EthiFinance Ratings

L.D.C. SA

576850697 CORPORATE

A

ISSUER RATING
LongTerm

OUTLOOK
Stable

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Rating Action and Rationale

- EthiFinance Ratings affirms LDC SA's long-term rating at A, maintaining a Stable outlook.
- LDC is the largest player in the French poultry market and a leading player in Europe with renowned brands including Loué, Le Gaulois, Maître Coq, and Marie. With its three divisions, LDC breeds, transforms, and sells chicken and catered food to French and international customers.
- Our rating affirmation reflects two offsetting trends. On one hand, our assessment of controversies that previously weighed on the rating with a one-notch penalty has been lifted. On the other hand, we expect LDC's financial profile, despite remaining excellent, to deteriorate slightly to achieve the group's growth targets announced in its new strategic plan.
- Our previous rating was negatively impacted by controversies, mainly related to animal mistreatment and environmental issues in the supply chain. Over 2025-26, the two main controversies were removed following actions from LDC. The first one was linked to the complaint filed by the French animal rights organization - L214 - in 2023, alleging animal mistreatment at a farm associated with LDC. In 2025, LDC announced its commitment to respect the "European Chicken Commitment" for its main brands by 2028, considered as a major step forward by L214. The other one was related to LDC's plant in Vaiges which was threatened with closure in 2024, on environmental grounds (impact on water catchments and olfactory nuisance). In 2026, the group announced investment to reduce nuisance linked to the plant.
- LDC benefits from excellent financial fundamentals, characterized by a sustained negative net financial debt position. This stems from solid operating cash-flow generation, which covers the group's significant capex (c. 5% of its revenues), and a contained dividend policy, with a payout ratio below 25%. The group has been really active on the M&A front over the last two years, closing 8 acquisitions. These include Indykpol, which is active in the turkey segment in Poland (c. €213m of sales), Group Pierre Martinet, active in convenience food in France (c. €230m of sales), and Green Label, active in the duck segment in the UK (c. €220m of sales). These acquisitions supported strong revenue growth through perimeter effects, contributing to 7.7% in FY26 (to end-February). In addition, the group benefited from positive momentum in poultry consumption which drove volumes up and was a significant driver of the +7.5% growth in revenues at constant exchange rate. As a result of both effects, LDC reported a 15.2% growth in revenues in FY26. Adjusted EBITDA improved strongly, to €720m, with a margin of 9.9% (vs 8.3% in FY25) thanks to the solid performance of its international activities.
- In 2026, the group announced its new strategic plan for the period FY27-31, targeting revenue of over €10bn equivalent to a c. 6.5% CAGR, supported by both organic growth and perimeter effects, and operating income of c. €550m. Over our forecast period (FY27-29), this is expected to translate with strong annual growth. The EBITDA margin, which stood at 9.9% in FY26, is expected to slightly deteriorate to c. 9.3%, equivalent to EBITDA within a range of €720-820m over our forecast horizon. Due to anticipations of higher capex (c. €420m/year) and acquisitions (c. €200/year as per our assumptions), free cash-flow after dividends is expected to be negative over our forecast period. As a consequence, net financial debt is expected to become positive and lie around 0.1x on average over FY27-29, a level which remains optimal.
- Our rating remains also supported by the group leading position in the French poultry market, LDC standing as one of the leaders in Europe. The group is also active in the convenience segment, being #2 in France with some well-known brands (such as Marie). Management has a rather good track record characterized by a very prudent financial policy, as evidenced by LDC's excellent financial profile they have had over the past few years.
- However, our rating is slightly constrained by our industry assessment. LDC operates in the agricultural products sector characterized by a moderate level of profitability, limited barriers to entry, and growth prospects which are broadly in line with GDP growth. In addition, LDC's diversification remains limited as the poultry segment continues to represent over 70% of its revenues and the French market still accounts for c. 85% of revenues despite the internationalization over recent years.
- The agribusiness industry has medium-to-high ESG risks under our methodology (sector heatmap score between 3.5 and 4). This results in a sector rating being downgraded one notch by industry-related ESG considerations. Regarding environmental factors, agribusiness has a high impact on resources as a major user of land and water but also on pollution with the contamination of soils and water basins through the intensive use of fertilizers. The sector also has an impact on climate through the use of carbon-intensive processes, and it significantly impacts biodiversity. Moreover, consumers are highly concerned by issues linked to food safety and quality. The sector has a medium impact on communities as access to good food is an essential part of social stability and contributes to a population's health.
- Our assessment of LDC's ESG policy is good (company ESG score of between 1 and 1.5), positively impacting

