

## COMMUNIQUE DE PRESSE



### **Spread Research attribue la note court terme SR1 au programme NEU CP de 500M€ de Sonepar SAS assortie d'une perspective de crédit stable**

**Lyon, le 04 juin 2018 – L'agence de notation financière Spread Research attribue la note court terme SR1 à l'instrument NEU CP de Sonepar SAS ("Sonepar") assortie d'une perspective de crédit stable. La notation de l'instrument court terme s'inscrit dans le cadre de la documentation financière du programme de NEU CP que Sonepar prévoit d'émettre pour un plafond maximum de 500 millions d'EUR.**

#### **Fondements de la Note**

Spread Research a évalué le profil de crédit court terme de Sonepar afin d'attribuer une note court terme à son programme NEU CP.

La notation finale est SR1, la deuxième note la plus élevée de l'échelle court terme de Spread Research.

#### **Profil Crédit**

Sonepar bénéficie de sa position de numéro un mondial de la distribution de produits et solutions électriques et services associés. Le groupe est présent sur trois continents, avec la majeure partie de ses ventes réalisée en Europe et en Amérique du nord où le groupe détient des positions de leader. Notre notation est soutenue par la gamme de produits étendue et diversifiée de Sonepar, sa forte empreinte locale, son vaste réseau de distribution et la faible concentration de ses clients.

Les ventes sont sujettes à une certaine cyclicité du fait de l'exposition de Sonepar aux marchés de la construction et de la rénovation pour bâtiments résidentiels et commerciaux, ainsi qu'à diverses industries. Cependant, Sonepar a démontré une bonne résilience à la fois en termes de marges d'exploitation et de génération de cash-flow durant les précédentes crises économiques, et le groupe a surperformé ses concurrents ces dernières années. Sonepar a régulièrement réalisé un haut niveau de free cash-flow, ce qui devrait perdurer selon nous et soutenir sa capacité de désendettement.

Notre notation intègre le levier relativement modeste du groupe, et la poursuite résolue d'une politique financière prudente. Sonepar possède une marge de manœuvre financière substantielle en dépit de nombreuses acquisitions qui concourent à son développement. Bien que cette stratégie puisse éventuellement conduire à une hausse de l'endettement, nous sommes rassurés par la capacité avérée de Sonepar à intégrer des sociétés.

## **Profil de liquidité**

La liquidité du groupe est très solide. Elle est basée sur une trésorerie conséquente au bilan, un montant important de facilités de crédit confirmées et non utilisées et le profil de maturité de la dette à long terme. En outre, nous prévoyons que Sonepar va continuer à générer un haut niveau de free cash-flow après dividendes.

## **Perspective de crédit**

Notre perspective de crédit stable reflète notre anticipation de légère amélioration des ratios de crédit sur les douze prochains mois, grâce à une hausse modérée des profits et à un haut niveau de free cash-flow, même si cela pourrait être contrebalancé par de nouvelles acquisitions financées par endettement.

Spread Research se fonde pour son analyse sur deux piliers - le profil du crédit et l'analyse de la liquidité - détaillés dans sa méthodologie spécifique court terme, publiée en janvier 2016 ([www.spreadratings.com/Short-term\\_rating\\_methodology](http://www.spreadratings.com/Short-term_rating_methodology)).

*Seule la version anglaise fait foi.*

## **Sonepar**

Sonepar est un Groupe familial indépendant, leader mondial de la distribution aux professionnels de matériels électriques, solutions et services associés. Sonepar accompagne ses clients dans de nombreux marchés et réalise, en s'appuyant sur la compétence et la passion de ses 44 500 collaborateurs, un chiffre d'affaires de 21,6 milliards d'euros (au 31 décembre 2017). Grâce à la densité de son réseau – 167 enseignes opérant dans 44 pays sur 5 continents - et aux solutions numériques qu'il développe, le Groupe Sonepar enrichit chaque jour le service et les relations avec ses clients. Son ambition : devenir « La Référence » pour tous ses partenaires.

