



ISSUER RATING
Long term

OUTLOOK
Stable



INSTRUMENT RATING
Neu MTN



ISSUER RATING
Short-term



INSTRUMENT RATING
Neu CP

Initiation date 29/11/2022
Rating Date 27/06/2025

Contacts

Lead analyst

Anne Guy
anne.guy@ethifinance.com

Committee chair

Marc Pierron
marc.pierron@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.
- The reaffirmation of our ratings is primarily due to an excellent financial profile with good cash-flow generation over the past two years despite limited disposals. This profile is expected to improve over our forecast period (2025-27) with some disposals planned expected to generate significant gains, such as that of Ceva completed in early 2025. In addition, Sofiproteol achieved a negative loan-to-value ratio, on the back of a prudent financial policy. Sofiproteol has also a rather cautious investment policy, as demonstrated by 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 - and the investment company had a significant amount of unrealised gains at end-2024. Finally, Sofiproteol's bond portfolio - which enables the company to use its cash that is not invested yet in equity - is well diversified with a good liquidity profile.
- 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. Moreover, its equity investments are relatively illiquid since most companies in which the company invests are not listed. In addition, the credit quality of these companies is on average lower than that of Sofiproteol, with companies operating in capitalistic business or being under LBOs. Finally, the interest coverage ratio is relatively weak, impacted by the rise of interest expenses. The ratio is expected to remain in its current area assuming that interest rates remain above the levels before 2022.
- 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 companies in their roadmap. In particular, KPI's regarding safety, management, and direct 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 and embedded ESG considerations**

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 over the past few years, with the funds mainly reinvested. At end-2024, unrealised capital gains were significant, representing c. 30% of the equity portfolio.

In 2024, gains on disposals were limited as divestments concerned mainly repayment of debts. However, Sofiproteol made some significant investments for a global amount of €98m, especially in Maisadour (upstream vegetal), and in Sophie Lebreuilly (consumer food). 2025 is expected to be a significant year for gains on disposals with the disposal of the Ceva Santé Animale stake completed in May, followed by a re-investment, and other significant disposals planned, in addition to debt repayment.

In addition, 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 sustainability-linked debt, in particular safety KPIs, management best practices, and GHG emissions targets (scope 1 and 2). At end-2024, 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 or sustainability-linked loans is now evaluated. At end-2024, it represented c. 22% of Sofiproteol's portfolio of bonds (in terms of nominal value). The portfolio being more diversified in terms of industries covered, it is not especially oriented towards positive ESG sectors. However, Sofiproteol has an exclusionary policy concerning notably tobacco, controversial weapons, or bonds issued via tax havens.

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. 17% of total adjusted investments in equity at end-2024. In addition, the portfolio is well diversified with more than 60 direct investments (equity, equity-linked, and debts) and more than 20 investments in funds. However, our ratings are constrained by equity investments being mainly focused on France, and in the agribusiness sector. This is linked to Sofiproteol's DNA to invest in agricultural and food sectors 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 80), and a wide exposure to industries and geographies. Indeed, the portfolio is composed of bonds issued by companies operating in c. 18 industries, with financial sector, energy, and real estate being the main sectors. In addition, even though issuers are only European, they are large companies which operate worldwide.

- **Excellent credit quality of debt investments, constrained by equity investments**

The majority of bonds held by Sofiproteol at end-2024 were investment grade (c. 98% of the portfolio). However, the average credit quality of the assets is lowered by the equity investments. On average, credit quality of companies is below investment grade, albeit some companies among the top 5 in value continue to report solid credit metrics.

- **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 concerned, 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 remained negative at end-2024 and is expected to remain negative over our forecast horizon (2025-27), despite our conservative approach (we assume no increase in value of the investment portfolio). The interest coverage ratio – FFO / (interest + mandatory dividend payable) – improved slightly in FY24 compared with the previous year but remains low. The ratio will probably remain weak over our forecast period, considering higher interest expenses as the company plans to increase its bond portfolio using leverage, and despite good cash generation expected from the planned disposals.

At end-2024, Sofiproteol's gross debt amounted to €294.3m (vs €283.6m at end-2023). This principally comprised €177.4m of repurchase agreements (Repos) and €91.8m of NEU CP. The remainder consisted of various credit lines and cash pooling totalling €25.0m. According to our rating methodology, and our interpretation of Sofiproteol's business, cash and cash equivalents amounted to €193.1m at end-2024 (vs €174.7m at end-2023) and mainly consisted of TDs and mutual funds. We have also factored in €177.6m of bonds to match the amount of Repo debt, resulting in a net cash position of €76.3m as at end-2024 (vs €56m at end-2023).

Liquidity profile

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

Sofiproteol's liquidity profile is assessed as 'Superior' thanks to a solid cash position as at end-2024. Based on our methodology and our projections, the liquidity level will probably remain strong, helped by some gains on disposal realised in 2025 as well as some divestments and despite some significant investments. Depending on liquidity needs, Sofiproteol may also adapt its investment strategy, which reinforces its liquidity profile.

