SOFIPROTEOL SA

804808095 CORPORATE

A- ISSUER RATING
LongTerm

OUTLOOK
Stable

A- INSTRUMENT RATING
NeuMTN

EF1 ISSUER RATING
ShortTerm

EF1 INSTRUMENT RATING
NeuCP

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Contacts

Lead analyst
Anne Guy
anne.guy@ethifinance.com

Committee chair
Thomas Dilasser
thomas.dilasser@ethifinance.com

Rating action and rationale

- EthiFinance Ratings affirms its long-term ratings for both Sofiproteol SA (Sofiproteol) and for the NEU MTN programme for up to €75m, at A-, maintaining a Stable outlook. EthiFinance Ratings also affirms its short-term rating of EF1 for Sofiproteol SA, and a rating of EF1 for its NEU CP programme for up to €300m.
- Sofiproteol is the investment subsidiary of the French group Avril, which is specialised in the industrial processing and transformation of oilseed grains into oils and proteins. Sofiproteol invests in agribusinesses and food sectors through minority equity stakes and debts.
- The reaffirmation of our ratings is primarily due to an excellent financial profile which improved in FY25 following significant disposals achieved. Among the most notable divestments that occurred in FY25, are Ceva Santé Animale (partially reinvested), Martinet and Sopral. Sofiproteol's financial profile is also characterised by a negative loan-to-value ratio (which results from a net cash position), on the back of a prudent financial policy. Over our forecast period, we expect this ratio to remain excellent, despite our conservative approach (considering no asset revaluation). Our ratings remained also supported by Sofiproteol's cautious investment policy, reflected in a well-diversified portfolio by value that excludes the use of significant leverage. Sofiproteol's track record of realising gains on its investments over the past few years also supports our ratings. In that regard, despite having realised some significant gains in FY25, the investment company still had a significant amount of unrealised gains at-end 2025. Finally, Sofiproteol's bond portfolio is well diversified and characterised by a good liquidity profile as all assets are listed.
- However, our ratings remain constrained by the rather low level of diversification in terms of industries and geography as Sofiproteol's equity investments are mainly concentrated in the agribusiness in France in line with its purpose. Moreover, its equity investments are relatively illiquid since most companies in which the company invests are not listed. This could weigh on its investment capacity in the case of delayed or unrealised disposals. However, this latter aspect is partly mitigated by the good track record of cash generation through regular divestments over the years, particularly so in 2025. The credit quality of its equity investments remains also on average sub-investment grade, with companies operating in a low profitability industry, characterised by capitalistic needs, or companies being under LBOs. However, the impairment of its investments remains very limited and well monitored. Finally, the interest coverage ratio is relatively weak. It has been impacted by the rise of interest expenses over recent years on the back of a higher use of Repo debt, and is expected to remain so over our forecast horizon (up to 2028).
- In terms of ESG issues, Sofiproteol is committed to sustainable agriculture and food production in line with Avril's stated purpose: "Serving the Earth". This is particularly visible for the equity investments division, for which Sofiproteol places ESG considerations at the core of its investment strategy, and is supporting compagnies in their roadmap. In particular, KPI's regarding safety, parity, and reduction of GHG emissions, are monitored. The portfolio of bonds is more diversified in terms of industries covered, and by extension less oriented towards positive ESG sectors despite some exclusions.

Issuer description

Sofiproteol SA is an investment company, a subsidiary of the French group Avril, which is specialised in the industrial processing and transformation of oilseed grains into oils and proteins. Avril SCA, the ultimate holding company of Avril, currently owns 70.4% of the investment company, the rest being owned by financial institutions and companies from the agricultural world. Sofiproteol is regulated by the Autorité de Contrôle Prudentiel et de Résolution (ACPR), the body in charge of monitoring banking and insurance activities in France.

Sofiproteol was created in 1983, originally as an investment vehicle granting term loans and taking minority stakes in companies in the oils and proteins industries in France, before it became an industrial group itself, changing its name to Avril. In 2015, Sofiproteol became an independent investment company with two separate businesses within the Avril group.

