



## PRESS RELEASE

### FILTISAC SA's Credit Ratings

#### WARA affirms Filtisac's A- rating

*WARA has affirmed the A- rating of the leader of the packaging industry in French-speaking Africa headquartered in Abidjan. The outlook remains positive.*



Abidjan, 09/16/2014 - West Africa Rating Agency (WARA) announced today the publication of its review of Filtisac SA's ratings. On WARA's regional rating scale, the long-term rating of Filtisac remains «A-», an investment grade rating, and its short-term rating is «w-3». Filtisac is the leader in the packaging in French-speaking Africa. The outlook remains positive.

Simultaneously, on its international ratings scale, WARA continues to assign to Filtisac the following rating: iB+ /Positive/iw-5.

The ratings reflect, first of all, Filtisac's leadership in the packaging business in French-speaking Africa despite an increasingly competitive environment. One of Ivory Coast's industrial blue-chips, Filtisac continues to stand as a key player in the region for bags and rigid packaging. Governance is sound, and strategic choices are clear, based on differentiation by the quality supported by an ambitious investment program. The ongoing assistance of its reference shareholder, IPS West Africa, and the expertise of its executive team constitute a major asset. The demand for packaging products should continue to grow in the region. West Africa is a predominantly agricultural region in need, for the long-term, for jute bags and synthetic fiber bags, hardly substitutable so far. In addition, an emerging middle class with evolving consumption habits and the region's increasing industrialization should be the

underlying factors of a spectacular growth of rigid packaging products. Filtisac enjoys a good level of diversification, be it in terms of its product mix or its geographical coverage. Financially, Filtisac displays a robust level of liquidity and a low leverage. However, in a region unstable both economically and politically, Filtisac recorded low or even negative profitability levels, between 2008 and 2011. 2012 and 2013 returns materially improved, suggesting that future financial performance will be far more satisfactory.

Filtisac's ratings do not include any uplift for external support. However, the rating explicitly incorporates the permanent assistance provided to Filtisac by its reference shareholder, IPS West Africa, an operating holding company affiliated to AKFED- Aga Khan Fund for Economic Development.

#### An upgrade of Filtisac's ratings would depend on:

i) an improvement of the macroeconomic environment in the region in general, and in Ivory Coast in particular, as well as on further developments in the agricultural sector in French-speaking Africa; ii) stronger profitability at both parent and subsidiaries levels, subsequent to the expected success of the investment plans that underpin the production of rigid packaging; and iii) the company's capacity to regain, thanks to quality, some of the market shares lost during the Ivorian crisis.

#### A downgrade of Filtisac's ratings would be the consequence:

i) a new political crisis in Cote d'Ivoire; ii) a further loss of market share domestically and/or regionally; iii) a significant increase in expenses, especially for raw material, capable of consuming the benefits derived from investments in technology; iv) an actual demand for rigid packaging products lower than medium-term expectations, or v) or a spread of the recent epidemic of Ebola virus in Cote d'Ivoire which evolution is impossible to predict in the short term.

WARA's positive outlook on Filtisac's ratings suggests that the probability of an upgrade is materially higher than that of a downgrade in the medium term, provided the constraints pertaining to Cote d'Ivoire's country ceiling are lifted in the future. WARA's country ceiling in Cote d'Ivoire today stands

at 'A'. With this perspective, WARA signals that the company's management team, strong of its past success, should continue to improve the quality of execution of a clear and consistent strategy.

The methodology used by WARA to rate Filtisac is the credit rating methodology for industrial and commercial companies, which was published on July 15, 2012, revised in August 2013, and available on WARA's website ([www.rating-africa.org](http://www.rating-africa.org)).

Information sources used by WARA to carry out Filtisac's ratings are mainly private information obtained during discussions with the company's management team and IPS West Africa, during the months of June and July 2014. This information, coupled with publicly available sources, is considered by WARA as satisfactory for conducting Filtisac's credit rating process.

Finally, WARA notes that the credit rating process pertaining to Filtisac was requested and participating, meaning that it was performed upon request by the company, and that Filtisac's management team actively participated in the discussions with WARA's team of analysts.

Filtisac's "A-" rating assigned by WARA is 3 notches above the credit rating accepted by the CREPMF to issue debt without third-party guarantee.

The complete credit rating report is available upon request by e-mail at: [infos@rating-africa.org](mailto:infos@rating-africa.org)

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