

Tuesday, 17th December 2024

modefinance Corporate Credit Rating (Solicited) for

BANCO ENERGIA FORNITURE S.R.L. SOCIETA' BENEFIT: B1- (First issuance)

modefinance published the Solicited Corporate Credit Rating of BANCO ENERGIA FORNITURE S.R.L. SOCIETA' BENEFIT on the website (<http://cra.modefinance.com/en>) and the rating assigned to the entity is B1- (First issuance). The analysis revealed it is a company with adequate economic and financial situation, capable of facing adverse economic conditions in the medium and long term.

BANCO ENERGIA FORNITURE S.R.L. SOCIETA' BENEFIT is a DG S.R.L. Group company founded in 2017. The Company operates as a wholesaler in the national electricity market, primarily sourcing energy from the electricity exchange managed by GME (Gestore dei Mercati Energetici). It resells the acquired energy to distributors, who in turn serve residential and small business customers.

Key Rating Assumption

At the end of the financial year 2023, the Company's economic-financial situation appears to be largely sufficient and under improvement compared to previous years. Despite the improvement in the financial leverage indicator, the ratio between own and third-party resources is still not entirely balanced, while, as far as financial exposure is concerned, the Company has no debts with credit institutions. Net current assets show a negative result, which is however attributable to the repayment of trade payables and to a reduced accumulation of receivables from customers thanks to the tight credit policies adopted. During 2023, the strengthening of operating margins led to an increase in both return on capital employed and return on equity, confirming a positive level of profitability. For 2024, the volumes of energy handled are expected to increase significantly compared to 2023 levels.

BANCO ENERGIA FORNITURE S.R.L. SOCIETA' BENEFIT has a governance and control structure articulated on single-member bodies, appropriate to the activities performed and the current size of the Company.

When compared to its reference peer group, the Company's positioning in terms of turnover is in line with the sector median. Solvency is below the 30th percentile of the distribution, while profitability is satisfactory.

The peer group demonstrates satisfactory levels of capitalization, along with a balanced financial leverage. Profitability levels in the sector are high and are strengthening.

The fundamentals of the energy industry have improved due to the stabilization of gas and energy prices, along with a reduction in their volatility compared to the peaks observed in 2022. However, significant concerns persist regarding potential negative developments within an increasingly unstable global geopolitical context. The Italian economy is projected to experience moderate growth in 2024, with more favorable prospects for the subsequent two years.

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"> • A progressive strengthening of the capital base allows for a better balance between own and third party funds; • A better management of working capital allows the operational management to guarantee the maintenance of an adequate cash flow balance; • Significant increase in traded volumes associated with a strengthening of operating margins; • Geopolitical instability decreases.
<p>In the case these conditions are met, the rating could upgrade to B1.</p>	
Downgrade	<ul style="list-style-type: none"> • An increase in financial debt resulting in a significant decline in net debt and debt sustainability ratios; • A Reduction of traded volumes impacts on operating margins and profitability; • Deterioration of the macro-economic, geopolitical environment, or reference sector.

If these conditions were to occur, we can expect a downgrade to B2+.

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 company purchased ancillary services from modefinance (preliminary rating). Modefinance guarantees that this purchase of ancillary activities does not constitute any conflict of interest.

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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