PALMCI SA

Credit Rating Note (April 2013)

Category of values	Rating scale	Currency	Current Rating	Previous Rating	Outlook
Long-term	Regional	**FCFA**	**BBB+**	**N/A**	**Positive**
Short-term	Regional	**FCFA**	**A2**	**N/A**	**Positive**

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Basic data

(In million FCFA)	31.12.10	31.12.11
Fixed assets	84 086	92 941
Cash and cash-equivalent	615	9 746
Total debt	82 399	78 036
Own capital	39 079	68 425
Net cash	- 15 544	7 129
Turnover	75 370	156 415
Gross operating margin	20 595	38 844
Net profit after tax	6 099	29 346

Introduction

Born from the privatisation of the State-owned company PALMINDUSTRIE, on 1 January 1997, PALMCI is a public limited company with a capital of CFA 20.4 billion.

Its main business is the production and marketing of raw palm oil and its by-products.

Listed at the regional stock exchange (BRVM) since 1999, its capital consists of 7,729,658 shares with a face value of CFA 2.640 each.

PALMCI's main shareholders are SIFCA and NAUVU which hold respectively 52.51% and 25.5% of the capital.

Justification of the rating and outlooks

Long-term: Protection factors are appropriate and are regarded as sufficient to permit prudent investments. However, there is a high variability of risks during economic cycles

Short-term: There is good assurance of debt repayment on due date. The company's liquidity factors and key components are sound. While current financing requirements may increase the total financing requirements, access to the stock markets is good. Risk factors are minimal

The rating is based on the positive factors hereafter:

- Profitable sector and growth potential given the regional deficit to fill;
- Leader in the sector with a comfortable position compared to competition and a proven know-how;
- High and increasing profitability, strong capacity to generate cash from the activity;
- Net result is positive and has strongly increased over the last three years;
- Anticipated financial balance and positive net cash position
- Working towards the certification of the production;
- Working towards the improvement of governance;
- Strong potential support from the main shareholder.

Below are the rating factors regarded as negative:

- Overall security condition in the country is calm but remains unforeseeable and fragile
- Difficult control of net margin rates;
- Financial structure needs to be reinforced;
- Significant impact of the overdrawn financial result on the net result;
- Threat of the arrival of a new major competitor;
- Financial autonomy needs to be reinforced;
- Net cash position needs to be confirmed.