

Tear Sheet:

# Roquette Freres

May 19, 2026

*This report does not constitute a rating action.*

**Debt deleveraging in 2025 was slower than anticipated, leaving tight rating headroom, but FOCF was larger thanks to decisive cash conversion measures.** Revenue in absolute value grew 8% with positive perimeter effect. However, topline declined 5% like-for-like, our adjusted EBITDA margin was stable at 11.7% (versus 11.5% last year), because of weak demand and pricing pressure in commodity starch, derivatives, and capsules, not fully offset by the growth in higher value products in Nutrition and Bioindustry (NBI) and Health and Pharma Solutions (HPS), and cost savings measures. Free operating cash flow (FOCF) reached €194 million, significantly above our €50 million-€70 million assumption, thanks to effective cash conversion measures on working capital and reduced capex. On a 12-month pro forma basis, as of transaction close, we estimate adjusted debt leverage of about 4.0x, higher than anticipated.

**In 2026-2027, Roquette's strong FOCF should support debt deleveraging of about 3.0x despite weaker than anticipated EBITDA generation due to the difficult commodity ingredients market.** Our base case forecasts nearly 12%-13% revenue growth in 2026, fueled by full year contribution from the IFF Pharma Solutions acquisition, with organic revenue expected to remain stable due to commodity price stability and modest volume changes. We expect topline growth of 4.5%-5.5% in 2027, contingent on a recovery in consumer demand and growing volumes within strategic end markets. We lowered our adjusted EBITDA margin versus our previous base case to 12.0%-12.5% in 2026, rising to 14.5%-15.0% in 2027, factoring cost savings program, thanks to a favorable shift in the NBI segment's revenue mix to higher-margin specialty ingredients, and positive product mix effects within the HPS business backed by positive market conditions and normalized demand after a significant destocking trend in the previous years. Our forecast FOCF increased to about €365 million in 2026, and to slightly above €400 million in 2027, with lower-than-expected EBITDA offset by working capital release, lower capital expenditure (capex) of about €250 million.

**Management's top financial priority is deleveraging, and we believe the business is well funded.** Following the acquisition Roquette's debt maturity profile appears healthy with no large maturity until 2031. The group targets a reported net leverage ratio of 2.3x-2.7x by end-2027 and focuses on extracting cash from the business. The group has an average debt maturity of more than six years, and demonstrates access to diversified sources of funding. The recent €600 million perpetual hybrid issuances should also help deleverage. We think that key internal levers include increasing commercial excellence to capture more volumes, improving working capital management (especially inventories in commodity business), and strict operational expenses and

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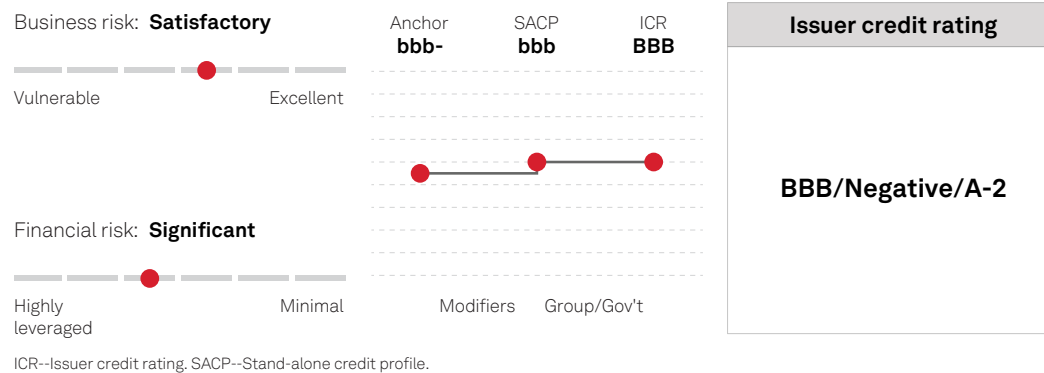
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capex control with limited discretionary spending to reach the net leverage target in 2027. However, demand for commodity ingredients are subdued year to date in 2026, with increasing macroeconomic uncertainty weighing on demand. We remain positive on demand for high value health and pharma products. We will track the group's ability to integrate IFF Pharma and realize cost efficiencies and cash conversion measures to enable the group to deleverage to mid-2027.

## Ratings Score Snapshot



## Recent Research

- [Roquette Freres](#), June 16, 2025

## Company Description

Headquartered in Lille, France, Roquette is a global ingredients group, founded in 1933, and 100% owned by the Roquette family. The group derives its product offering from processing corn, wheat, potatoes, and peas. It caters to a variety of customers including pharmaceutical and nutraceutical companies, cosmetics manufacturers, food and beverage producers, animal health, and industrial (paperboard, plastic packaging, chemicals, automotive, and sports and leisure goods manufacturers). The group operates two main divisions:

- NBI: Produces starch and derivatives, specialty food ingredients, and plant-based proteins. The segment accounted for about 73% of reported revenue and 43% of reported EBITDA in 2025.
- HPS: Produces pharmaceutical and nutraceutical excipients and active ingredients for both prescription oral dose as well as for injectables medications. The segment accounted for about 27% of reported revenue and 57% of reported EBITDA in 2025.

