrade
.... Probability of Default Rating, Downgraded to B2-PD from B1-PD; Placed Under Review for further Downgrade
.... Senior Secured Regular Bond/Debenture, Downgraded to B2 from B1; Placed Under Review for further Downgrade

Issuer: Garrett Motion Inc.
.... LT Corporate Family Rating, Downgraded to B1 from Ba3; Placed Under Review for further Downgrade
.... Probability of Default Rating, Downgraded to B1-PD from Ba3-PD; Placed Under Review for further Downgrade
.... Speculative Grade Liquidity Rating, Downgraded to SGL-4 from SGL-2

Issuer: Garrett LX I SARL
.... Backed Senior Unsecured Regular Bond/Debenture, Downgraded to B3 from B2; Placed Under Review for further Downgrade

Issuer: Garrett LX III SARL
.... Senior Secured Bank Credit Facility, Downgraded to B1 from Ba3; Placed Under Review for further Downgrade

Issuer: Honeywell Technologies Sarl
.... Backed Senior Secured Bank Credit Facility, Downgraded to B1 from Ba3; Placed Under Review for further Downgrade
.... Senior Secured Bank Credit Facility, Downgraded to B1 from Ba3; Placed Under Review for further Downgrade

Assignments:
Issuer: ZF Friedrichshafen AG
LT Corporate Family Rating, Assigned Ba1; Placed Under Review for further Downgrade
Probability of Default Rating, Assigned Ba1-PD; Placed Under Review for further Downgrade

Withdrawals:
Issuer: ZF Friedrichshafen AG
Issuer Rating, Withdrawn, previously rated Baa3

Outlook Actions:
Issuer: Aptiv Plc
Outlook, Changed To Rating Under Review From Stable
Issuer: Delphi Corporation
Outlook, Changed To Rating Under Review From Stable
Issuer: Valeo S.A.
Outlook, Changed To Rating Under Review From Stable
Issuer: Autoliv ASP, Inc.
Outlook, Changed To Rating Under Review From Stable
Issuer: Autoliv, Inc.
Outlook, Changed To Rating Under Review From Stable
Issuer: Faurecia
Outlook, Changed To Rating Under Review From Stable
Issuer: Gestamp Automoción, S.A.
Outlook, Changed To Rating Under Review From Negative
Issuer: Gestamp Funding Luxembourg S.A.
Outlook, Changed To Rating Under Review From Negative
Issuer: Grupo Antolin-Irausa, S.A.
Outlook, Changed To Rating Under Review From Stable
Issuer: HELLA GmbH & Co. KGaA
Outlook, Changed To Rating Under Review From Negative
Issuer: IHO Verwaltungs GmbH
Outlook, Changed To Rating Under Review From Negative
Issuer: Novem Group GmbH
Outlook, Changed To Rating Under Review From Stable
Issuer: Schaeffler AG
Outlook, Changed To Rating Under Review From Stable
Issuer: Schaeffler Finance B.V.
Outlook, Changed To Rating Under Review From Stable
Issuer: ZF Friedrichshafen AG

Outlook, Changed To Rating Under Review From Negative
Issuer: TRW Automotive Inc.

Outlook, Changed To Rating Under Review From Negative
Issuer: ZF Europe Finance B.V.

Outlook, Changed To Rating Under Review From No Outlook
Issuer: ZF North America Capital, Inc.

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Issuer: Adler Pelzer Holding GmbH

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Issuer: Garrett LX I SARL

Outlook, Changed To Rating Under Review From Stable
Issuer: Garrett LX III SARL

Outlook, Changed To Rating Under Review From Stable
Issuer: Honeywell Technologies Sarl

Outlook, Changed To Rating Under Review From Stable

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