SCOPE | Ratings

03/07/2026 - Scope Ratings GmbH

Scope downgrades issuer rating on biofuel producer Envien to B-; assigns Stable Outlook

The downgrade is driven by Envien’s constrained Financial Risk Profile, with persistently weak credit metrics, and a deterioration in its Business Risk Profile assessment following changes to Scope’s methodology.

The latest information on the rating, including rating reports and related methodologies, is available on this LINK.

Rating action

Scope Ratings GmbH (Scope) has today downgraded the issuer ratings on Envien Magyarország Kft. and Envien International Ltd. to B- from B+ and assigned a Stable Outlook. Scope has also downgraded the rating on the HUF 5.5bn senior unsecured (guaranteed) bond (ISIN: HU0000360193) to B- from B+. The rating action resolves the under review for a possible downgrade status initiated on 30 April 2026 following changes to Scope’s General Corporate Rating Methodology.

The downgrade reflects Envien’s persistently low and volatile profitability, which constrains its Business Risk Profile, limits its ability to absorb shocks and has weakened credit metrics in recent years, with leverage expected to remain elevated over the forecast period.

The full list of rating actions and rated entities is at the end of this rating action release.

Key rating drivers

Business Risk Profile: B (revised from B+). The downward revision reflects Scope’s view that persistently weak and volatile profitability weakens Envien’s business risk profile and limits its resilience to adverse shocks, with potential implications for its financial risk profile. This subdued profitability is driven by inherent volatility in biofuel markets, further exacerbated by adverse sector conditions and the group’s limited production capacity within the EU.

In line with Scope’s expectations and based on preliminary figures, 2025 results were significantly affected by adverse market conditions, including increased competitive pressure on biofuel prices, weak harvest conditions affecting feedstock supply, and US dollar depreciation. Scope-adjusted EBITDA* declined to EUR 36.3m (-36% year on year), with margins falling by 4 pp to 2.7%, albeit slightly above expectations due to stronger Q4 performance.

Improving sector conditions are supporting profitability, driven by higher crude oil prices linked to the Middle

East conflict, better harvest quality in 2025 supporting feedstock availability and a broadly stable feedstock supply outlook for 2026. Further, demand continues to be supported by regulatory blending mandates and greenhouse gas targets, with imports still required to meet domestic consumption.

While crude prices remain above pre-conflict levels despite recent corrections, visibility remains limited given ongoing geopolitical uncertainty and volatility in commodity markets. The 2026 harvest also remains exposed to weather-related risks, while increasing imports (including HVO[1], SAF[2], and volumes under the EU-Mercosur agreement) may intensify competition. Although mitigating factors exist, these developments continue to limit visibility and may weigh on market conditions. Against this backdrop, Scope cautiously expects Envien's EBITDA to improve to around EUR 41m in 2026 from EUR 36m in 2025 and stabilise at approximately EUR 43m in 2027–2028, with margins remaining weak and averaging roughly 5% despite improvement. Scope's projections include the impact of a technical issue at one of the group's ethanol plants, which reduced volumes in the first five months of the current year, although cost-saving measures and forex hedging are expected to provide some support.

Financial Risk Profile: B+ (revised from BB-). The downward revision reflects weakened credit metrics, with leverage (debt/EBITDA) rising to above 8.5x in 2025 (preliminary figures) due to subdued profitability. While Scope expects debt/EBITDA to gradually decline over 2026-2028, driven by debt amortisation and improving EBITDA, it is expected to remain elevated at around 5.0-7.0x during the forecast period.

The trend is supported by moderate cash flow generation, with free operating cash flow projected at EUR 14m–EUR 16m, assuming annual capex of EUR 11.6m, and free operating cash flow/debt averaging about 7%. Some flexibility in capex execution could provide additional support to the cash flows.

Nevertheless, ongoing volatility in profitability continues to drive fluctuations in credit metrics, and the sustainability of any improvement remains dependent on evolving market conditions. As such, elevated leverage over 2026–2028 limits headroom to absorb further stress.

