

**COTE D'IVOIRE, SOCIETE DE DISTRIBUTION D'EAU
DE CÔTE D'IVOIRE (SODECI)**
Credit Rating Note
September 2016

Category of values	Rating scale	Currency	Current rating	Previous rating	Outlook
Long-Term	Local currency	CFA	AA-	AA-	Stable
Short-Term	Local currency	CFA	A1-	A1-	Stable

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Basic data

(In million CFA)	31.12.2014	31.12.2015
Net fixed assets	22 997	27 031
Cash and cash-equivalents	7 191	12 427
Financial debt*	21 191	33 063
Equity	13388	13619
Net cash flow	2 588	1 154
Turnover	81 230	87 929
Added value	22 531	24 990
Gross operating surplus	8 404	8 607
Operating result	4 670	4 673
Financial result	83	38
Income from non-ordinary activities	-133	-240
Net result	3 118	3 291

Introduction

Société de Distribution d'Eau de la Cote d'Ivoire (SODECI S.A.) is an Ivorian public limited company established in 1960 and listed at the Regional Stock Exchange (BRVM).

It has been entrusted, by the State of Cote d'Ivoire, with the national public service of urban distribution of drinking water in Cote d'Ivoire and the management of the public service of sanitation in the city of Abidjan as part of lease contracts.

As at 31 December 2015, its CFA 4.5 billion capital was held at 46.07% by the ERANOVE Group.

Justification of the rating and outlooks

Long term: Very high credit quality. Protection factors are very strong. Any adverse change in the business, economic or financial conditions will increase investment risks even though very less significantly.

Short-term: Very high certainty of timely repayment. Liquidity factors are excellent and are supported by good protection factors of key elements. Risk factors are minor.

Key performance factors

The rating is based on the following positive factors:

- Improved access to drinking water, mainly in the city of Abidjan;
- Increased production capacity, with the commissioning of new production stations in 2015;
- Maintenance of the overall performance of the activity;
- Relatively stable level of profitability;
- Strengthening of business management tools;
- Very good financial flexibility;

Below are the major rating factors regarded as negative:

- Financial deficit in the water sector is worsening due to inadequacy between selling prices and production costs;
- Continuous increase in production costs;
- Sharp rise of the debt due to the increase in expenditures in the sector;
- Ability to generate cash flows needs to be recovered.