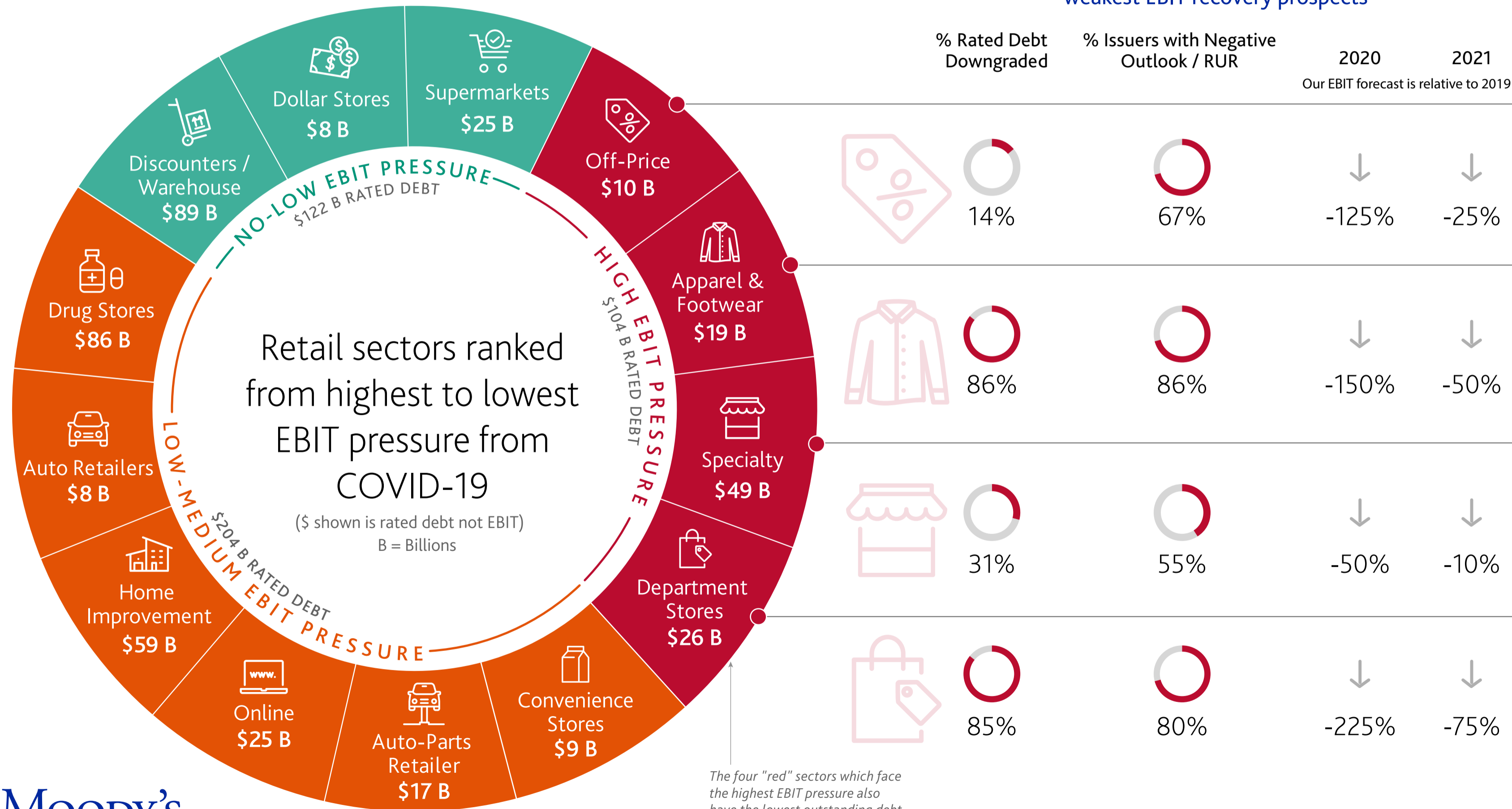


# COVID-19 is accelerating the structural shift in US retail

Trends that permeated the retail landscape prior to COVID-19 have intensified, including a pronounced rise in online shopping and increased bifurcation between stronger and weaker sectors



Downgrades have been concentrated in sectors with weakest EBIT recovery prospects

% Rated Debt Downgraded | % Issuers with Negative Outlook / RUR | 2020 | 2021  
Our EBIT forecast is relative to 2019

The four "red" sectors which face the highest EBIT pressure also have the lowest outstanding debt.

## Retail's migration online is accelerating



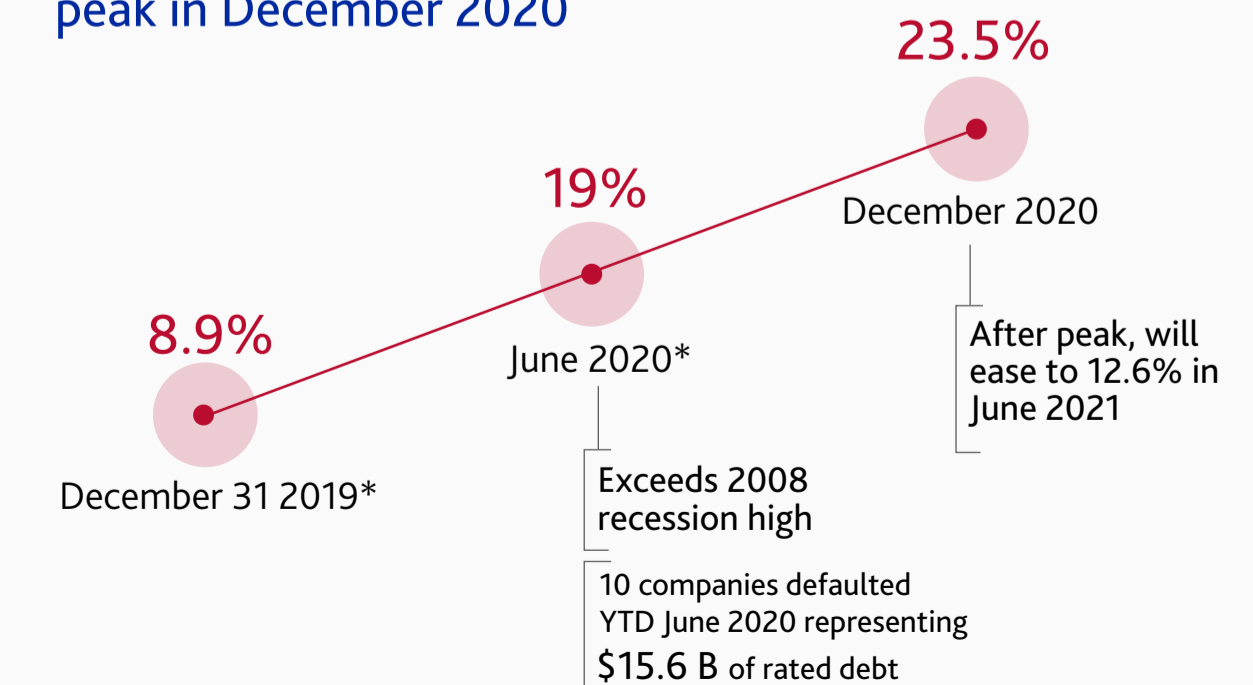
For the 2nd Quarter 2020

US Retail Online Sales **+25.2%**  
(\$47.7 B)

US Retail Brick & Mortar Sales **-8.2%**  
(\$97.9 B)

Source: US Department of Commerce

## US retail speculative grade default forecast shows peak in December 2020



\*December 2019 and June 2020 are the actual default rate