

Monday, 23 September 23, 2024

modefinance Corporate Credit Rating (Solicited) per
BORGOSIESIA S.P.A.: A3- (Affirm)

modefinance has published on its website (<https://cra.modefiance.com/it/rated-companies>) the Corporate Credit Rating (Solicited) of BORGOSIESIA S.P.A., assigning the rating of A3- (Affirm). The analysis shows that the subject has adequate ability to honor obligations and a slight dependence on adverse and changed economic conditions.

The Company BORGOSIESIA S.P.A. is a joint-stock company listed on the Italian Stock Exchange, operating in the investment sector and managing investments on behalf of third-party investors. The company was founded in 1873 as an operator in the textile and wool sector and has then undergone several changes of ownership over the decades. BORGOSIESIA S.P.A. is divided into two distinct divisions: BORGOSIESIA REAL ESTATE, focused on real estate investments, and BORGOSIESIA ALTERNATIVE, focused on investments of a purely movable nature.

Key Rating Assumptions

The company BORGOSIESIA S.P.A. confirms its balanced economic and financial situation. The company continues to be characterized by an adequate level of capitalization, reflecting a healthy balance between equity and debt. Although there was a decline in turnover as of 31/12/2023, profitability indicators remain more than sufficient.

The Company's governance and control structure reflects the best practices recommended by Consob. The company's size is adequate, placing it among the leading companies in its sector in terms of turnover. Profitability remains in line with its peers.

Investment in the construction sector increased in 2023 compared to 2022 but is expected to decrease in 2024 due to an unfavorable macroeconomic environment and the expiration of tax incentives.

Sensitivity Analysis

The following table shows the factors, actions or events that could lead the rating opinion to an *upgrade* or *downgrade*:

Action	Description of factors, actions or events
Upgrade	<ul style="list-style-type: none"> Progressive improvement in solvency indicators; Expanding annual profit; Growing Italian market. <p>If these conditions were to occur, the rating could increase to A3.</p>
Downgrade	<ul style="list-style-type: none"> Reference market in contraction; Potential changes or developments in the regulatory framework with consequent negative impacts; Reduced operations leading to lower overall profitability <p>If these factors occur, we may have a rating downgrade to B1+.</p>

IMPORTANT

This Corporate Credit Rating is published by modefinance in accordance with EU Regulation No. 1060/2009 and subsequent amendments.

This rating is solicited and is based on both public and private information. The assessed company and/or related parties have provided all private information used herein. ModeFinance had access to certain private and confidential financial documents and information of the analyzed company and/or related parties. The solicited and unsolicited ratings issued by modefinance are comparable in terms of quality, as the solicitation status has no effect on the methodologies used. For more detailed information, please refer to the following link: <https://cra.modefinance.com/it>

This Corporate Credit Rating has been issued on the basis of the MORE 2.0 Methodology and the MORE 1.0 Methodology.

For information on historical default rates of Corporate Credit Ratings, please refer to the ESMA Central Repository at the following link <https://cerep.esma.europa.eu/cerep-web/> and to ESMA's European platform. https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_radar.

ModeFinance adopts the following definition of default: a company in bankruptcy, in non-voluntary liquidation, in receivership, or that is insolvent with respect to an expired financial commitment.

The quality of the information available for the evaluation of the rating of the company analyzed was judged by modefinance as satisfactory.

In accordance with the Credit Rating Agencies Regulation, this rating has been transmitted to the company under assessment prior to its publication, so that it can identify any clerical errors in the report.

No changes have been made since the conclusion of the notification process.

The rated entity is not a purchaser of ancillary services provided by modefinance (credit risk software).

This rating is issued by modefinance independently. The analysts, members of the rating team involved in the process, modefinance Srl, the members of the board of directors and the shareholders do not present any conflicts of interest, either real or potential, with the company being assessed or with related third parties. Should a potential conflict of interest emerge in relation to the persons listed above in the future, modefinance will provide the necessary information and, if necessary, will proceed to withdraw the rating.

This credit rating represents modefinance's opinion on the general health of the company being assessed and should be relied upon to a certain extent. The rating issued is subject to monitoring and review until it is withdrawn.

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