



Qivalio assigns BBB- rating for Avril SCA, envisaged NEU MTN program, and SR2 short-term rating for the envisaged NEU CP program

Lyon, January 31, 2022 – Credit rating agency Qivalio has assigned a long-term corporate rating of BBB- for Avril SCA, the holding company of Avril Group. In tandem, Qivalio has assigned a BBB-instrument rating for the envisaged NEU MTN program of up to €75m, and an SR2 short-term rating for the envisaged NEU CP program of up to €300m.

Rating rationale

Qivalio has analysed the credit profile of Avril SCA in order to assign its long-and short-term ratings. The outcome is a corporate long-term rating of BBB-, combined with a BBB- rating for the envisaged NEU MTN program, and a short-term rating of SR2 for the envisaged NEU CP program.

Credit profile

Avril Group is a large French private group specialized in the industrial processing and transformation of oilseed grains into oils and proteins (crushing, refining, etc) for various applications such as biodiesel, edible oils, oleochemicals, etc. The group also has a financial business (Sofiproteol) through which it invests in the agribusiness and food industries, especially companies in the oils and protein sectors. Avril Group posted FY20 revenues of €5.8bn for EBITDA of €243m. For the nine months to end-September 2021, EBITDA was already €260m.

Our ratings are supported by the group's size (in terms of revenues and EBITDA) in particular through its biodiesel division, rather strong business positions, especially in the edible oils segment, and good product diversification with many applications for oils and proteins through the different steps of the refining process, notably through the oleochemicals division. We have also factored in the technical know-how and capital required in the sector, which in our view establish quite solid barriers to entry, as well as overall good credit metrics.

However, low geographic diversification as well as the volatility of the market are constraining factors. While we expect the company to improve its margins going forward, the improvement will be limited by the nature of the business, thereby constraining overall credit metrics improvement. The group's low liquidity score is another constraining factor.

Liquidity profile

As of September 2021, Avril's liquidity score was in the range 1-2 years as per our methodology. This 'low' score results from limited FCF expected over our forecast period, a significant amount of short-term debt with respect to long-term debt, and upcoming maturities in 2023 with respect to the Club facility tranches A to D.

We believe Avril's liquidity profile lacks balance between long-term debt and short-term debt.

Credit outlook

Our Stable outlook reflects our view that, although credit metrics for end-2021 will show improvement on the back of a very good year, especially for the crushing and biodiesel business, 2022 is expected to be less impressive in terms of performance, resulting in broadly unchanged credit metrics in a year's time.

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>

https://files.qivalio.net/documents/compliance/QIVALIO-Recovery-and-instrument-rating-methodology-External_28Oct20.pdf

<https://files.qivalio.net/documents/compliance/QIVALIO-ESG-Considerations.pdf>

Avril

Avril Group (formerly named Sofiproteol) was set up in 1983 by rapeseed farmers in order to develop the French production of oilseeds (rapeseed, sunflower, olive, soybean, etc.) and protein crops (pea, field bean, lupin, etc.), while ensuring sustainable markets for their harvests. Having started as a financial holding outfit taking minority interests in companies within these sectors, Avril has grown into a large industrial group focused on processing plants and animal sectors. More specifically, the group now has two businesses: an industrial one organized around 4 divisions (Avril Vegetal, Avril Livestock Sectors, Avril Specialties, and Avril Development), and an investment business (through its subsidiary Sofiproteol).

Avril operates 60 production sites in France, 82 worldwide, and has 7.6k employees.

Qivalio

Qivalio is an innovative European rating, research and advisory group serving sustainable finance and sustainable development. It provides investors, companies and organizations with solutions to the challenges of financing as well as environmental and societal transformation. Created in 2017, Qivalio is the result of the merger between Spread Research and EthiFinance, French financial and extra-financial rating agencies both founded in 2004. Qivalio provides its services to a wide range of leading international clients under the brands Spread Research (independent credit research), Qivalio Ratings (credit rating agency), Qivalio Analytics (Risk Modelling), and EthiFinance (extra-financial rating and advisory agency).

Qivalio operates as a credit rating agency registered with and regulated by the European Securities and Markets Authority (ESMA) since July 2013, and as an External Credit Assessment Institution (ECAI). Our ratings are recognized by the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA), and can be used for the internal calculation and models of banks and insurance companies. Under the Qivalio Ratings brand (formerly Spread Ratings), Qivalio provides financial analysis, assigns credit ratings for issuers, and provides credit opinions for financial operations (particularly for private debt funding operations or for the purpose of accounting/tax documentation). Qivalio is one of the rating agencies authorized by the Banque de France to rate NEU CP and NEU MTN programs.

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