

# Scope has completed a monitoring review for Otthon Centrum Holding Kft.

**Scope takes no action on ratings for Otthon Centrum Holding Kft. as it expects the company to continue to pursue a debt-funded acquisition led growth strategy with leverage in line with previous expectations.**

Scope Ratings GmbH (“Scope”) monitors and reviews its credit ratings on an ongoing basis and at least annually, or every six months in the case of sovereigns, sub-sovereigns and supranational organisations, performs a monitoring review.

Scope performs monitoring reviews to determine whether material changes and/or changes in macroeconomic or financial market conditions could have an impact on the credit ratings. As part of the monitoring review, Scope considers all available and relevant information when undertaking the monitoring review.

Monitoring reviews are conducted either by performing a peer comparison, benchmarking against the rating change drivers, and/or a review of the credit ratings` performance over time, as deemed appropriate by the Lead Analyst or the Analytical Team Head, in addition to an assessment of all aspects of the relevant methodology(ies), including key rating assumptions and model(s). Scope publicly announces the completion of each monitoring review on its website.

Scope completed the monitoring review for Otthon Centrum Holding Kft. (BB-/Stable issuer rating; BB- rating on senior unsecured debt) on 17 December 2021.

This monitoring note does not constitute a credit rating action, nor does it indicate the likelihood that Scope will conduct a credit rating action in the short term. Information about the latest credit rating action on the credit ratings of this monitoring note along with the associated rating history can be found on [www.scooperatings.com](http://www.scooperatings.com).

## Key rating factors

The business risk profile (assessed at B+) continues to be supported by the position as one of the two leading real estate and loan brokerage firms in Hungary, above-average profitability, and client diversity. The business risk profile is constrained by the small absolute size, the relatively fragmented markets and lack of geographic diversity. The company raised HUF 2.9bn through a bond issuance in April 2021 to fund international expansion. The funds are yet to be deployed and likely to be the company’s first major inorganic growth initiative outside its home market, which entails risk.

The financial risk profile (assessed at BBB-) is driven by the issuer’s low financial leverage as measured by

the Scope-adjusted debt/EBITDA ratio, and the expectations that this will not exceed 3.5x (H1 2021: 2.4x) on a sustained basis following the planned acquisitions. The company has managed the effects of the pandemic well, with strong recovery in revenue since mid-2020. The company recorded year-on-year revenue growth of 47% and a solid EBITDA margin of 23.2% in H1 2021.

Liquidity remains adequate, with over HUF 4bn of cash and equivalents at 30 June 2021, minimal short-term debt and cash outflows under Scope's base case largely discretionary in nature (i.e. growth capex and dividends).

The overall rating outcome of BB- incorporates a one-notch downward adjustment based on a peer comparison, notably vis-a-vis the larger and more geographically diverse Duna House Holding Nyrt. (BB-/Stable).

This publication does not constitute a credit rating action. Scope assigned initial ratings on Otthon Centrum Holding Kft. on 20 January 2021. For the official credit rating action release click [here](#).

The methodology applicable for the reviewed ratings and/or rating Outlook (Corporate Rating Methodology, 6 July 2021) is available on <https://www.scooperatings.com/#!/methodology/list>.

This monitoring note is issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0.

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With more than 250 employees operating from offices in Berlin, Frankfurt, Hamburg, London, Madrid, Milan, Oslo and Paris, Scope Group is the leading European provider of independent credit ratings, ESG and fund analysis. Based on forward-looking and innovative methodologies, Scope offers a European perspective that contributes to greater diversity of opinion for institutional investors worldwide. **Scope Ratings** is the largest European credit rating agency, registered in accordance with EU and UK rating agency regulation, offering opinion-driven and non-mechanistic credit risk analysis. **Scope ESG Analysis** provides tools for analysing and reporting on ESG impact and risk, as well as second-party opinions on green, social and sustainable bonds. **Scope Fund Analysis** rates more than 10,000 funds and asset managers across all major asset classes. The shareholders of Scope Group include CEO and founder Florian Schoeller and anchor shareholder Stefan Quandt, numerous senior personalities in European finance and industry as well as institutional investors from several European countries. More on [www.scopegroup.com](http://www.scopegroup.com)

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