



ISSUER RATING  
Long term

OUTLOOK  
Stable



INSTRUMENT RATING  
Neu MTN



ISSUER RATING  
Short-term



INSTRUMENT RATING  
Neu CP

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## Rating Action and Rationale

- EthiFinance Ratings affirms the long-term rating of Bellon SA and of its NEU MTN programme (for an amount of up to €200m) at BBB+, maintaining a Stable outlook. EthiFinance Ratings also affirms the short-term rating of Bellon SA and of its NEU CP programme (for an amount of up to €500m), at EF1.
- Our ratings reflect the company's robust credit metrics, prudent financial policy, and solid credit profile relative to its assets; Sodexo and Pluxee. These ratings factor in the spin-off of Pluxee from Sodexo, the benefits and rewards services activity specialized in prepaid cards and restaurant vouchers. Following the distribution of Pluxee shares to Sodexo's shareholders, which took place in February 2024, Bellon now holds a 42.8% stake in Pluxee. The spin-off had a limited impact on our ratings since the credit ratios of Bellon were already at an excellent level. However, the acquisition of Sofinsod from Sodexo in July 2024, a fully owned subsidiary of Sodexo that owned a 19.6% stake in Bellon, has had a negative impact on Bellon's financial profile. On one hand, this acquisition of a net amount of €524m (including the exceptional dividends received from Sodexo), and financed by a mix of cash and debt from Bellon, has slightly deteriorated Bellon's LTV (from -1.3% at end-2023 to below 5% at end-2024). In addition, excluding the exceptional dividends received from Sodexo linked to the disposal of Sofinsod, the interest coverage ratio is expected to deteriorate in FY24 (around 5x). Over the rest of our forecast period (2025-26), given Bellon's conservative financial policy (historically, the dividends paid was limited to 10% of the dividends received from Sodexo) and willingness to maintain the LTV ratio at a low level, the credit metrics should remain excellent.
- The ratings remain constrained by the limited diversification of Bellon both in terms of value and industry. Indeed, the spin-off of Pluxee did not contribute to the improvement of these two criteria, as the simple split of this entity into two separate entities did not, in itself, improve diversification of the overall business. Consequently, an improvement in these criteria would come from Bellon's investment in a different business sector, which has been ruled out at present. Finally, the credit quality of Sodexo is a significant constraining factor, given that Bellon's stake in the company accounts for c. 80% of its assets by value.
- Regarding ESG, Bellon's ESG policy is limited and mainly derived from that of Sodexo. However, Sodexo benefits from solid ESG commitments and we assess its ESG score as 'Advanced', as per our methodology.

## Issuer Description

Bellon is a family-owned holding company, with a 42.8% stake in the share capital of French food services company Sodexo, and 57.9% of its voting rights as of end-August 2024. In February 2024, Sodexo spun off its benefits and rewards services activity, rebranded Pluxee, which offers prepaid cards, restaurant vouchers, mobility passes, and leisure passes. Following the distribution of shares to Sodexo's shareholders, Bellon now holds a 42.8% stake in Pluxee and 59.8% of its voting rights. Additionally, Pluxee is now listed on Euronext Paris.

Bellon is 74.1%-owned by the direct heirs of Pierre Bellon (Sodexo's founder who died in January 2022); other members of the family hold 6.3%, and the Sodexo-owned holding company Sofinsod owns the remaining 19.6%. Until July 2024, Sofinsod was fully owned by Sodexo. The full stake of Sodexo in Sofinsod was acquired by Bellon in order to simplify Sodexo's ownership structure. The acquisition, for a net amount of €524m (including the exceptional dividends received of c. €394m from Sodexo, in the aftermath of the disposal of Sofinsod), has been financed by a mix of debt and cash.

At end-2023, Bellon's loan-to-value (LTV) ratio was excellent, at -1.3% (at Sodexo's share price of €100 per share, before the spin-off of Pluxee) due to a negative net debt. The spin-off of Pluxee has had no impact on Bellon's credit metrics. However, we expect this ratio to slightly deteriorate, while remaining at a very good level (below 5%) by end-2024 on the back of the acquisition of Sofinsod.