- First, it invests in agribusinesses and food sectors, especially companies in the oils and protein sub-sectors, using Sofiproteol's equity. Investments are mainly made through minority equity stakes with a medium-to-long-term time horizon. Depending on the needs of the companies, Sofiproteol may also invest through bonds and set up current accounts in addition to its equity investments. Sofiproteol also pursues complementary and indirect investments through private equity funds with a strategic focus on agribusiness and innovation. Overall, the equity investments account for around 50% of total adjusted assets including cash and cash equivalents. Sofiproteol's investment strategy aims at fostering the development of the agricultural sector.
- Second, in order to optimize cash not invested in equity, bonds, current accounts or private equity funds, Sofiproteol manages a portfolio of assets which mainly comprises bonds and term deposits (TDs), using some leverage effect. This accounts for the remaining 50% of the company's assets.

Due to the nature of Sofiproteol's activities, our analysis is based on our 'investment holding methodology'.

Fundamentals

Business profile

Investment policy

- **Prudent investment policy with a good track record**

Our ratings remain underpinned by Sofiproteol's very good credit metrics, which result from its prudent investment policy and good track record. These metrics have been reinforced by some significant gains made on divestments over the past few years, the proceeds of which have mainly been reinvested. At end-2025, unrealised capital gains were significant, representing c. 30% of the equity portfolio value.

The agribusiness sector, in which Sofiproteol invests, benefits from resilient demand given its essential nature. However, profitability remains low, and the current market environment is challenging, with the sector facing cost inflation, labor constraints, rising uncertainty around trade and regulation, and high volatility. The sector is also significantly exposed to climate change, requiring substantial investment to transition to new models, although climate disruption may generally affect yield. Finally, recent geopolitical tensions in the Strait of Hormuz have put additional pressure on the sector and are expected to deteriorate margins.

In 2025, Sofiproteol realised some significant divestments for a total amount of €93m (vs €45m in FY24) which generated significant gains on disposals. In particular, Sofiproteol divested Ceva Santé Animale (animal health), which was followed by a re-investment, Martinet (consumer food), and Sopral (animal food). Investments were also significant, amounting to €149m (vs €98m in FY24), including the re-investment in Ceva Santé Animale, the investments in Axéréal (upstream, cereals), and Armbruster (upstream, cereals and oilseed crops). In addition, Sofiproteol invested in private equity and debt funds (c. €35m in total). In addition, regarding its cash management division, the company significantly increased its portfolio of bonds in FY25 (by c. 23%).

For FY26, the trend is expected to be different in terms of disposals with limited divestitures expected and lower debt repayment. However, investment levels are expected to remain significant, although they could be affected by the current economic and geopolitical environment.

- **Strong ESG considerations**

Since 2022, Sofiproteol has reviewed its investment policy to align it with the various pillars of Avril's stated purpose, "Serving the Earth". In particular, Sofiproteol has integrated the commitment of "acting for the impact of our investments", which aims at anchoring sustainable agriculture and food production in the areas of operation. As a consequence, it has integrated ESG criteria into its investment policy for equity and equity-linked investments, in particular safety KPIs, management best practices, and GHG emissions targets (scope 1 and 2). At end-2025, 85% of Sofiproteol's equity and equity-linked investments (over €3m) calculated their direct GHG emissions (vs a target of 75%).

Regarding its portfolio of bonds, the part of green bonds, sustainability-linked bonds, or social bonds is evaluated. At end-2025, it represented c. 20% of Sofiproteol's portfolio of bonds (in terms of nominal value). In addition, most of its bonds benefited from an ESG rating. However, in terms of industries covered, the portfolio is not especially oriented towards positive ESG sectors, but Sofiproteol has an exclusionary policy concerning notably tobacco, controversial weapons, or bonds issued via tax heavens. The company also monitors controversies.

Portfolio of investments

- **Good diversification in value with moderate sector and geographic diversification**

Sofiproteol's portfolio has very good diversification by value as the main equity investment accounted for c. 12% of total adjusted investments in equity at end-2025 (vs c. 17% at end-2024). In addition, the portfolio is well diversified with more than 60 direct investments (equity, equity-linked, and debts), representing c. 90% of total, and around 20 investments in funds (c. 10%). However, our ratings are constrained by equity investments being mainly focused on France, and on the agribusiness sector. This is linked to Sofiproteol's DNA to invest in agricultural and food sectors, thereby supporting all the value chain (upstream activities, crop productions, agricultural processing, specialty ingredients, and consumer food).

