Leal & Co. Ltd
14 July 2026

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Term Loan	**378.5 (reduced from 600)**	**CARE MAU A+; Stable**	Reaffirmed

Rating rationale

The reaffirmation of the rating assigned to Leal & Co. Ltd's ("Leal") bank facility is strengthened by the Group's long and established track record in the automotive dealership business, experienced promoters and senior management team, and strong competitive position in the Mauritian automobile market. Leal ranks among the top two automobile dealers in Mauritius, with an estimated 23% market share in FY25, supported by a diversified brand portfolio comprising BMW, MINI, Renault, Mitsubishi, KIA, GWM, and BYD. The rating also factors in Leal's long-standing association with BMW AG for over 45 years, with BMW remaining the highest-selling premium vehicle brand in Mauritius over the past three years.

The rating further benefits from the Group's diversified operations across the automotive, IT, pharmaceuticals, consumer goods, chemicals, engineering, and energy sectors. It is also supported by a meaningful overseas revenue base, with approximately 32% of Group revenue generated outside Mauritius in FY25. The Group's subsidiaries have demonstrated sustainable operating performance, supported by established position in their respective markets, recognised international brands, and recurring revenue streams. Additionally, the assessment factors in Leal's financial profile, which improved in FY25 due to revenue growth of 17%, healthy gross cash accruals, improved leverage, and stronger coverage metrics.

However, the rating is constrained by the cyclical nature of the automobile industry, exposure to regulatory and fiscal changes across multiple jurisdictions, and competitive pressure from automobile dealers and the secondary vehicle market. Recent tax measures in Mauritius and the introduction of the Octroi de Mer tax on electric vehicles (EVs) in Réunion Island have dampened vehicle demand, particularly in the premium segment. The rating also considers the Group's working capital-intensive trading model, reliance on short-term working capital borrowings, foreign exchange fluctuation risk arising from imported vehicles and spare parts, and exposure to investments in group companies.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade

- Improvement in scale and profitability with total operating income increasing by around 10%, while maintaining EBITDA margin above 8%.
- Improvement in overall gearing below 0.75x and total debt-to-EBITDA below 2x on a sustained basis.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade

- Decline in operating performance resulting in revenue reduction of over 20% on a sustained basis.
- Deterioration in overall gearing above 2x and total debt-to-EBITDA above 4x.
- Deterioration in performance of any major subsidiary leading to support requirement.

Analytical approach

Leal is a diversified operating and flagship Group company that manages substantial automobile activities alongside its investments in various subsidiaries. The company maintains significant standalone operations, driven by its market-leading

[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

automotive dealership business in Mauritius. In addition to its direct operational revenue streams, Leal relies on a steady flow of dividend income from its subsidiaries. CRAF's analytical approach for Leal is based on a consolidated assessment, which factors in robust cash flow fungibility within the group and the strong financial position of its dividend-paying subsidiaries.

Outlook: Stable

The stable outlook reflects CRAF's expectation that Leal will continue to benefit from its established market position, diversified operations, and healthy financial profile over the medium term.

Applicable criteria

Criteria_manufacturing-Service-Sector-Companies
Financial-Ratios-Non-financial-sector
Criteria_manufacturing-Auto-Dealer
CRAF's Policy on Default Recognition
Liquidity-Analysis-of-Non-financial-sector-entities
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
Criteria for Short-Term-Instruments

Background

Leal was incorporated in January 1976 as a private limited company in Mauritius. Its origins trace back to 1970, when Mr. Clency Leal established Société Clency Leal, a small automotive repair business. In 1972, Société Clency Leal entered into a distribution agreement with BMW AG Germany (rated "A/A-1" credit rating by S&P Global Ratings, with the outlook revised from Stable to Negative in August 2025) for the import and sale of BMW vehicles in Mauritius, a brand that has since become the market leader in the luxury segment. The agreement was formally transferred to Leal upon its incorporation in 1976. In 1981, the company was converted into a public limited entity. As of date, the Leal family, through various affiliated entities, retains a controlling interest of approximately 79%, while the remaining 21% is held by institutional investors, including insurance companies, pension funds, and individual shareholders.