For FY24 (ending August 2024), Sodexo's revenues were €23.8bn, up by 5.1% compared to FY23 pro forma the spin-off, along with adjusted EBITDA of €1.5bn, equivalent to a margin of 6.5% (vs 6.2% in FY23). At end-August 2024, our adjusted net leverage ratio stood at 2.3x, compared with 2.9x a year ago pro forma the spin-off.

Regarding Pluxee, for its first FY results since the spin-off, the group reported revenues of €1.2bn for FY24 (to end-August 2024), and adjusted EBITDA of €401m (excluding the costs of the spin-off), equivalent to a 33.1% margin. At YE24, the reported net cash position was €1.0bn.

Due to the nature of Bellon's activities, our analysis is based on our 'Investment Holding Methodology'.

## Fundamentals

### Business Risk Profile

#### Investment policy

- Adequate investment policy with a good track record

We consider that Bellon's investment policy - which consists in increasing its stake in Sodexo's share capital - makes sense for the family holding of a family group. Following the spin-off of Pluxee in February 2024, Bellon now holds a stake in the company and is committed to a lock-up agreement until September 2026.

Over the past years, the strengthening of Bellon in the capital of Sodexo has not been pursued to the detriment of the credit metrics of the holding company, which have remained excellent. Historically, the holding distributed around 10% of dividends (received from Sodexo, and Pluxee as of now) to the Bellon family, and there is a strong willingness to maintain the LTV at a low level.

Regarding ESG, Bellon's commitments are linked to the ones of Sodexo.

#### Portfolio of investments

- No portfolio diversification in value and sector, but Bellon benefits from the geographical diversification of Sodexo and Pluxee

Despite the spin-off of Pluxee, Bellon's diversification, by value and by industry, remained limited, as the simple separation of this entity from the Sodexo group does not enhance this factor. However, Bellon's rating is supported by Sodexo and Pluxee's strong geographical diversification with a presence across Europe and the Americas. These regions provide the bulk of Sodexo's revenues (35% and 47% of total revenues respectively in FY24) and of Pluxee (44% and 38% respectively in FY24). However, Pluxee is significantly exposed to countries with higher geopolitical risks compared to Sodexo (c. 38% of its revenues are derived from Latin America, primarily Brazil).

- Good credit quality of the assets

The credit quality of Bellon's assets remains good. Sodexo's credit profile slightly deteriorated in FY23 (pro forma the spin-off) as Pluxee had a net cash position. However, in FY24, the adjusted net leverage of Sodexo improved to 2.3x (vs 2.9x at August-2023).

Sodexo also benefits from its large scale and global presence, strong competitive advantages in a highly competitive market, due to a high number of players. These advantages provide greater pricing power compared to others in the food services sector, and increased the likelihood of client retention. Furthermore, Sodexo's exposure to non-cyclical sub-sectors - such as healthcare, education, or seniors care - provides good protection against the troughs of economic cycles.

Regarding Pluxee, despite its relatively small size, its credit quality is good and aligned with that of Sodexo. This is underlined by its substantial net cash position of €1.0bn at the end of August 2024.

- Good liquidity profile of the assets

The liquidity profile of the listed companies is intrinsically solid. Both Sodexo and Pluxee are part of the SBF120 which is beneficial for Bellon's liquidity profile. In our assessment, Pluxee's listing in February 2024 has slightly improved the liquidity of Bellon's assets. It should be noted, however, that while the company will have the option of adjusting its positions by selling Sodexo or Pluxee shares, this strategy is not envisaged at present on the basis of our discussions with the company. It is committed to a lock-up agreement until September 2026. Additionally, Bellon currently has a certain amount of cash on its balance sheet, which reinforces its strong liquidity profile.

### Financial risk profile

#### Financial policy

- Prudent financial policy

We assess Bellon's financial policy as prudent given its low level of financial debt and excellent LTV ratio.

