

Thursday, June 27th, 2024

modefinance Corporate Credit Rating (Solicited) for

BETTER SILVER S.P.A.: A3 (Upgrade)

modefinance published the Solicited Corporate Credit Rating of BETTER SILVER S.P.A. on the website (<http://cra.modefinance.com/en>) and the rating assigned to the entity is A3 (Upgrade). The analysis revealed company's capacity to meet its commitment on financial obligations is strong.

BETTER SILVER S.P.A. is a company operating in the design, production and marketing of silver jewelry. Founded in 1977 by the Bettinardi brothers, it is still led today by the second generation of the same family, whose efforts over the years have made it an important player in the industry. FY2023 represented a significant year of growth, with the turnover close to 70 mln euros, achieved for the most part precisely in foreign markets towards clients of primary importance in the jewelry industry.

Key Rating Assumption

The Company's economic and financial situation is characterized by strong capitalization (29 mln euros), also thanks to the owner's strategy of historically reinvesting profits to protect equity. This is complemented by a proper financial balance and improving profitability in 2023, well supported by the increase in turnover (68 mln euros; +17% YoY).

Corporate liquidity increased thanks to a consistent positive operating cash flow which also financed the investments, fundamental for company growth in the next years. There was a decrease in net financial debt (17 mln euros), which appears largely sustainable in relation to capitalization and EBITDA (8 mln euros; +23.42%). The management of credit lines appears sound, with prompt payments and no episodes of overruns.

The governance and control system is appreciable, with administrative and internal control bodies having collegial form. The certification of financial statements is entrusted to an auditing firm. The group structure appears streamlined and clear in roles.

In addition, it should be noted that the company will also implement the OdV ex 231 model from July 2024.

The long-standing background contributes positively to the Company's know-how, which also boasts a global market presence, as 95% of its turnover is generated in foreign markets. The distinctive trait of the ownership is the constant search for efficiency in production capacity, along with careful investments in innovation and sustainability.

In all areas of analysis, the Company presents an adequate positioning compared to the peer group of competitors, which is characterized by a positive overall health status.

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"> Cash generated from operation covers investment and financing activities; Overcoming the current phase of uncertainty positively impacts the macroeconomic framework. <p>In the case these conditions are met, the rating could upgrade to A3+.</p>
Downgrade	<ul style="list-style-type: none"> Significant contraction in economic margins; Excessive reliance on debt of a financial nature, such as to lead to an imbalance in solvency indicators; Continued high inflation undermines consumption and investment, prolonging the phase of economic uncertainty. <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://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 a buyer of ancillary services provided by modefinance (ESG 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.

Contacts:

Head Analyst – Elisa Graffi, Rating Analyst
elisa.graffi@modefinance.com

Responsible for Rating Approval - Pinar Dilek, Rating Process Manager
pinar.dilek@modefinance.com