

**ISSUER COMMENT**

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## JAB Holding Company S.a r.l.

### Diversification into life insurance and commitment to financial policy are credit positive

On 5 February, [JAB Holding Company S.a r.l.](#) (Baa1 stable) announced it had entered into an agreement to acquire Prosperity Life Group Insurance Companies (Prosperity), a life insurance company and asset manager. The acquisition adds another distinct business segment to JAB's perimeter, which is positive for diversification. JAB also remains committed to its financial policy that entails a loan-to-value (LTV) ratio in the range of 15%-20%. JAB's LTV ratio has been above this range since 2024, and Moody's adjusted LTV for JAB, which includes intermediate holding company debt, is higher than JAB's calculation.

While terms of the transaction, which is expected to close in the second half of 2025, were not disclosed, management stated the transaction will be executed in line with JAB's financial policy. This includes a commitment of a LTV ratio in the range of 15%-20%. Pro forma the most recent [Keurig Dr Pepper Inc.](#) (KDP, Baa1 stable) and [JDE Peets N.V.](#) (Baa3 stable) transactions that [JAB announced in October 2024](#), we had estimated JAB's standalone net MVL of around 24% and around 30% including intermediate holding debt. For JAB to reign in leverage and fund the acquisition of Prosperity, we understand that the company has multiple levers to finance the acquisition of Prosperity and reduce leverage in line with its financial policy. JAB has slated NVA General Practice/Ethos Veterinary Health and Panera Brands for stock market listings in 2026 and those events could raise additional funds to support deleveraging.

JAB is already invested in pet insurance. While distinct from the life insurance business given its short tail risks, pet insurance is also a regulated business. Once the Prosperity transaction closes, we do not rule out further roll-ups in the life insurance or asset management segments, similar to what JAB has executed for its pet insurance and pet care businesses. We understand that JAB will fully own Prosperity's insurance and asset management businesses and will not involve JCP as a third-party investor. JCP was established in 2014 and has been a co-investor in many of JAB's consumer-related investments.

Disclosure on the Prosperity transaction and further actions that JAB intends to take to deleverage are limited. We expect JAB to disclose more concrete steps over the course of 2025 and ahead of closing of the Prosperity transaction.

JAB is focused on long-term investments in consumer goods and services, pet insurance and retail companies. JAB Holding Company S.a r.l. together with JAB Holdings B.V. and four wholly owned holding companies (JAB Luxury S.a r.l, JAB Forest B.V., JAB Holding Company, LLC and JAB Holding Sao Paulo Ltda.) form the JAB Group. JAB is majority owned by Agnaten SE and Joh. A. Benckiser B.V. Key investments include JDE Peets, KDP, [Coty Inc.](#) (Ba2 positive), Pret A Manger, Panera Bread Company, pet insurance company NVA, veterinary clinics IPH and Pinnacle Pet Group and Krispy Kreme Doughnuts, Inc.

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