our financial assessment. Governance remains good, with strong structures and environmental stewardship. Our assessment of social factors also remains strong with a high number of women in its workforce, an improvement of accident frequency rates and a large certification of its plants on management quality and health. However, environmental considerations, despite improving, remained low due to the increase in water consumption and waste generation.

Issuer Description

Headquartered in France, LDC is the largest player in the French poultry market with renowned brands including Loué, Le Gaulois, Maître Coq, and Marie. With its three divisions, LDC breeds, transforms, and sells chicken and catered food to French and international customers. Majority ownership lies with the founding families – the Lamberts, the Chancereuils, the Huttepains, and the Guillets. Its market capitalisation stood at €4.1bn as of July 23, 2026, with a free float of c. 13%.

For its FY26 (to end-February 2026), LDC reported revenues of €7.3bn with adjusted EBITDA of €720m, equivalent to a 9.9% EBITDA margin. The company maintained a robust net cash position, as evidenced by its negative net adjusted financial debt (-€132m at end-February 2026).

Main Financial Figures

Main financial figures. millions of EUR	FY25	FY26	FY27e	FY28e	FY29e	26vs25
Turnover	6 323	7 283	7 793	8 261	8 756	15,2%
Adj EBITDA (1)	526	720	728	772	818	37,0%
Adj EBITDA Margin	8,3%	9,9%	9,3%	9,3%	9,3%	1,6pp
EBIT	315	422	409	434	460	34,0%
EBIT Margin	5,0%	5,8%	5,2%	5,2%	5,2%	0,8pp
EBT	336,5	430,8	401,5	422,3	445,9	28,0%
Total Assets	4 248	4 850	5 306	5 681	6 072	14,2%
Equity	2 303	2 604	2 828	3 073	3 333	13,0%
Adj Total Financial Debt (2)	635	765	952	1 039	1 126	20,5%
Adj Net Financial Debt	(251)	(132)	10	108	174	47,6%
Equity/TFD	362,8%	340,4%	297,2%	295,8%	295,9%	-22,4pp
Adj NFD/Adj EBITDA	-0,5x	-0,2x	0,0x	0,1x	0,2x	0,3x
Adj Funds From Operations	461	617	622	657	695	33,8%
Adj FFO/Adj NFD	-183,9%	-469,0%	6297,2%	610,4%	399,0%	-285,2pp
Adj EBITDA/Adj Interest	42,1x	40,1x	33,0x	29,9x	29,0x	-2,1x

(1) *Adjusted for operating revenues and expenses*

(2) *Adjusted for pensions*

Credit Rating

Credit Rating	
Business Risk Profile	**BBB-**
Industry risk assessment	*BB+*
Industry's ESG	*Negative*
Competitive Positioning	BBB-
Governance	BBB
Financial Risk Profile	**AA+**
Cash flow and leverage	AA+
Solvency	AAA
Company's ESG	*Positive*
Anchor Rating	**A**
Modifiers	
Rating	**A**

Rating Sensitivity

- **Long-term rating positive factors (↑)**

Given LDC's excellent financial metrics, an upgrade of our rating to A+ would have to derive from a significant improvement of the business risk profile of LDC. In particular, a strengthened diversification of LDC in terms of geography with international representing around 50% of the business, and/or segment would have a positive impact on our assessment. In addition, a significantly positive net cash position on average, in the case of lower investments or/and M&A, could also entail a rating upgrade.

- **Long-term rating negative factors (↓)**

Major events regarding animal disease or company reputation could lead to a significant deterioration of credit metrics and potentially of our rating. A rating downgrade could also derive from a more aggressive financial policy in the event of a significant debt-funded M&A. In particular, an adjusted net leverage around 1.0x combined with an interest coverage ratio below 25.0x over a sustained period of time would entail a rating downgrade.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

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.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

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 - 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.