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Press-Release:

Rating Review of SIFCA's 35 billion CFA Francs Bond Issuance.

WARA affirms SIFCA's 35 billion CFA Francs bond issue's rating at «BBB+»; the outlook is changed from « Negative » to « Stable »

The SIFCA group issued, in July 2013, a 35 billion CFA Francs bond through public offering for a period of 8 years; WARA's rating of the issue remains unchanged. However, the outlook is revised from « negative » to « stable ».

Abidjan, 15/06/17 — **West Africa Rating Agency** (WARA) announced today the release of the rating review of SIFCA's bond issue amounting FCFA 35 billion. The current rating, which WARA affirms at « **BBB+** », is equivalent to that of the issuer, SIFCA, since the issue is considered senior in the absence of any element of subordination or, on the contrary, collateralization. On WARA's regional scale, the rating of the bond issue, with a maturity of 8 years, amortizable annually on a straight-line basis for 6 years after an initial deferral period of 2 years, is firmly anchored in the investment grade category. The rating of the SIFCA Group reflects SIFCA's leading position in its domestic market, as well as its sound financial position. On the other hand, the outlook attached to this rating is no longer negative: it is revised to stable, as a result of i) the good performance of commodity prices in 2016 and so far in 2017, ii) rationalization and optimization efforts both at the level of the Group and for its specialized subsidiaries; and (iii) promising prospects for increases in capacity and production volumes.

SIFCA's bond issue's rating (BBB+/stable) remains dependent, just like the group's rating itself, on maintaining the Group's market position, as well as on the rise of the indices determining prices for natural rubber and palm oil: SICOM and CIF ROTTERDAM respectively. It is clear that the evolution of world commodity prices directly affects the bulk of SIFCA's turnover, exogenously. WARA justifies the rating of SIFCA by the fact that it will be difficult for competition to undermine the competitive position of SIFCA in its domestic market. Consequently, the competitive advantages of SIFCA in its market, its control of the value-chain in the natural rubber, palm oil and sugar sectors, as well as its financial strength are the three key factors for the rating of SIFCA.

SIFCA issued this bond because the Group is in the process of carrying out an extensive investment program to consolidate its position in the sectors it operates in, namely natural rubber, cane sugar and palm oil. The strengthening of production capacities should enable the Group to increase its volumes after the break-even point in its three businesses has been reduced considerably, through extreme cost savings, which are themselves the result of optimization efforts and a patient but rigorous and meticulous rationalization process.

In addition to refinancing, renovation and capacity-building investments to increase production, the issuance was also aimed at (i) diversifying sources of financing; (ii) carrying out an ambitious financial communication campaign; and (iii) benefitting from investors' interest in SIFCA.

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