#### Leverage & coverage

- Excellent credit metrics despite a temporary deterioration expected in FY24

As of end-December 2023, Bellon's gross debt stood at €103m, mainly made up of equity-linked swaps (ELS) debt from Natixis, CACIB, and BNPP. With a cash position of €184m, net adjusted debt stood at -€78m (compared to €77m at end-2022). Thus, the adjusted LTV ratio was negative at -1.3% at end-2023, down from 1.2% at YE22, mainly linked to the

improvement of Bellon's cash position. Interest coverage slightly deteriorated in FY23, as interest payments increased during the year.

In FY24, we expect the acquisition of Sofinsod - for a net amount of €524m, after exceptional dividends from Sodexo - to have a slightly negative effect on the financial profile of Bellon. This acquisition has been financed by a mix of debt (€420m new ELS issued in 2024 maturing in 2029), and a bridge loan which will be fully repaid by end-December 2024 thanks to the cash received from the next dividend payment from its stakes. Consequently, LTV is expected to slightly deteriorate and become positive, while remaining at a very good level (below 5%). Interest coverage (excluding exceptional dividends received from Sodexo) is also expected to deteriorate and be close to 5x in FY24. After FY24, Bellon's credit profile should improve based on solid dividend payment from Sodexo and Pluxee.

## Liquidity profile

- **Excellent liquidity and strong refinancing profiles**

We assess the liquidity profile of Bellon as "Superior", which is the highest category according to our short-term methodology. This reflects Bellon's strong refinancing profile and strong liquidity, more than enough to cover debt maturities for more than two years.

## Credit metrics expected evolution (CMEE)

- **Stable CMEE**

We anticipate credit metrics to remain broadly unchanged over the next 12 months.

## Instrument rating

- **BBB+ rating assigned to the NEU MTN programme, and EF1 for the NEU CP programme**

Bellon has a €200m NEU CP programme and a €500m NEU MTN programme, which were not used at end-2023. According to our recovery and instrument rating methodology, with the NEU MTN instrument being unsecured and unsubordinated, the rating is similar to the long-term rating, which results in a BBB+ rating for the NEU MTN programme.

The NEU CP rating derives from our short-term methodology and is similar to the short-term rating.

## Rating Sensitivity

List of ratings:

- **LT corporate rating: BBB+**
- **NEU MTN rating: BBB+**
- **ST rating: EF1**
- **NEU CP rating: EF1**

- **Positive factors which could influence the long-term and short-term ratings (↑)**

As Bellon's credit profile is already excellent, a long-term rating upgrade would mainly come from a substantial diversification of its investment portfolio. As indicated by our discussions with the company, this is excluded, at least in the short term.

Achieving an upgrade to EF1+ would require a two-notch improvement in the long-term rating, an unlikely prospect at the present moment.

- **Negative factors which could influence the long-term and short-term ratings (↓)**

A downgrade to BBB could be triggered by a deterioration in the credit profiles of Sodexo, and in a more limited sense, of Pluxee, consequently impacting Bellon's financial ratios and creditworthiness given the strong dependency of Bellon to its main asset Sodexo. Additionally, should Bellon's stakes were to experience a significant decline, it could potentially affect their ability to pay dividends to Bellon, resulting in deteriorated financial metrics, notably the interest coverage ratio.

A downgrade to EF2 would be a consequence of a two-notch downgrade of the long-term rating of Bellon, which is deemed improbable as of now.

## Sources of information

The credit rating assigned in this report has been requested by the rated entity, which has also taken part in the process. It is based on private information as well as public information. The main sources of information are:

1. Annual Audit Reports.
2. Corporate Website.
3. Information published in the Official Bulletins.
4. Rating book provided by the Company.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

## Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - Investment Holding : [https://files.qivalio.net/documents/methodologies/CRA\\_192\\_V1.Corporate\\_Rating\\_Methodology\\_Investment\\_Holding.pdf](https://files.qivalio.net/documents/methodologies/CRA_192_V1.Corporate_Rating_Methodology_Investment_Holding.pdf)
  - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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