Preliminary Credit Assessment: B. Exposure to inherently volatile biofuel markets and weak profitability are key constraints, weighing on both the stability of the Business Risk Profile and the strength of the Financial Risk Profile. Accordingly, Scope has placed greater weight on Envien's Business Risk Profile than its Financial Risk Profile for the Preliminary Credit Assessment.

Supplementary Rating Drivers: -1 notch. Governance is a negative rating driver, resulting in a one-notch adjustment to the standalone credit assessment. Repeated covenant breaches and subsequent waivers in recent years indicate a reliance on retroactive measures and a limited capacity for pre-emptive covenant risk management, increasing refinancing and waiver risks. This, combined with a complex corporate structure – in which multiple entities raise debt with local banks and financial covenants are largely set at the subsidiary rather than at consolidated level – ultimately weighs on the issuer's credit quality (ESG: credit-negative governance risk factor). Moreover, Envien's financial policy is noted as fairly aggressive, with shareholder distributions and material M&A activity that may reduce the headroom for financial flexibility during periods of weaker cash flow generation.

Liquidity: adequate. Envien Group's liquidity is deemed adequate even though liquidity ratios are projected to remain below 100% over 2026–2028. This reflects the composition of short-term debt (EUR 164m–EUR 173m), which largely comprises drawn overdraft facilities (around EUR 141m as of December 2025). Scope expects these balances to remain broadly stable and notes that such uncommitted revolving overdraft lines are typically renewed and rolled over annually in Slovakia and Hungary. Scope also takes comfort from the group's longstanding relationships with its financing banks, as evidenced by recent renewals of facilities and covenant waivers, which support the assessment of adequate liquidity.

Envien Magyarország's senior unsecured bond issued under the Hungarian National Bank's Bond Funding for Growth Scheme has a covenant requiring the accelerated repayment of the outstanding nominal debt amount (HUF 5.5bn) if the debt rating of the bond stays below B+ for more than two years (grace period) or drops below B-. Such a development could adversely affect the company's liquidity profile. Following the downgrade of the senior unsecured bond rating to B-, Envien has entered the grace period. This means the company must ensure the debt rating returns to B+ before the grace period ends in July 2028, unless the rating falls below B-. If the debt rating falls below B- or does not return to B+ within the grace period, the company could face liquidity constraints and enter a default, unless it obtains refinancing that covers the early repayment of the outstanding bond amount or it proactively obtains an investor waiver related to the repayment acceleration.

Financial policy is credit-neutral.

External Rating Drivers: credit-neutral. The rating has not been adjusted in connection with peer group considerations or parent support.

One or more key drivers of the credit rating action are considered an ESG factor.

Outlook and rating sensitivities

The **Stable Outlook** reflects Scope's expectation that with easing in sector conditions, the company will gradually deleverage from the peak debt/EBITDA level of over 8.0x reached in 2025, with leverage trending towards 5.0x by 2028. The Outlook assumes continued support from financing banks, including the timely renewal and rollover of overdraft facilities.

The **upside scenario** for the rating and Outlook is:

1. Debt/EBITDA sustainably below 4.0x, with a stable business risk profile

The **downside scenarios** for the rating and Outlook are (individually):

1. Declining support from financing banks, e.g. inability to get facilities renewed/ rolled over in a timely manner, which could result in insufficient liquidity

2. Debt/EBITDA remaining above 6.0x, with negative free operating cash flows on a sustained basis

3. Aggressive financial policy, e.g. significant dividend payouts, incremental investments that materially affect the group's debt structure, etc.

Debt ratings

Envien Magyarország issued a HUF 5.5bn bond in 2021 under the Hungarian Bond Funding for Growth Scheme (ISIN: HU0000360193). The bond's tenor is 10 years, maturing in May 2031. Envien International has provided an unconditional and irrevocable guarantee to the bond issued by Envien Magyarország, totalling HUF 6.1bn for the full value of the bond plus a contingency buffer to cover all costs incurred by Envien Magyarország. The bond is unconditional and unsubordinated, ranking as senior unsecured debt for Envien International.