In terms of geographical footprint (before intragroup eliminations), the group sources 57% of revenue from Europe followed by Americas (mostly North America; 20%), Asia (excluding China; 17%), and China (7%). Roquette operates a geographically diverse network of over 40 industrial sites and 20 research and development labs globally, with over 11,000 employees worldwide, supporting a broad customer base.

In 2025, Roquette reported total revenue of about €4.9 billion (compared with about €4.5 billion in 2024) and S&P Global Ratings adjusted EBITDA of about €568 million (€519 million in 2024), indicating margins of 11.7% (11.5% in 2024).

## Outlook

The negative outlook reflects that we see downside risks to Roquette's ability to reduce adjusted debt leverage below 3.0x within two years of the IFF pharma solutions acquisition closed in May 2025.

### Downside scenario

We could downgrade Roquette if it is unable to improve core credit metrics with adjusted debt to EBITDA remaining above 3x in the next two years. This could happen if:

- The company experiences difficulty in successfully integrating IFF's pharma solutions business and that any cost and cash flow saving measures the company contemplates deploying prove ineffective;
- We observe material competitive or end-market pressures from the subdued consumer environment affecting key customers in the fast-moving consumer goods industry; or
- We observe material acceleration of discretionary spending, such that the forecast deleveraging trend is derailed.

### Upside scenario

We could revise the outlook to stable if the company is on a clear path to reducing adjusted debt to EBITDA below 3x two years from closing of the transaction. This is contingent on the group successfully integrating IFF's pharma solutions business, while benefiting from sustained profitable revenue growth. The latter should come on the back of improving demand for Roquette's end customers' products in the fast-moving consumer good industry, notably in the key Europe and North America regions.

## Key Metrics

### Roquette Freres--Forecast summary

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. EUR)	2024a	2025a	2026e	2027f
Revenue	4,495	4,877	5,506	5,763
EBITDA	519	568	688	868
Funds from operations (FFO)	390	417	472	626
Capital expenditure (capex)	261	278	200	250
Free operating cash flow (FOCF)	223	194	365	410
Dividends	89	54	53	74
Share repurchases (reported)	--	--	--	--
Debt	654	2,897	2,716	2,418
<b>Adjusted ratios</b>				
Debt/EBITDA (x)	1.3	5.1	3.9	2.8
FFO/debt (%)	59.6	14.4	17.4	25.9
FFO cash interest coverage (x)	6.8	4.7	4.0	5.7
EBITDA interest coverage (x)	7.9	4.8	4.3	6.3
FOCF/debt (%)	34.1	6.7	13.4	17.0

**Roquette Freres--Forecast summary**

Annual revenue growth (%)	(10.0)	8.5	12.9	4.7
EBITDA margin (%)	11.5	11.7	12.5	15.1

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro.

## Issue Ratings--Subordination Risk

### Capital structure

Roquette's capital structure comprises a mix of debt securities, including commercial paper drawdowns, U.S. private placement notes, syndicated and bilateral term loan facilities, senior unsecured notes, and hybrid bonds. The group's funding mostly sits at Roquette Freres, the parent entity and where the annual audited accounts are issued.

### Analytical conclusions

Our long-term issue-level credit rating on the group's outstanding €600 million senior unsecured notes due November 2031 is 'BBB', in line with the issuer credit rating on the parent and supported by the limited subordination risk in the capital structure. We also rate the group's €600 million perpetual deeply subordinated hybrid notes issued in November 2024, and the additional €600 million perpetual deeply subordinated hybrid notes issued in April 2026, both rated 'BB+'. The issue rating on the hybrid is two notches below the issuer credit rating on the parent and reflects one-notch deduction because of the deep contractual subordination of the instrument, and an additional one-notch deduction to reflect the interest payment flexibility at the sole discretion of the issuer. Finally, we also rate the group's €500 million commercial paper program 'A-2', in line with the short-term issuer credit rating.

## Roquette Freres

### Rating Component Scores

<b>Foreign currency issuer credit rating</b>	<b>BBB/Negative/A-2</b>
<b>Local currency issuer credit rating</b>	<b>BBB/Negative/A-2</b>
<b>Business risk</b>	<b>Satisfactory</b>
Country risk	Low
Industry risk	Intermediate
Competitive position	Satisfactory
<b>Financial risk</b>	<b>Significant</b>
Cash flow/leverage	Significant
<b>Anchor</b>	<b>bbb-</b>
<b>Modifiers</b>	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Positive (+1 notch)
<b>Stand-alone credit profile</b>	<b>bbb</b>

## Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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