



PRESS RELEASE : MOVIS CI's Credit Ratings

WARA assigns Movis CI a long-term credit rating of « BB- » for the first time

For the first time, the Ivorian logistics specialist is rated BB- by WARA. The outlook is positive.

Abidjan, on 29/06/2018 — **West Africa Rating Agency** (WARA) announces today the publication of its first-time ratings on **MOVIS CI**. On its regional rating scale, the long-term rating that WARA assigns to Movis CI is « **BB-** », a non-investment grade rating, while its short-term rating is « **w-5** ». Movis CI, the Ivorian subsidiary of Movis International Group, is a major player of the logistics sector in Ivory Coast. The outlook attached to these ratings is **positive**.

Simultaneously, on its international rating scale, WARA assigns the following ratings to Movis CI: iCCC+/Stable/iw-6.

The ratings reflect the fact that, on its domestic market, the competitive position of Movis CI, which ranks second, is robust. In addition, the market for logistics in Ivory Coast is dynamic, given the increasing traffic volumes that transit through its two ports. On top of this, the company's renewed management team, ore experienced and better aligned, is implementing a credible strategy built on quality.

That said, organizational and operational challenges for a prolonged period of time have lead the company to accumulate sizeable losses, to the point where equity has become fallen in negative territory. The deterioration of service quality compressed volumes and weighed on profitability, although the latter is slowly recovering. On top of this, reducing working capital needs is a material challenge, while the quality of client receivables has deteriorated and recoveries remain fastidious. As a result, liquidity is under high pressure, and refinancing is difficult and costly. Finally, although the Ivorian macroeconomic context is growing, socio-political risks are mounting as the country gets closer to the 2020 presidential elections.

The ratings assigned to Movis CI do not factor in any external support, and do not include any adjustment to WARA's scorecard, neither favorable nor unfavorable.

An upgrade of Movis CI's ratings would depend on: i) a durable improvement of the macroeconomic conditions in the region and a smooth political transition in Ivory Coast ; ii) a successful implementation of the company's medium-term strategic plan, including the expected reinforcement of the company's equity base, material improvements in service quality, and human resources stabilizing at both the operating and managerial levels; iii) lower working capital needs enabling the company's net cash position to recover ; and iv) the demonstration of the company's capacity to generate stronger net earnings in a sustained way.

A downgrade of Movis CI's ratings would be the result of: i) a new political or sanitary crisis impacting Ivory Coast or the region; ii) the company's incapacity to at least stabilize its market shares; iii) a new wave of deterioration in the company's net cash position; or iv) the incapacity of the firm to durably extract positive net margins and incrementally rebuild its capital base.

The outlook attached to Movis CI's ratings is **positive**. WARA justifies the positive outlook by the fact that the strategic plan designed by Movis CI, built on the necessity to keep a high level of service quality, is credible, reachable and comprehensive. This plan has started to bear some fruit since its inception in 2015, with a better alignment between the Board of Directors and the senior management team, positive net operating income in 2017, the current process toward the ISO 9001 certification, a proposed capital restructuring and increase, sustained efforts on the fronts of recoveries and business development, as well as material improvements in terms of business processes and human resources. WARA indeed considers that the probability of occurrence of the best case scenarios is higher than that of the worst

case scenarios in the medium term; in other words, Movis CI's current ratings carry lower downward pressure than upward potential.

The methodology used by WARA to rate Movis CI is the credit rating methodology for the industrial and commercial companies, which was published on the 15th of July 2012 (revised in September 2016) and is available on WARA's website:

<http://www.emergingmarketsratings.com/>.

Information sources used by WARA to carry out the Movis CI's ratings are mainly private information obtained during discussions with Movis CI's management team and subsidiaries in May 2018. This information, coupled with publicly available sources, is considered by WARA as satisfactory for conducting Movis CI's credit rating process.

Finally, WARA states that the credit rating process of Movis CI was requested and participating, meaning that it was performed upon a request by the company, and that Movis CI's management actively participated in the discussions with WARA's team of analysts.

The first-time long-term credit rating of « **BB-** » assigned by WARA to Movis CI is therefore three notches below the minimum rating accepted by the CREPMF to issue debt without an external guarantee.

The comprehensive credit rating report is available on request and after Movis CI's explicit acceptance, by email at the following address:
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