

COMMUNIQUE DE PRESSE



Spread Research attribue la note court terme SR1 à l'instrument NEU CP de Bellon S.A. assortie d'une perspective de crédit stable

Lyon, le 5 juin 2018 – L'agence de notation financière Spread Research attribue la note court terme SR1 à l'instrument NEU CP de Bellon S.A. assortie d'une perspective de crédit stable. Cette notation s'inscrit dans le cadre du lancement par Bellon S.A. d'un programme de NEU CP d'un montant initial de 150 millions d'EUR.

Fondements de la Note

Spread Research a évalué le profil crédit de Bellon S.A afin de lui attribuer une note court terme. La notation finale est SR1, la deuxième note la plus élevée de l'échelle court terme de Spread Research.

Profil Crédit

Bellon S.A. est une holding familiale, qui a pour seul actif la détention de titres Sodexo S.A. (à hauteur de 42,3% du capital et de 56,5 % des droits de vote). Sodexo, le groupe fournisseur de services de restauration et de services de facility management, possède de solides indicateurs de crédit et a reporté des résultats opérationnels en constante amélioration ces dernières années. Ceci reflète les positions de leadership sur les marchés où Sodexo S.A. opère et une bonne rétention de ses clients. Cela s'est traduit par une hausse régulière des dividendes payés à ses actionnaires.

Nous jugeons favorablement les ratios de couverture de Bellon S.A., les dividendes reçus en 2017 (145 millions EUR) couvrant environ six fois ses charges opérationnelles et financières (environ 25 millions EUR en tout). La trésorerie disponible de Bellon (après dividendes) est principalement utilisée à rembourser la dette financière / conserver la trésorerie, et dans une moindre mesure l'acquisition de nouvelles actions Sodexo.

Notre note s'appuie sur la politique financière prudente de Bellon S.A : la politique de dividendes de Bellon S.A. est de distribuer moins de 10% des dividendes reçus (de la part de Sodexo S.A.) et la holding exprime une forte volonté de maintenir le ratio loan-to-value (LTV) à un faible niveau. Au 31 décembre 2017, la LTV de Bellon s'établissait à 10% (au cours actuel de l'action Sodexo S.A.) et nous attendons que ce ratio diminue légèrement au cours des trois prochaines années.

Profil de liquidité

Nous jugeons la liquidité de Bellon satisfaisante en raison des possibilités de i) pouvoir obtenir facilement de nouveaux financements étant donné ses solides indicateurs de crédit et ii) de vendre des actions Sodexo S.A. sans pour autant perdre le contrôle du groupe.

Perspective de crédit

Notre perspective de crédit stable reflète notre anticipation de stabilité des ratios de crédit sur les 12 prochains mois. Nous prévoyons que la génération de trésorerie disponible positive sera compensée par l'acquisition de nouvelles actions Sodexo S.A. et par de potentiels rachats d'actions Bellon.

Seule la version anglaise de ce communiqué fait foi.

La méthodologie spécifique court terme de Spread Research a été publiée en janvier 2016 et disponible au lien suivant www.spreadratings.com/Short-term_rating_methodology.

Bellon S.A.

Bellon S.A. est la holding animatrice de Sodexo. Au 30 Mai 2018, Bellon S.A. détenait 42,3% du capital de Sodexo et 56,5% des droits de vote exerçables.

Spread Ratings

Spread Ratings est la marque sous laquelle Spread Research opère en tant qu'agence de notation enregistrée auprès de et réglementée par l'ESMA (European Securities and Markets Authority). Spread Research est également un des premiers fournisseurs de recherche crédit indépendants en Europe. Fondée en 2004 et basée à Lyon, Spread Research capitalise une quinzaine d'années d'expérience sur l'ensemble des instruments de financement des entreprises par la dette.

Notre équipe d'analystes, spécialisés par secteurs d'activité, fournit des opinions de crédit et des notations, publiques ou privées. Nos notes sont reconnues par les régulateurs des activités bancaires (EBA) et assurantielles (EIOPA). Spread Research fait partie des agences de notation habilitées à noter des programmes NEU CP et NEU MTN.

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NEU CP Instrument solicited rating Initiation report

Bellon S.A.

