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modefinance Corporate Credit Rating (Solicited) for

BORA S.P.A.: B1 (Affirm)

modefinance published the update of the Solicited Corporate Credit Rating of BORA S.P.A. on the website (http://cra.modefinance.com/en) and the rating assigned to the entity is B1 (Affirm).
The analysis revealed that the Company has an adequate economic and financial situation and can face adverse economic conditions in the medium and long term.

BORA S.P.A. was founded in 1975 by Dr. Elio Bora, initially specializing in the design and manufacture of molds and components for the household appliance market. Over the years, the company diversified into the automotive industry, which offers higher profit margins and has become its core business, accounting for over 60% of turnover in fiscal year 2023. BORA operates production facilities in Italy and Poland, serving Europe - particularly Italy, France, Spain, Great Britain, Germany, Poland, Slovakia, and the Czech Republic and generates a small portion of revenue from international markets like Turkey.

Key Rating Assumption

The company's administrative and control bodies are well-structured and supported by an external professional for supervisory activities under Legislative Decree 231/2001, as well as a company responsible for auditing the financial statements. In 2024, Dr. Buldrini L. was appointed CFO, assuming delegated powers.
The company maintains a balanced economic and financial situation. Revenues decreased by 6% in 2023 due to declining steel prices, while rising production costs reduced margins from 9% to 5% and caused a net loss of EUR 0.2 million. At December 2023, equity stood at €10.9 million, remaining adequate against liabilities, while financial debt decreased to €6.7 million, showing a reduction of €1.1 million, driven by the repayment of bonds maturing in 2024.
Liquidity decreased from EUR 7.4 million to 6.5 million between December 2022 and 2023 due to the opening of a short-term time deposit of EUR 1 million. The company’s purchase of a 35.7% stake from Dr. Barchiesi M. caused an additional cash absorption of EUR 1 million between December 2023 and October 2024.
To improve operating margins, management renegotiated sales contracts in 2024 to account for fluctuations in steel prices, as well as other factors such as energy costs and personnel expenses. As a result, the EBITDA margin rose to 7% in October 2024, and the Agency foresee a streghtened financial position, with consequent improvement in the NFP/EBITDA ratio compared to the 3.5 ratio recorded in December 2023.
The peer group shows improved levels of leverage and financial leverage, both of which were adequate in December 2023. The relationship between uses and funding sources appears appropriate, while sector profitability was more than sufficient in 2023.
Global vehicle production reached 93.5 million units in 2023, an 11.9% increase driven by growth in China and India. National vehicle production stood at 880,000 units, a 10.6% increase compared to the previous year. However, ANFIA estimates that by the end of 2024, both national vehicle production and car registrations may decline to 0,60and 1.55 million units, respectively. Surveys show uncertainty and pessimism regarding key economic indicators (turnover, orders, employment) across most supply categories, except for aftermarket specialists.
EMEA growth projections for 2024 have been slightly downgraded compared to June due to weaker domestic demand, driven by lower consumption and business investment. Going forward, real GDP is expected to recover, supported by further increases in real incomes, a strengthening of foreign demand, and a partial reduction in the dampening effect of the previous monetary tightening. This follows the ECB's decision in September 2024 to reduce the deposit rate by 25 basis points, from 3.75 % to 3.5 %.

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	• Improvement in economic performance, particularly in EBITDA and marginality; • Substantial reduction in financial leverage and NFP; • Improvement in the macroeconomic and industry outlook. Should these conditions occur, the rating could upgrade up to B1+.
Downgrade	• Weakening of the administrative and control structures; • Decline in operating margins, with negative impacts on debt sustainability (NFP/EBITDA > 3.5); • Deterioration of the macroeconomic and industry outlook. Should these conditions occur, the rating could be downgraded 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://registers.esma.europa.eu/cerep-publication/ 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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