



PRESS RELEASE:

CFAO Motors CI's Credit Ratings

WARA affirms CFAO Motors CI's BBB + rating

WARA has affirmed the BBB+ rating of the leading Ivorian automotive distributor, CFAO Motors CI for its second review.



Abidjan, 10/09/14 — **West Africa Rating Agency (WARA)** announces today the publication of the second review of **CFAO Motors Côte d'Ivoire (CI)**. On WARA's regional rating scale, the long-term rating of CFAO Motors CI remains « **BBB +** », an investment grade rating, and its short-term rating is « **w-3** ». This rating reflects the expertise of the company in its domestic market and its sound financial position. The outlook is **stable**.

Simultaneously, on its international ratings scale, WARA continues to assign to CFAO Motors CI the following ratings: iB + / Stable / iw-5.

The ratings remain dependent on the consolidation of its market share and on the sustainability of the newly restored Ivorian political stability. WARA justifies the ratings and the outlook of CFAO Motors CI by the fact that the company holds a diversified portfolio of premium automobile brands, which is its main competitive advantage in a complex and highly competitive market. Additionally, CFAO Motors CI displays an excellent operational and organizational control over the various activities pertaining to the sale, maintenance and repair of vehicles; as such, CFAO Motors CI human resources are adapted to the needs of such a market: experienced and eager to continuously improve the quality of its services and internal operations.

« The counterparty rating of CFAO Motors CI does not include any uplift for external support » says Ndeye Thiaw, the WARA senior analyst responsible for the review of CFAO Motors CI. « However, the opinion of WARA about the solvency of CFAO Motors CI reflects the strong operational support of the CFAO Group and of its shareholders, including the favorable adjustment by WARA on its scorecard » added Ms. Thiaw.

Present in Ivory Coast for 41 years, CFAO Motors CI holds a predominant position in the automotive distribution sector. With nearly 340 employees, its turnover was 63 billion francs CFA in 2013.

An upgrade in the rating of CFAO Motors CI depends on: i) the implementation of the corporate-wide partnership project with Carrefour through which CFAO Motors CI will install new points of distribution for its vehicles and sustainably increase its accessibility and sales; ii) the realization of the new showroom for Toyota to give more visibility to the brand and to significantly increase its market share in Côte d'Ivoire; iii) the growth of the market for new vehicle sales in Côte d'Ivoire; and iv) the inclusion of new strong brands in the portfolio distribution CFAO Motors CI.

A downgrade in the rating of CFAO Motors CI would be the consequence of: i) a new political crisis affecting Ivory Coast and leading to a decline in the market of new vehicles; ii) a loss of market share for CFAO Motors CI; iii) the loss of contracts for the distribution of key automotive brands; or iv) the long-term appreciation of the yen which will significantly impact the margins of CFAO Motors CI since the purchase of vehicles for its main brand in the Ivorian market, Toyota, is done in yen.

For reference, WARA believes that the probability of an upgrade is equal to that of a downgrade, in the medium term, which means, in other words, that the current rating of CFAO Motors CI suggests as many possibilities of an upgrade occurrence as of a downgrade occurrence.

The methodology used by WARA to rate CFAO Motors CI is the credit rating methodology for industrial and commercial companies, which was published on July 15, 2012, revised in August 2013, and available the website of WARA (www.rating-africa.org).

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

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

The second rating of CFAO Motors CI of « **BBB +** » is 2 notches above the credit rating accepted by the CREPMF to issue debt without guarantee.

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

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