Rated Entity: **Bellon S.A.**
Sector: **Services**

Short-term rating: **SR1**
Credit outlook: **Stable**

RATING RATIONALE

- We initiate coverage on Bellon S.A. and assign an SR1 short-term rating, the second highest grade in our rating scale, to its €150m NEU CP instruments (the amount could be upsized to €300m). This reflects the strong credit metrics, cautious financial policy and sound credit profile of the sole owned asset despite the lack of portfolio diversification.
- Bellon is a family-owned holding company the only asset of which is 42.3% of Sodexo's issued capital (56.5% of voting rights as of 31 December 2017). Consequently, the company is fully dependent on Sodexo's activities. Bellon is 72.6%-owned by Pierre Bellon (Sodexo's founder) and his children, while other members of the family hold 7.8% and the Sodexo-owned holding company Sofinsod 19.6%.
- Sodexo is a global provider of food services and facility management services to various end-markets. The group generated sales of €20.4bn and EBITDA of €1.45bn over the last twelve months (to end-February 2018). Sodexo is listed on the Paris Stock Exchange and is a CAC 40® constituent, with a market capitalization of €12.6bn. Sodexo has generated steadily improving operating results over the years, reflecting the position of strength from which the group operates and high client retention. Also, we value Sodexo's exposure to non-cyclical sectors (representing around 51% of group sales), which provides good protection against the troughs of business cycles.
- Sodexo has paid a steadily increasing dividend to its shareholders thanks to good cash generation. Sodexo's dividend policy is based on a payout ratio of 50% (on recurring net income), which amounted to €360m in 2017 and €410m in 2018 (paid in February). We are very comfortable with Bellon's interest coverage ratio (dividend received / financial expenses), since dividends paid by Sodexo in 2017 (€145m) cover around six times both operating and financial expenses (altogether c. €25m).
- Recently, Sodexo reported a weaker-than-expected operating performance (both organic sales and profitability), which triggered a drop in Sodexo's market capitalization (by around 15%). Despite this, Bellon's loan-to-value (net financial debt / asset value) at the current share price remains low at 10%. We project the LTV ratio to slightly decrease over the next three years based on sound cash generation and cautious financial policy.
- Bellon's financial policy is conservative, and is strongly adhered to. The holding's dividend policy is to distribute not more than 10% of dividends (received from Sodexo) to Bellon's family, and there is a strong willingness to maintain both the dividend paid and the loan-to-value ratio at a low level.
- Bellon's positive free cashflow (after dividends) has been mainly used to reimburse financial debt / retain cash on its balance sheet, and to a lesser extent reinvest in Sodexo's shares (in 2016 and 2018). Note that Bellon also bought back its own shares from Bellon family members in 2016 (€150m). Similar buy-back operations may occur in the future.



Capital structure

- Total reported debt stood at €555m as of 31 December 2017 and was mainly made up of i) equity-linked swaps for a total amount of €420m with maturities ranging from 2018 to 2022, and ii) US private placements for €130m maturing in 2022. Note there are several maintenance covenants attached to the equity-linked swaps. We expect compliance with the covenants with a large headroom based on our forecast.
- Including the cash position of €7m, net reported debt stood at €548m, or a loan-to-value ratio of 10.5% at the current share price. Adjusted for operating leases and pension deficits, our adjusted loan-to-value ratio also comes out at 10.5%.
- Note that Bellon is planning to get a revolving credit facility (RCF) of €150m with a maturity of two years, which will be used as a back-up line for the NEU-CP program.

Liquidity analysis

- We assess Bellon's liquidity as satisfactory since i) it could obtain new financing easily given the solid credit metrics, and ii) it may sell some amount of Sodexo shares while keeping control of the company.
- Our liquidity analysis is pro forma of the €150m RCF (with a maturity of two years). Based on our talks with Bellon, we expect the holding to set up the RCF shortly.

Credit outlook

- Our Stable outlook reflects our view that credit metrics will not change materially over the next twelve months. We expect that sizeable cash generation will be balanced by the acquisition of additional Sodexo shares and potential buy-back of shares.

Rating sensitivity

- Bellon is positioned in the low range of our SR1 rating. An upgrade to SR0 would require a diversification of Bellon's investment portfolio, an option which is currently excluded based on our talks with the company.
- We may downgrade our rating to SR2 if Sodexo's credit profile deteriorates, if dividends paid by Sodexo decline substantially, or if Bellon's financial policy becomes more aggressive.





Spread Research

SPREAD RESEARCH assigns ratings and as such is regulated by ESMA.

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REGULATORY DISCLOSURES

Initiation report on NEU CP instrument rating

Rating nature: Solicited short-term public rating (the rating report was published after being reviewed by the issuer)

Limitation of the Rating action:

Spread Research believes the quality and quantity of information available on the rated entity is sufficient to provide a rating. Spread Research has no obligation to audit or verify the accuracy of data provided.

Principal methodology used in this research: Short-Term Ratings Methodology available at

<http://www.spreadresearch.com/uploads/pdf/user/methodo/SRshorttermratingsmethodology-08jan16Public.pdf>

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