

Thursday, 05th December 2024

modefinance Corporate Credit Rating (Solicited) for

ECOSERVIM S.R.L.: B1+ (Affirm)

modefinance published the Solicited Corporate Credit Rating of ECOSERVIM S.R.L. on the website (<http://cra.modefinance.com/en>) and the rating assigned to the entity is B1+ (Affirm). The analysis revealed how the company has adequate capabilities to honor obligations and can face adverse and changing economic conditions in the medium and long term.

ECOSERVIM S.R.L. was founded in 1996, although the company's roots date back to the 1970s, thanks to the entrepreneurial initiative of Matteo Bonini, who established a small thermo-hydraulic services company. Today, the company is led by his son, Gianluca, who has expanded the range of services offered to both companies and individuals across the region. This expansion led to the creation of the eponymous group, which operates in the energy and facility management sectors, with a particular focus on plumbing, energy saving, construction and heating/cooling systems. The company's operations have experienced significant growth, largely driven by the Ecobonus program. While this sector has seen a decline in the last two years, Ecoservim has been able to adapt by maintaining a focus on its core business, which it intends to prioritize in the coming years.

Key Rating Assumption

The company ECOSERVIM S.R.L. confirms its overall financial health. In 2023, the Group recorded a significant increase in sales revenues (€204.65 million; +49% YoY), which, combined with a simultaneous reduction in production costs (€141.09million; -1% YoY), led to a strengthening of the EBITDA margin (23% vs 14%) and net income (€28.34 million, +104% YoY). The financial balance remains sound, with stable indicators above unity. Regarding financial indebtedness, there was an increase in the net financial position (€5.09 million vs €36.68 million). Nevertheless, net financial debt remains sustainable in relation to both the EBITDA margin (0.86) and equity (0.68). It should be noted that the Ecobonus-related business had a significant impact on economic performance in 2023, while also resulting in non-negligible implications, such as an increase in tax credits and consequent absorption of liquidity. In fact, while the Group generated positive self-financing in 2023, this was entirely offset by the absorption of resources through net working capital, leading to a negative operating cash flow. On one hand, the Company showed efficient management of commercial working capital; on the other, the increase in tax credits related to the Ecobonus program negatively affected net working capital. In order to finance investments and the operations of construction sites, the Company relied on bank financing.

The Company sole shareholder is Eco Imm. S.r.l., owned by Mr. Gianluca Bonini, who is also the Chairman of the Board of Directors. He is joined on the Board by two other directors. The Company has additionally appointed a Board of Statutory Auditors, supported by an external auditing firm. Ecoservim, in turn, is the sole shareholder of Lombardi Gestioni S.r.l., which operates in the facility management and building renovation sectors.

In comparison with its sector peer group, Ecoservim S.r.l. ranks highly in terms of size and profitability, driven by continuous business expansion in recent years. Its solvency aligns with the median of the peer group, demonstrating a largely sufficient financial position. The peer group as a whole confirms proper financial balance, complemented by strengthened profitability over the past four years and sufficient capital resources. The use of financial debt is consistent with the level of capitalization. Lastly, on the macroeconomic front, it is worth noting that Italy faces limited growth prospects in the medium term.

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	<ul style="list-style-type: none"> • Reduction in net financial debt; • Collection of tax receivables, in order to reduce their proportion on total assets and generating a positive effect on operating cash flow; • Improvement in the Italian macroeconomic environment. <p>In the case these conditions are met, the rating could upgrade up to A3-.</p>
Downgrade	<ul style="list-style-type: none"> • Contraction in sales revenues and operating margins; • Increase in net financial debt beyond critical thresholds of sustainability ratios; • Failure to collect tax credits, resulting in further absorption of financial resources and a negative impact on operating cash flow; • Deterioration in the Italian macroeconomic environment. <p>If these conditions were to occur, we can expect a downgrade to B1.</p>

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 a buyer of ancillary services provided by modefinance (private corporate rating). modefinance ensures that such situation does not imply a conflict of interest in the issuance of the present credit rating.

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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