Credit metrics expected evolution (CMEE)

- **Stable outlook 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). 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. Considering Sofiproteol current strategy, we do not expect an upgrade in the short term.

An upgrade of our short-term ratings would derive from an upgrade of our long-term corporate rating.

- **Negative factors (↓)**

We may downgrade our long-term ratings in the event of a deterioration of credit metrics, especially the interest

coverage and LTV ratios, and/or the adoption of a more aggressive financial policy. 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.

Conditions of Use for this document and its content:

For all types of Ratings that ETHIFINANCE RATINGS, S.L. (the "AGENCY") issues, the User may not, either by themselves or via third parties, transfer, sublease, sublicense, sell, extract, reuse, or dispose of in any other way the content of this Document to a third party, either for free or for consideration.

For the purpose of these Conditions of Use, any client who might have subscribed for a product and/or a service that allows him to be provided with the content of this Document as well as any privileged person who might access the content of this Document via www.ethifinance.com shall be considered as a User.

Nor may they alter, transform or distort the information provided in any way. In addition, the User will also not be permitted to copy and/or duplicate the information, nor create files which contain the information of the Document, either in its entirety or partially. The Document and its source code, regardless of the type, will be considered as the elaboration, creation, or work of the AGENCY and subject to the protection of intellectual property right regulation. For those uses of this Document which are permitted, the User is obliged to not allow the removal of the copyright of the AGENCY, the date of the Document's issuance, the business name as established by the AGENCY, as well as the logo, brands and any other distinctive symbol which is representative of the AGENCY and its rights over the Document. The User agrees to the conditions of Use of this Document and is subject to these provisions since the first time they are provided with this Document no matter how they are provided with the document. The Document and its content may not be used for any illicit purpose or any purpose other than those authorised by the AGENCY. The User will inform the AGENCY about any unauthorised use of the Document and/or its content that may become apparent. The User will be answerable to the AGENCY for itself and its employees and/or any other third party which has been given or has had access to the Document and/or its content in the case of damages which arise from the breach of obligations which the User declared to have read, accepted and understood upon receiving the Document, without prejudice to any other legal actions that the AGENCY may exercise in defence of its lawful rights and interests. The Document is provided on the acceptance that the AGENCY is not responsible for the interpretation that the User may make of the information contained. Credit analyses included in the Document, as well as the ratings and statements, are to be deemed as opinions valid on the date of issuance of the reports and not as statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The credit ratings and credit rating prospects issued by the AGENCY are considered to be its own opinion, so it is recommended that the User take it as a limited basis for any purpose that it intends to use the information for. The analyses do not address the suitability of any value. The AGENCY does not act as a fiduciary or an investment advisor, so the content of the Document should not be used as a substitute for knowledge, criteria, judgement or experience of the User, its Management, employees, advisors and/or clients in order to make investment decisions. The AGENCY will devote every effort to ensure that the information delivered is both accurate and reliable. Nonetheless, as the information is elaborated based on data supplied by sources which may be beyond the control of the AGENCY, and whose verification and comparison is

not always possible, the AGENCY, its subsidiaries, and its directors, shareholders, employees, analysts and agents will not bare any responsibility whatsoever (including, without any limitations, loss of revenue or income and opportunity costs, loss of business or reputational damage or any other costs) for any inaccuracies, mistakes, noncorresponding information, incompleteness or omission of data and information used in the elaboration of the Document or in relation to any use of its content even should it have been warned of potential damages. The AGENCY does not make audits nor assume the obligation of verifying independent sources of information upon which the ratings are elaborated. Information on natural persons that may appear in this document is solely and exclusively relevant to their business or business activities without reference to the sphere of their private life and should thus be considered. We would like to inform that the personal data that may appear in this document is treated in accordance with Regulation (EU) 679/2016, on the protection of natural persons with regard to the processing of personal data and the free movement of such data and other applicable legislation. Those interested parties who wish to exercise the rights that assist them can find more information in the link: <https://www.ethifinance.com/> in the Privacy Policy page or contact our Data Protection Officer in the mail dpo@ethifinance.com. Therefore the User agrees that information provided by the AGENCY may be another element to consider when making business decisions, but decisions will not be made based solely on it; that being the case the AGENCY will not be held responsible for the lack of suitability. In addition, the use of the information before courts and/or tribunals, public administrations, or any other public body or private third party for any reason shall be solely the User's responsibility and the AGENCY shall not be held responsible for any liabilities on the grounds of inappropriateness of the information's contents. Copyright © 2023 ETHIFINANCE RATINGS, S.L. All Rights Reserved. C/ Benjamín Franklin S/N, Edificio Camt, 1º Izquierda, 18100, Granada, España C/ Velázquez nº18, 3º derecha, 28001 - Madrid