

RATING RELEASE

May 10, 2024

CariCRIS reaffirms overall 'high creditworthiness' ratings of Massy Holdings Limited and its subsidiaries

<i>CariAA+</i>	Regional Scale Foreign Currency
<i>CariAA+</i>	Regional Scale Local Currency
<i>ttAA+</i>	Trinidad & Tobago National Scale Foreign Currency
<i>ttAA+</i>	Trinidad & Tobago National Scale Local Currency

Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed the Issuer/Corporate Credit Ratings assigned to Massy Holdings Limited and its subsidiaries (Massy or the Group) at *CariAA+* (Foreign and Local Currency Ratings) on its regional rating scale, and *ttAA+* (Foreign and Local Currency Ratings) on its Trinidad and Tobago (T&T) national rating scale. These ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean and within T&T, is **high**.

CariCRIS has also maintained a **stable** outlook on the ratings. The stable outlook is based on CariCRIS' expectation of continued good financial performance by the Group, supported by its ongoing regional and international expansion. CariCRIS expects continued profitability and good cashflow from operations to support healthy financial flexibility and debt protection metrics over the next 12 - 15 months. Moreover, it is likely that Massy will continue to ably manage supply chain disruptions and inflationary pressures brought about by the Russia/Ukraine conflict and the uncertain global geopolitical environment.

Massy's ratings continue to reflect its moderate industry diversification and good market position in the Group's three core business portfolios. Massy possesses a wide geographic reach, which allows the Group to diversify its earnings in key operating territories where there is significant growth potential. The ratings are also underpinned by the Group's diverse portfolio of complementary businesses which promotes cross selling and value chain maximisation. Furthermore, the Group's strong cash flows and

healthy debt protection metrics continue to drive its solid financial performance. These rating strengths are tempered by continued weak economic performance in T&T and Barbados which places downward pressure on the Group's profitability. Also, restrictions on accessing US\$ liquidity in T&T remain, which constrain the rating, although improvements have been noted.

Rating Sensitivity Factors:

Factors that could, individually or collectively, lead to an improvement in the ratings and/or outlook include:

- Continued intraregional and extra-regional expansion resulting in an increase in operating revenue by > 15% for 2 consecutive financial periods
- An improvement in operating profit margin to > 12.5% for 2 consecutive financial periods
- An increase in operating cash flows leading to an improvement in effective debt service coverage ratio (DSCR) to > 7.5 times for 2 consecutive financial periods

Factors that could, individually or collectively, lead to a lowering of the ratings and/or outlook include:

- A deterioration in operating profit margin to < 5% for 2 consecutive financial periods
- A decline in operating cash flows leading to a deterioration in effective DSCR to < 1.2 times for 2 consecutive financial periods
- Negative reputational and/ or financial impact due to the findings of the independent investigation into the Group's governance

About the Group

Massy Holdings Limited and its subsidiaries (Massy or the Group) celebrated its centennial anniversary on February 1, 2023. Neal Engineering Company Limited (established 1923 by Harry Neal), and Massy Limited (established 1924 by Charles Massy) merged to establish Neal & Massy Engineering Company Limited in 1932. In 1958, the company continued its expansion and listed on the Trinidad and Tobago Stock Exchange (TTSE). The Group rebranded in 2014 to form a unified brand and common identity. The holding company name was formally changed from Neal & Massy Holdings Limited to Massy Holdings Limited (MHL or the Company). The Group currently comprises of over 60 companies with a presence in the retail, distribution,

automotive, industrial equipment, energy and industrial gas products and supporting services, consumer finance, remittance, and reinsurance industries, in 9 countries¹, throughout the Caribbean and including Colombia and the United States of America (USA).

In 2019, the Group began moving away from the traditional model of a conglomerate, to being an Investment Holding/Management company. To this end, the Group has been focusing on 3 core autonomous business portfolios: Motors and Machines, Integrated Retail and Gas Products. Massy was cross-listed on the Jamaica Stock Exchange (JSE) in January 2022 and executed a 20 to 1 share split in March 2022. In May 2022, the Group exited the Insurance industry through the sale of its share capital in Massy United Insurance Limited.

For more information on Massy's ratings, please visit www.caricris.com or contact:

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Note

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¹ Trinidad and Tobago (T&T), Barbados, Saint Lucia, St. Vincent and the Grenadines, Guyana, Jamaica, Cayman Islands, Colombia and USA