

Thursday, 1st August 2024

modefinance Corporate Credit Rating (Solicited) for
GP HOLDING S.R.L.: B1 (First issuance)

modefinance published the Solicited Corporate Credit Rating of GP HOLDING S.R.L. on the website (<http://cra.modefinance.com/en>) and the rating assigned to the entity is B1 (First issuance). The analysis revealed that the company has an adequate economic-financial situation with average capability of repaying financial obligations and it is little affected by adverse economic scenarios.

The company GP HOLDING S.R.L. (hereinafter referred to as “GPH”), active in Monza since 2018, is a financial holding company that invests and manages stakes in companies operating mainly in the energy sector. As of 2024, there are 4 subsidiaries in the portfolio of the company, with the main one being Earth Energy S.r.l. (100%), which imports and sells natural gas and wholesale electricity on the Italian market.

Key Rating Assumption

The Company GP HOLDING S.R.L. presents an overall adequate economic and financial situation. The company is characterized by a leverage ratio close to zero, thanks to shareholders' equity amounting to 301 thousand euros against a small amount of liabilities, and the total absence of financial debts. In 2023, the company reported a financial income of 126 thousand euros, mostly from dividends from the subsidiary Earth Energy (120 thousand euros). Earth Energy itself shows a solid economic and financial situation, characterized in 2023 by growing sales revenues and margins, balanced cash flow management, and sustainable net financial debt.

As mentioned, GPH acts as an investment holding company and holds control of Earth Energy, as well as minority stakes in three other companies. The sole shareholder of GPH, Carlo Maria Bagnasco, also serves as its sole director, in addition to being the chairman of the Board of Directors of the subsidiary. The company does not have a controlling body.

Compared to the reference peer group, the main operating company, Earth Energy, is positioned well above the 50th percentile in terms of size and profitability, although its solvency positioning is below the median. The peer group shows solvency levels close to sufficient, with adequate financial balance and an appreciable profitability performance

The energy sector in Italy is of considerable strategic importance and has experienced significant changes due to recent geopolitical tensions. However, in recent months, the situation appears to have stabilized, with a partial reduction in commodity prices. The macroeconomic outlook for Italy projects a slowdown in growth for 2024, with consumption and investment being impacted by high interest rates. In the medium to long term, inflationary pressures are expected to ease, with benefits for both GDP growth and public debt sustainability. Macroeconomic forecasts may be revised upwards.

Sensitivity Analysis

In the following table, the addressing factors, actions or events that could lead to an upgrade or a downgrade are summarized:

Action	Description of the addressing factors, actions or events
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Upgrade

- Increase in financial income from subsidiaries and affiliates;
- Growth in net income;
- Improvement in macroeconomic and geopolitical conditions, with a positive impact on economic growth.

In the case these conditions are met, the rating could upgrade to B1+.

Downgrade

- Small amount of financial income from subsidiaries;
- Occurrence of a net operating loss;
- The unstable macroeconomic and geopolitical environment impact global economic growth

If these conditions were to occur, we can expect a downgrade to B1-.

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.

No amendments were applied after the notification process.

Modefinance did not provide any ancillary services to the entity.

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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