[www.sonepar.com/fr](http://www.sonepar.com/fr)

<http://panorama.sonepar.com/fr/>

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## **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 européens 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 rating Initiation report



**Rated Entity: Sonepar SAS**  
**Sector: Capital Goods**

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

### Rating rationale

- We initiate coverage on Sonepar and assign an SR1 short-term rating, the second-highest grade in our rating scale, to its planned NEU CP instrument issuance for up to €500m. This reflects Sonepar's strong business profile and credit metrics, and its excellent liquidity profile. We understand that proceeds from the NEU CP program will be used to further diversify and optimize the group's existing debt facilities.
- Family-owned Sonepar is the world's largest B-to-B distributor of electrical products, solutions and related services, a fragmented market in which the group holds an 8% share globally. In 2017, Sonepar reported sales of €22bn .
- Our rating is supported by Sonepar's diversified product offering, its strong local footprint and distribution network, and limited customer concentration. Sonepar benefits from its large scale, operating in three continents, with the bulk of sales being generated in Europe and North America where the group has leading market positions. This is a key factor as intense competition results in low operating margins, making scale a key driver for profitability.
- Sonepar has significantly digitalized its operations - the group is ahead of peers, which is expected to yield further efficiency gains and support margins.
- The industry is anticipating positive long-term trends on the back of rising energy needs and electrical uses, paving the way for further growth in all regions, including in emerging markets where B-to-B electrical product distribution has had a low penetration rate so far. We expect Sonepar to benefit from these trends, especially in fragmented markets where the group is well positioned to drive market consolidation. Sonepar has a long history of M&A - it completed over 120 small-to-medium-size deals over the past ten years (representing €8.2bn of acquired sales) - and a sound track record for integration. This is supported by the group's policy to involve local management in the acquisition and integration processes.
- Sales are subject to some degree of cyclicalities due to the group's exposure to the construction and renovation end-markets for residential and commercial buildings, and to various industries. Mitigating this, Sonepar has displayed resilience both in terms of operating margins and cash generation during past economic downturns, and has outperformed peers over the past few years. It has consistently achieved a high level of free cash flow, a trend that we expect to continue, which provides scope for deleveraging.
- Our rating factors in Sonepar's relatively modest leverage (net adjusted debt / EBITDAR within the 2.0-2.5x range at YE17), plus its stable and prudent financial policy, including limited shareholder distribution as most earnings are reinvested to support growth. Over the past 10 years the group has consistently met its shareholders' conservative guidance regarding debt ratios (including a maximum net reported leverage of 2.50x; it stood within the 1.00-1.50x range at YE17).
- While Sonepar has built substantial financial flexibility and M&A is clearly a key component of its development strategy, which could eventually lead to some deleveraging, we are comforted by Sonepar's good track record for integrating companies and adhering to its disciplined financial policy.



## Capital structure

Nearly all financing, mostly denominated in EUR and USD, has been raised at the level of parent company Sonepar S.A.S.

At YE17, 40% of outstanding debt consisted of (i) on-balance sheet factoring and securitization programs (there is no off-balance sheet program) plus (ii) some subsidiaries' debt. The remaining debt included private placements and term loans. In addition, the group benefits from €1.6bn of undrawn committed revolving credit facilities.

Net adjusted leverage stands at a modest level (within the 2.0-2.5x range at YE17), gradually decreasing after a sustained acquisition pace in 2014 and 2015. The difference compared to the reported ratio of 1.0-1.5x stems from our debt adjustments, including the capitalization of operating leases, plus limited pensions deficit and other financial liabilities.

## Excellent liquidity profile

The liquidity profile is excellent. This is driven by the significant amount of cash on balance sheet, large undrawn committed credit lines, the long-term debt maturity profile, and our expectation that Sonepar will continue to generate strong free cash flow after dividends.

## Credit outlook: Stable

- Our Stable outlook reflects our expectation that credit metrics will slightly improve over the next twelve months on the back of moderate earnings growth and continued high free cash flow, although this could be offset by debt-funded M&A activity.

## Rating sensitivity

- Sonepar is strongly positioned in the SR1 category. An upgrade to SR0 could be considered if one or several key rating factors improved markedly on a sustainable basis, i.e. greater scale and business diversification, increased operating margins and cash generation, and/or lower leverage (such as improved FFO/debt and debt/EBITDAR ratios).
- At this stage, a downgrade to SR2 is unlikely. It could result from a significant deterioration of the financial risk profile, such as rising leverage due to large debt-funded M&A and/or a contraction in margins/free cash flow.





**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 issued 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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