



Qivalio reaffirms its SR3 short-term corporate rating for Sodiaal amidst Yoplait deal

Lyon, November 04, 2021 – Credit rating agency Qivalio has reaffirmed its SR3 short-term corporate rating for Sodiaal.

Rating rationale

Qivalio has reviewed the credit profile of Sodiaal in order to assign its short-term rating. The outcome is an SR3 short-term rating, unchanged from last year.

Credit profile

Sodiaal's credit profile is underpinned by a good reputation in the French market with well-known brands and top 5 French market shares in cheese and drinking milk. The group offers a wide range of products derived from milk processing (cheese, drinking milk, cream, butter, food supplements). Sodiaal is one of the world's top 20 dairy companies in terms of revenues, and the dairy products market offers strong opportunities for growth thanks to increasing global consumption. The group is also working on a deal with General Mills regarding its historical brand Yoplait (FY20 revenue of €1.1bn). The transaction is expected to close before end-2021.

Despite the Covid-19 pandemic, the market has been quite resilient for milk, cream, butter and packaged cheese as food has been one of the main purchases possible – not to say vital - during the lockdowns. However, the pandemic has hampered parts of Sodiaal's business such as catering services or cheese sold over-the-counter.

Our rating remains underpinned by growing demand, good business position, and good product diversity. However, Sodiaal's credit metrics remain average, and geographic diversification is still a weak point. On a positive note, both indicators are expected to improve with the integration of Yoplait's European operations.

Liquidity profile

Sodiaal's liquidity profile is still driven by a sizeable committed RCF with a 5 + 1 + 1 years maturity - undrawn at end-2020 - but is somewhat constrained by significant factoring debt and rather high short-term debt, although we have no reason to believe that factoring contracts could be terminated given the credit quality of Sodiaal's customers.

Credit outlook

The Positive outlook reflects our view that credit metrics will improve over the next twelve months on the back of a recovery post-Covid-19 combined with the re-acquisition of Yoplait, the credit metrics of which are expected to impact positively on the group.

Our methodologies used for this rating are available at:

<https://files.qivalio.net/documents/compliance/SrLongTermCorporateRatingMethodology.pdf>

<https://files.qivalio.net/documents/compliance/SrShortTermCorporateRatingMethodology.pdf>

Sodiaal

Sodiaal is a French cooperative specialised in the collection of milk, and its transformation and conditioning into various dairy products. It is the eighth-largest European group in the dairy products market in terms of revenues. Sodiaal owns well-known brands such as Entremont, Candia and Régilait and jointly owns its historical brand Yoplait with American company General Mills. The group generated c.€4.8bn of turnover and reported EBITDA of €121.5m for 2020.

Qivalio

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