

April 7, 2020**Rating object**
Metalcorp Group S.A.**Rating incl. outlook / watch**
BB- / Watch NEW**Date of inception / disclosure to rated entity / maximum validity:**

02/04/2020 / 03/04/2020 / 27.02.2021

There occurred no changes after the communication of the rating to the rating object.

Rating summary:

Creditreform Rating AG has assigned the SME Issuer Rating of Metalcorp Group S.A. (BB-) the addition "Watch NEW". The reasons for this are the adverse effects that are expected to arise from the COVID-19 pandemic, which has currently slowed trading activities for MCG. Additionally, there are currently considerable uncertainties regarding the development of the pandemic and the counter measures required by governments and public authorities. At this point in time it is difficult to assess how long, and how severe the COVID-19 pandemic will affect MCG. However, we consider there to be an increased risk that could have a negative impact on its asset, financial and earnings position resulting from the lower trading activity caused by an economic downturn and slumps in industries that are important for MCG such as the automotive industry.

Primary key rating drivers:

- + Partly risk-averse business model based on back-to-back transactions
- Slowed trading activity as a result of the COVID-19 crisis
- Extraordinary negative (industry) economic effects
- considerable uncertainties regarding the development of the COVID-19 pandemic

ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Metalcorp Group S.A. we have not identified an ESG factor with significant influence.

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here:

https://www.creditreform-rating.de/pub/media/global/page_document/The_Impact_of_ESG_Factors_on_Credit_Ratings.pdf

Rating scenarios:

Please note: The scenarios are based on the information available at the time of the rating. Within the forecast horizon, some circumstances could occur that would lead to a rating change out of the indicated change.

Best-case scenario: BB

In our Best-Case-Scenario for one year, we assume a rating of BB. This would be possible in connection with a positive non-recurring effects in connection with a corresponding cash inflow from the mining business in Guinea which would surpass the Company's expectations for the business year 2020. This would be conceivable, provided that the results of the key financial analysis improve overall. However, due to the economic risks, the negative adjustments in the forecasts and the unpredictability that result from the stakes in SBG and TCC-Coke Ltd. and the current economic downturn resulting from the COVID-19 pandemic, we consider it less likely that the rating will be raised within a year.

Worst-case scenario: B

In our Worst-Case-Scenario for one year, we assume a rating of B. A downgrade of the rating could happen when the rise of indebtedness is disproportionate to the growth of the business, if significant shortcomings in the turnover and earnings expectation arise, if the Company's liquidity deteriorates, or if further delays regarding the mine in Guinea or the coking plant in the United Kingdom with a higher than expected capitalization occur. A deterioration in the financial key figures could also lead to a downgrade and unexpected M&A activities could put further

downward pressure on the rating. This scenario remains unchanged from the point that a follow-up rating for MCG was conducted, but has in our opinion become more likely as a result of the COVID-19 crisis.

Analysts / Person Approving (PAC):

Name	Function	Email-Address
Christian Konieczny	Lead-Analyst	C.Konieczny@creditreform-rating.de
Rudger van Mook	Analyst	R.vanMook@creditreform-rating.de
Artur Kapica	PAC	A.Kapica@creditreform-rating.de

Rating history:

Rating object	Event	Rating created	Publication date	Monitoring until	Result
Corporate Issuer Rating Metalcorp Group S.A.	Monitoring	02.04.2020	www.creditreform-rating.de	27.02.2021	BB- / Watch NEW
Corporate Issuer Rating Metalcorp Group S.A.	Update	28.02.2020	03.03.2020	27.02.2021	BB- / stable
Corporate Issuer Rating Metalcorp Group S.A.	Initial rating	08.05.2013	08.05.2013	16.04.2014	BB

Status of solicitation and information basis:

The present rating is a **solicited** rating. The rating object participated in the creation of the rating as follows:

With Rated Entity or Related Third Party Participation	Yes
With access to Internal Documents	Yes
With Access to Management	Yes

Rating methodology:

Rating Methodology	Version Number	Date	Website
Corporate Ratings	2.3	29.05.2019	https://www.creditreform-rating.de/pub/media/global/page_document/Rating_Methodology_Corporate_Ratings_2.3.pdf
Rating Criteria and Definitions	1.3	January 2018	https://www.creditreform-rating.de/pub/media/global/page_document/CRAG_Rating_Criteria_and_Definitions_v1_3_01-2018.pdf

Regulatory requirements:

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

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In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

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In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

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Creditreform Rating AG

Contact Information

Creditreform Rating AG

Hellersbergstraße 11
D-41460 Neuss

Phone: +49 (0) 2131 / 109-626
Telefax: +49 (0) 2131 / 109-627

E-Mail: info@creditreform-rating.de
Web: www.creditreform-rating.de

CEO: Dr. Michael Munsch
Chairman of the Board: Prof. Dr. Helmut Rödl

HR Neuss B 10522