

Tuesday, 30^h July 2024**modefinance Corporate Credit Rating (Solicited) for
ETC INVEST S.P.A.: A3- (Affirm)**

modefinance published the Solicited Corporate Credit Rating of ETC INVEST S.P.A. on their website (<http://cra.modefiance.com/en>) and the rating assigned to the entity is A3- (affirm). The analysis revealed that the company's capacity to meet its commitment on financial obligations is strong.

ETC INVEST S.P.A., holding of the multinational Italian group "Export Trading Cooperation" (ETC), is a joint-stock company that provides consulting services in project finance and trade finance with an exclusive operational focus on African markets, directly and through the Group's subsidiaries. The company is specialized in Trade Finance and Supply Chain activities, through which it supports interchanges with Sub-Saharan African countries and investment projects. Since its foundation, the Company has pursued an internationalization process through the creation of representative offices, subsidiaries and funds across Europe and Africa, including the Regional Bureau Africa based in Cotonou (Benin). Moreover, as an active member of SWIFT (Society for Worldwide Interbank Financial Telecommunication), the Group facilitates interbank financial messages between European and African financial institutions. Thanks to its direct and indirect presence in Africa and its combined expertise in trade finance and supply chain management, the ETC Group has become the leader and main reference of banks and industrial/commercial groups as far as the management of supply and investment projects in Africa is concerned, in sectors that range from agribusiness to industry, but also from transport to green energy.

Key Rating Assumption

The company was established in 2016 but its operational activity began in 2012. Since then, ETC Group carried a process of internationalization and internal reorganization, changing its legal form and improving its structure and transparency, eventually becoming a leader and main reference of banks and industrial groups in the management of supply and investment projects in Africa. In 2024, the Group continued its process of structural growth and its economic-financial situation is sufficient, with a strong condition of solvency and an adequate level of liquidity. Turnover registered an expansion, but profitability should still improve.

Operating cash flow returned to a positive value and was ultimately capable of financing the whole investing activity. However, the change in cash turned negative due to the impact of the financing activity. Overall, cash and cash equivalents remained on adequate levels.

Concerning the Central Credit Register, the company does not present any critical issues and continues to demonstrate a good management of the risks at maturity and of the overdraft facility risks.

In April 2024 the Shareholders' Meeting approved the transition from the previous two-tier system to the one-tier system as the new corporate governance model, with the aim of aligning the governance of the company with the best international practices. Moreover, the Rated Entity is audited by an external independent company. ETC INVEST S.P.A. is controlled by Monte Paschi Fiduciaria S.p.A., which is ultimately controlled by the Italian Republic, and holds controlling shareholdings in a Cameroonian foreign company that acts as a regional hub for central-western Africa.

In comparison with the reference peer group, the Rated Entity presents a strong positioning in terms of size and solvency. On the other hand, profitability is lower than the sector's median, but ETC Group NACE code does not really correspond to the activity actually performed.

The peer group keeps on showing balanced indicators of solvency, liquidity and profitability.

The Italian management consulting sector continued its growth in 2023 and a further expansion is expected also in 2024, although more contained. The volume of foreign direct investment to the African continent, together with the number and value of project finance deals, registered a slight contraction. However, African countries were the most active in adopting new investment policy measures.

Africa will be the world's second-fastest-growing region in 2024, just behind Asia, and regional growth is expected to accelerate by between 3% and 4% over the longer run. The services sector will continue to play a major role, while substantial investments will continue to flow into Africa's energy sector ventures, as well as minerals and metals that are crucial to the global energy transition and digital transformation. Meanwhile, a string of coups in ex-French colonies in West Africa will fuel instability and banditry will undermine governability and encourage outward migration from West Africa, generating a wider European problem.

Sensitivity Analysis

Action	Description of the addressing factors, actions or events
Upgrade	<ul style="list-style-type: none"> • Further growth in profitability; • The Group keeps on improving its operational effectiveness, increasing its attractiveness for potential investors; • The growth prospects of the African continent are being realized. <p>In the case these conditions are met, the rating could upgrade to A3.</p>
Downgrade	<ul style="list-style-type: none"> • Group's profitability deteriorates; • Worsening of Group's solvency; • Geopolitical tension impacts negatively on the macroeconomic situation of Africa. <p>If these conditions are to occur, we can expect a downgrade to B1.</p>

IMPORTANT

The present Corporate Credit rating is issued by modefinance under EU Regulation 1060/2009 and following amendments.

The present rating is solicited and is based on both private and public information. The rated entity and/or related third parties have provided all private information used. modefinance had access to some accounts and other relevant internal documents of the rated entity and/or related third parties. Solicited and unsolicited ratings issued by modefinance are of comparable quality, as the solicitation status has no effect on methodologies used. More comprehensive information on modefinance Corporate Credit Ratings are available at: <http://cra.modefinance.com/en>

The present Corporate Credit Rating is issued on MORE Methodology 2.0 and Rating Methodology 1.0. A comprehensive description of both methodologies, as well as information on modefinance Rating Scale and Mappings, is available at <http://cra.modefinance.com/en/methodologies>.

For information on historical default rates of modefinance Corporate Credit Ratings please refer to ESMA Central Repository: <https://cerep.esma.europa.eu/cerep-web/> and ESMA European Rating Platform https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_radar.

modefinance refers to default as a company under bankruptcy, or under liquidation status, or under administration or for which missed payments on a financial obligation are officially recorded.

The quality of the information available on the rated entity and used to determine the present rating was judged by modefinance as satisfactory. Please note that modefinance does not perform any audit activity and is not in a position to guarantee the accuracy of any information used and/or reported in the present document. As such, modefinance can accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.

The present credit rating was notified to the rated entity in order to identify potential factual errors, as prescribed by the CRA Regulation.

Deadline for the appeal process expired without the notification of factual errors by the Rated Entity.

The rated entity is a buyer of ancillary services provided by modefinance (credit risk software). modefinance ensures that such situation does not imply a conflict of interest in the issuance of the present credit rating.

The rating action issued by modefinance was performed independently. The analysts, members of the rating team involved in the process, modefinance Srl and its members and shareholders do not have any conflicts of interest in relation to the Rated Entity and/or Related Third Parties. If in the future a potential conflict of interest is identified in relation to the persons reported above, modefinance Ratings will provide the appropriate information and if necessary, the rating will be withdrawn.

The present Credit Rating is an opinion of the general creditworthiness that modefinance issues on the rated entity, and should be relied upon to a limited degree. The issued rating is subject to an ongoing monitoring until withdrawal.

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