



PRESS RELEASE:

SICABLE's Credit Ratings

WARA assigns its first-time long-term rating of 'A-' to SICABLE

For the first time, the leading cable manufacturer of Ivory Coast is rated A- by WARA. The outlook is stable.

Abidjan, on 10/04/2018 — **West Africa Rating Agency** (WARA) announces today the publication of its first-time ratings on **SICABLE**. On its regional scale, WARA assigns a long-term rating of 'A-' to SICABLE, in the investment-grade category, while its short-term rating is 'w-3'. SICABLE, a member of Prysmian Group, is the leading manufacturer of electric cables in Ivory Coast. The outlook attached to these ratings is **stable**.

Simultaneously, on its international rating scale, WARA assigns the following ratings and outlook to SICABLE: iB+/Stable/iw-5.

The rating primarily reflects the fact that SICABLE leads the market for cables in Ivory Coast, and has started its conquest of neighboring countries. SICABLE's governance is sound as much as its management team is robust, which enables the company to execute a credible and relevant differentiation strategy by the quality of its products. SICABLE's financial performance is very strong, displaying stable profitability and abundant liquidity, while debt is inexistent. The operating support provided by its majority shareholder, Prysmian Group (which by the way happens to be the global leader of the sector), is both comprehensive and permanent.

Conversely, the rating is constrained by the national and regional environment, which remains unstable both economically and politically, despite its significant growth potential. In addition, SICABLE's counterparts are highly concentrated, be it in terms of its clients or suppliers. SICABLE's activities are

also highly concentrated from a geographic perspective. Finally, competition is intensifying, which should weigh on prices in the short term and make it more urgent for the company to record efficiency gains and reach the saturation of its manufacture's industrial equipment.

SICABLE's ratings do not incorporate any notch for external support. However, the ratings capture the permanent operating support made available to the Ivorian subsidiary by its majority reference shareholder, Prysmian Group, through a comprehensive technical assistance agreement. SICABLE accounts for only 0.2% of Prysmian Group's revenues at yearend 2016 (EUR16 million vs. EUR7.5 billion), which makes the Ivorian company of the group a subsidiary without strategic importance, according to WARA's definition of this term.

An upgrade of SICABLE's ratings would depend on: i) a sustainable improvement of the macroeconomic environment in the region and a successful political transition in Ivory Coast; ii) a wider geographic diversification of the company's sales, and the incremental reduction of concentration risks on a limited number of clients and suppliers; and iii) safeguarding its quality standards, while strengthening its price competitiveness thanks to a more intensive use of its industrial equipment, in order to face increasing competitive pressure.

A downgrade of SICABLE's ratings would be the consequence of: i) another political or sanitary crisis affecting Ivory Coast or the region; ii) a material decline in domestic market shares, which would not be compensated growing revenues from neighboring countries; iii) a significant increase in expenses, which would lead to a diriment compression of margins; or iv) a level of debt that WARA would view as excessive.

WARA's **stable** outlook on SICABLE's ratings

suggests that the probability of an upgrade is equivalent to that of a downgrade in the medium term, given the constraints pertaining to Ivory Coast's country ceiling. WARA's country ceiling in Ivory Coast today stands at 'A'.

The methodology used by WARA to rate SICABLE is the credit rating methodology for industrial and commercial companies, which was published on July 15th, 2012 (updated in September 2016), and is available on WARA's website:

www.emergingmarketsratings.com

Information sources used by WARA to carry out SICABLE's ratings are mainly private information obtained during discussions with the company's management team and subsidiaries in February and March 2018. This information, coupled with publicly available sources, is considered by WARA as satisfactory for conducting SICABLE's credit rating process.

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

SICABLE's first-time, long-term, regional-scale rating of 'A-' is 3 notches above the credit rating accepted by the CREPMF to issue debt without a guarantee.

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

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