Scope has downgraded the rating on the senior unsecured (guaranteed) bond (ISIN HU0000360193) to B- from B+, following the downgrade of the issuer rating. This is based on Scope's recovery analysis, which indicates an 'average' recovery for the bond. The recovery is based on an expected liquidation value in a hypothetical default scenario in 2028.

Environmental, social and governance (ESG) factors

In line with the chemicals industry, Envien Group's primary ESG considerations are environmental, including pollution, raw material consumption, occupational safety and regulatory compliance. Scope views these factors as credit neutral.

The rating also reflects Scope's negative view of governance risk, as outlined above, given limited proactive risk management with regard to covenant compliance combined with a complex corporate structure in which debt is raised, and covenants are primarily set at subsidiary level.

All rating actions and rated entities

Envien International Ltd.

Issuer rating: B-/Stable, downgrade

Envien Magyarország Kft.

Issuer rating: B-/Stable, downgrade

Senior unsecured (guaranteed) debt instrument rating (ISIN: HU0000360193): B-, downgrade

1. Hydrotreated vegetable oil (renewable biodiesel)
2. Sustainable aviation fuel

** All credit metrics refer to Scope-adjusted figures.*

The rating was prepared with the application of Scope's Chemicals Rating Methodology, 24 April 2026. The application of the Chemicals Rating Methodology, 30 June 2026, does not have an impact on the ratings.

Stress testing & cash flow analysis

No stress testing was performed. Scope Ratings performed its standard cash flow forecasting for the company.

Methodology

The methodologies used for these Credit Ratings and/or Outlooks, (General Corporate Rating Methodology, 24 April 2026; Chemicals Rating Methodology, 30 June 2026), are available on scoperatings.com/governance-and-policies/rating-governance/methodologies.

Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions – Credit Ratings, Ancillary and Other Services', published on scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at scoperatings.com/governance-and-policies/regulatory/eu-regulation. Also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): registers.esma.europa.eu/cerep-publication. A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on scoperatings.com/governance-and-policies/rating-governance/methodologies.

The Outlook indicates the most likely direction of the Credit Ratings if the Credit Ratings were to change within the next 12 to 18 months.

Solicitation, key sources and quality of information

The Credit Ratings were not requested by the Rated Entity or its Related Third Parties. The Credit Rating process was conducted:

With the Rated Entity or Related Third Party participation	YES
With access to internal documents	YES
With access to management	YES

The following substantially material sources of information were used to prepare the Credit Ratings: public domain, the Rated Entity and Scope Ratings' internal sources.

Scope Ratings considers the quality of information available to Scope Ratings on the Rated Entity or instrument to be satisfactory. The information and data supporting these Credit Ratings originate from sources Scope Ratings considers to be reliable and accurate. Scope Ratings does not, however, independently verify the reliability and accuracy of the information and data.

Prior to the issuance of the Credit Rating action, the Rated Entity was given the opportunity to review the Credit Ratings and/or Outlooks and the principal grounds on which the Credit Ratings and/or Outlooks are based. Following that review, the Credit Ratings and/or Outlooks were not amended before being issued.

Regulatory disclosures

These Credit Ratings and/or Outlooks are issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0. The Credit Ratings and/or Outlooks are UK-endorsed.

Lead analyst: Herta Loka, Associate Director

Person responsible for approval of the Credit Ratings: Nidhi Marwaha, Director

The issuers' Credit Ratings/Outlooks were first released by Scope Ratings on 24 March 2021. The Credit Ratings/Outlooks were last updated on 30 April 2026.

The final Credit Rating for the bond (ISIN: HU0000360193) was first released by Scope Ratings on 6 May 2021. The Credit Rating was last updated on 30 April 2026.

Potential conflicts

See scoperatings.com under Governance & Policies/Regulatory for a list of potential conflicts of interest disclosures related to the issuance of Credit Ratings, as well as a list of Ancillary Services and certain non-Credit Rating Agency services provided to Rated Entities and/or Related Third Parties.

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CONTACT

Herta Loka
Analyst
h.loka@scoperatings.com

Karl Pettersen
Team Leader
k.pettersen@scoperatings.com

Press Contact
press@scopegroup.com

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