Tuesday, 3rd September 2024

modefinance Corporate Credit Rating (Solicited) for

BIOVALLEY INVESTMENTS PARTNER S.P.A.: B1+ (Affirm)

modefinance published the Solicited Corporate Credit Rating of BIOVALLEY INVESTMENTS PARTNER S.P.A. on the website (http://cra.modefinance.com/en) and the rating assigned to the entity is B1+ (Affirm). The analysis revealed it is an adequate company with average capability of repaying financial obligations and it is little affected by adverse economic scenarios.

The Company BIOVALLEY INVESTMENTS PARTNER S.P.A. (abbreviated as "BIP S.P.A.", or hereinafter referred to as the "Company") is an enterprise part of an integrated industrial group, founded in 2016 and specialized in sale of products and services. In particular, the Group invests in the BioHighTech sector (BioMed, BioPharma, BioICT), focusing on innovative companies operating in life sciences, medicine and digital markets. In 2023, the Group confirmed the adequate economic and financial health demonstrated in the previous fiscal year, continuing with investments for growth. Special attention was paid to R&D projects aimed at developing technological solutions for innovative business products in BioMed & Clinical Engineering, BioTech & Pharma and BioICT & AI sectors.

Key Rating Assumption

The Company confirms an adequate economic-financial situation, characterized by a solid capitalization (16.65 mln euro) and a correct financial balance. Although financial net debt (7.70 mln euros) increased, it does not rise concern of any kind regarding its sustainability. In 2023, the Group generated positive operating cash flow, partly due to the efficient management of net working capital. BIP S.P.A. continued with its investment plan, recurring to new bank debt and issuing a bond. The balance in cash dynamics was reflected in the growth of cash at the consolidated level. However, profitability remained low, penalized in 2023 by the increase in depreciation and financial expenses. Nonetheless, these aspects do not rise particular concern, as they result from normal business development dynamics.

The Company governance and supervisory structure aligns with best practices and is characterized by an adequately composed board of directors that includes members from outside the ownership. This is complemented by the work of the Board of Statutory Auditors and an external auditing firm. The Group's corporate structure is articulated, but clear in its relationships.

BIP S.P.A. is well positioned both in terms of solvency and size. On the other hand, BIP shows weak profitability, ranking below the 30th percentile of the peer group distribution. The peer group has sufficient capital in relation to liabilities and uses limited financial debt. The financial balance is sound and stable throughout the period of analysis ('20-'23). Lastly, in 2023 the profitability performance was marked by growing ROE and ROCE indicators, achieving an adequate size.

The macroeconomic picture for Italy forecasts a slowdown in growth in 2024, with consumption and investment influenced by still high interest rates. In the medium to long term, however, a slowdown in inflationary pressure is expected, with benefits for both GDP growth and public debt sustainability. Macroeconomic forecast data could 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

Upgrade	• Growth in sales revenue and operating margins; • Achievement of positive net income; • Profitability indicators reach adequate levels; • NFP/MOL ratio moves below the critical threshold (5x); • The macroeconomic conditions improve, with GDP growth exceeding expectations. In the case these conditions are met, the rating could upgrade to A3.
Downgrade	• Decrease in operating margins and/or further net loss; • Excessive contraction of indebtness, leading to problematic NFP/EBIDTA values; • Geopolitical tensions and continued high uncertainty undermines the 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.
The rated entity is not a buyer of ancillary services provided by modefinance
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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