BLOOMFIELD INVESTMENT

CREDIT RISK MANAGEMENT BEYOND NUMBERS

COTE D'IVOIRE, PALMCI SA

Credit rating note **November 2013**

Category of values	Rating scale	Currency	Current rating	Previous rating	Outlook
Long Term	Regional	**FCFA**	**A-**	**BBB+**	**Positive**
Short Term	Regional	**FCFA**	**A1-**	**A2**	**Stable**

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Basic data

(In million FCFA)	31.12.11	31.12.12
Fixed assets	92 941	92 895
Cash and cash equivalents	9 746	12 380
Total debt	78 036	58 935
Own capital	68 425	85 628
Net cash	7 129	11 085
Turnover	156 415	161 639
Gross operating margin	38 844	44 940
Profit after tax	29 346	24 159

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 include SIFCA and NAUVU, which hold 52.51% and 25.5% of the capital respectively.

Justification of the rating and outlooks

Long term: High credit quality. Protection factors are good. However, risk factors are more variable and higher during periods of economic pressure.

Short term: Strong assurance of timely repayment. Liquidity factors are strong and are supported by good protection factors of key elements. Risk factors are very low.

The rating is based on the following positive factors:

- Improved economic environment and anticipated resumption of economic growth;
- Proven (quality) support of the main shareholder;
- Maintenance of good results;
- Low risk of sudden change;
- Maintenance of financial balance and a positive net cash flow;
- Strongly improved borrowing capacity;
- Financial flexibility improved by the affiliation to SIFCA Group
- Industry growth opportunity with the expected rise in the demand in the next years
- Ongoing improvement of the organisational structure to ensure the sustainability of quality in the company

Below are the rating factors regarded as negative:

- Relative stability of the socio-political climate and still fragile security environment
- Market open to competition and upcoming entry of a major operator
- Structurally quite impossible to control margin rates in the sector due to dependence on global prices;
- Heavy investments for the maintenance of the position and for development, which are compulsory and require recurrent funding