Leal Group is engaged in the distribution of various products across industries such as automobile, pharmaceutical & chemicals, consumer goods, retail products, electronic goods, software, information technology services, and engineering in Mauritius and Reunion Island. The company operates in five main clusters as per below:

1. Automobile Cluster

Leal is engaged in the distribution of new passenger vehicles, commercial vehicles, and two-wheelers through three owned showroom hubs located in Pailles, Forbach, and Montebello Smart City, each equipped with 4-S facilities in Mauritius. The Group is the sole distributor of BMW vehicles and motorcycles in Mauritius and also distributes Renault, MINI, Mitsubishi, Alpine, KIA, GWM, and BYD vehicles through its subsidiaries, United Motors Ltd and Leal Energie Ltd. With an estimated market share of 23% in FY25, Leal Group is one of the largest new vehicle dealers in Mauritius.

The Automobile Cluster also includes Europcar Mauritius, a leading car rental operator; Chauffeur Privé and Xcellence Prestige Car, which provide chauffeur-driven and premium vehicle rental services; and BestDrive (operated by Best Fit Limited), which provides tyre fitment and vehicle maintenance services.

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2. IT Cluster

Leal Group's IT Cluster comprises Leal Communications & Informatics Ltd (LCI), Elytis, iShop, Solinfo, Tylers, Spilog NC, and Spilog PF. The cluster provides a broad range of ICT solutions and services, including systems integration, managed ICT services, hardware and software distribution, Apple retail and servicing, cybersecurity services, and regional IT distribution. LCI is a leading ICT solutions integrator and managed services provider in Mauritius, while Elytis distributes hardware and software products across Mauritius and several regional markets. Through iShop and Solinfo, the Group operates Apple-authorised retail and service centres in Mauritius and Réunion Island, positioning Leal as a key Apple partner in the Indian Ocean region. Tylers provides cybersecurity services, and Spilog NC and Spilog PF support the Group's software distribution activities in New Caledonia and French Polynesia.

3. Distribution Cluster

Leal Group's Distribution Cluster operates primarily through Pharmacie Nouvelle Ltd (PNL) and comprises three main segments: Consumer Goods, Pharmaceuticals, and Chemicals.

PNL, established in 1912, is an established distributor of consumer, pharmaceutical, and chemical products in Mauritius. The Pharmaceuticals segment represents several leading international laboratories, including Merck, GSK, Sanofi, Pfizer, and Roche. The Consumer Goods segment distributes a broad portfolio of international brands across categories such as baby care, personal care, home care, food, wines, and spirits, while the Chemicals segment supplies products to the textile and industrial sectors.

The cluster also includes Leal Distribution Réunion, which distributes Diageo's portfolio of premium spirits brands in Réunion Island.

4. Heavy Equipment (Engineering) Cluster

Leal Group's Heavy Equipment (Engineering) Cluster operates through Leal Equipements Cie Ltée (LEC), a leading provider of heavy equipment, industrial, and transport solutions in Mauritius, with a presence across the Indian Ocean region. Through partnerships with international brands such as Volvo CE, Renault Trucks, Jungheinrich, Merlo, and FAW, JCB LEC supplies equipment and engineering solutions to a broad range of industries.

5. Energy cluster

Leal Group's Energy Cluster operates through Leal Energie Ltd, a subsidiary focused on renewable energy solutions. The company designs and implements cost-effective and sustainable solar energy systems, including grid-tied, hybrid, and stand-alone solar technologies, which may be combined with energy storage solutions. Leal Energie Ltd is CIDB registered and has completed more than 350 rooftop photovoltaic installation sites across Mauritius and Rodrigues, representing approximately 2.7 MWp of installed capacity. These projects have contributed to a reduction in CO_2 emissions of over 3.5 tons annually.

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Annexure I

Rating Symbols

Long /Medium-term Instruments

Symbols	**Rating Definition**
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Rating Outlook

The rating outlook can be ‘Positive’, ‘Stable’ or ‘Negative’.

A ‘Positive’ outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A ‘Negative’ outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A ‘Stable’ outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

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About CARE Ratings (Africa) Private Limited:
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CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.
CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.
CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.
CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.