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PRESS RELEASE : FILTISAC's Credit Ratings

WARA assigns to Filtisac a first-time rating of A-

The leader of packaging in French-speaking Africa, based in Abidjan, is rated A- by WARA. The outlook is positive.

Abidjan, 14/11/13 — **West Africa Rating Agency** (WARA) announces today the publication of first-time ratings on **Filtisac SA**. On WARA's regional rating scale, Filtisac's long-term rating is «**A-**», an investment grade rating, and its short-term rating is «**w-3**». Filtisac is the leader of packaging in French-speaking Africa. The outlook is **positive**.

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

The ratings first reflect Filtisac's leadership in the business of packaging in French-speaking Africa. 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 quality underpinned by an ambitious investment program. The ongoing assistance of its reference shareholder, IPS West Africa, and the expertise of its management team constitute major assets. Demand for packaging products should continue to grow in the region. West Africa's economy is indeed based on agriculture, and will continue to be in need for bags, which do not have substitutes 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 and geography. Financially, Filtisac displays strong liquidity and low leverage. However, in a region unstable both politically and economically, Filtisac recorded low, if not negative,

profitability between 2008 and 2011. 2012 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 related to the Aga Khan Fund for Economic Development (AKFED).

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 agriculture sector in French-speaking Africa; ii) stronger profitability at both parent and subsidiaries level, 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 of:

i) a new political crisis in Ivory Coast; ii) further loss of market shares domestically and/or regionally; iii) a significant increase in expenses, especially for raw material, capable of consuming the benefits derived from investments in technology; or iv) actual demand for rigid packaging lower than medium-term expectations.

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 that the constraints pertaining to Ivory Coast's country ceiling are lifted in the future. WARA's country ceiling in Ivory Coast today stands at 'A'. WARA's positive outlook on Filtisac's ratings signals that the company's new management team, building on its previous 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 15th, 2012, and is available on WARA's website (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 subsidiaries in October 2013. 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 a request by the company, and that Filtisac's management actively participated in the discussions with WARA's team of analysts.

Filtisac's first rating of "A-" is 3 notches above the credit rating accepted by the CREPMF to issue debt without a guarantee.

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

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