The bond portfolio is well diversified with a significant number of lines (more than 100), and a wide exposure to industries and geographies. The portfolio is indeed composed of bonds issued by companies operating in c. 18 industries, with financial sector, real estate, and energy being the main sectors. In addition, even though issuers are mainly European, they are large companies which operate worldwide.

- **Credit quality constrained by equity investments despite excellent credit quality of debt investments**

The credit quality of the assets is constrained by that of the equity investments. On average, the credit quality of companies is below investment grade, albeit some companies among the top 5 in value continue to report solid credit metrics. However, the credit quality of the debt investments is good, as the majority of bonds held by Sofiproteol at end-2025 were investment grade (c. 99% of the portfolio).

- **Liquidity position constrained by rather illiquid equity investments despite good liquidity for bonds and term deposits**

Our ratings are also partly constrained by the illiquidity of Sofiproteol's equity investments, given the unlisted nature of most of the companies in the portfolio, as well as Sofiproteol's strategy of long-term investment. However, the low level of financial debt and the good liquidity of bonds and TDs enable Sofiproteol to maintain a good corporate liquidity profile, which contributes positively to our ratings.

Financial profile

Financial policy

- **Prudent financial policy**

We assess Sofiproteol's financial policy as prudent given its low level of financial debt and excellent loan-to-value (LTV) ratio.

Leverage and coverage

- **Excellent credit metrics with a net cash position**

The EthiFinance Ratings-adjusted LTV ratio was still negative at end-2025 on the back of a significant net cash position and broadly unchanged YoY. Over our forecast period (2026-28), we expect this ratio to remain excellent, even though it is expected to return to positive levels, gross debt exceeding cash at end-2028 as per our forecasts. The interest coverage ratio – computed as FFO / (interest + mandatory dividend payable) – improved slightly in FY25 compared with the previous year but remained low. It will probably remain weak over our forecast period, considering that interest expenses will remain high since the company has increased its bond portfolio using leverage, but also due to lower cash generation expected from planned disposals.

At end-2025, Sofiproteol's consolidated gross debt, excluding inter-company loans, amounted to €344.5m (vs €289.5m at end-2024). This comprised €225.3m of repurchase agreements (Repos), €68.9m of NEU CP, and €50.3m of various credit lines. According to our rating methodology, and our interpretation of Sofiproteol's business, cash and cash equivalents amounted to €208.3m at end-2025 (vs €193.1m at end-2024) and mainly consisted of TDs and mutual funds. We have also factored in €225.3m of bonds to match the amount of Repo debt, resulting in a net cash position of €89.1m as at end-2025 (vs €76.3m at end-2024).

Liquidity profile

- **'Superior' liquidity profile with solid cash position**

Sofiproteol's liquidity profile is assessed as 'Superior' thanks to a solid cash position at end-2025. Based on our methodology and our projections, despite some significant investments planned, the liquidity level is expected to remain strong owing to the current solid cash position. In addition, the liquidity profile of Sofiproteol is reinforced by its capacity to adapt its investment strategy depending on liquidity needs.

Credit metrics expected evolution (CMEE)

- **Stable CMEE despite significant investments expected**

Our Stable CMEE reflects our view that, despite significant investments expected in the forthcoming year, credit metrics are expected to remain broadly unchanged.

Rating sensitivity

- **Rating list:**
  - LT issuer rating: A-
  - NEU MTN rating: A-
  - ST issuer rating: EF1
  - NEU CP rating: EF1

Factors that may (individually or collectively) impact the rating:

- **Positive factors (↑)**

One major driver for an upgrade of our LT ratings would be a sustainable improvement in the interest coverage ratio (towards 3.5x). In addition, an upgrade could also derive from better overall diversification, especially with respect to industry investments and geography, and/or an improvement in the overall quality/liquidity of the company's assets, especially its equity investments.

An upgrade of our short-term ratings would derive from an upgrade of our long-term corporate rating, and considering no change in CMEE and liquidity.

- **Negative factors (↓)**

We may downgrade our long-term ratings in the event of a deterioration of credit metrics such as an LTV ratio above 10% for a sustained period of time, for instance. This could result from a change both in the investment policy and the financial policy, delays in planned divestments and related cash inflow, or a severe deterioration of Sofiproteol's asset value.

A downgrade of our short-term ratings is improbable at present and would require significant unforeseen change in credit metrics or liquidity.

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
  - 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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