

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Goldstory SAS

13 Apr 2021

Paris, April 13, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Goldstory SAS and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 30 March 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Goldstory SAS' (THOM) B2 corporate family rating (CFR) takes into account the resilience of its earnings and cashflow, which despite the coronavirus epidemic were better than we expected in 2020, and its moderately leveraged capital structure. The B2 CFR also reflects THOM's leading position in the fragmented French affordable jewelry market, with a 9% share; its large product range and moderate exposure to fashion risks; higher margins than those of the other specialty retailers that we rate, supported by above-average operating efficiency; and adequate liquidity and good free cash flow (FCF) generation.

However, the rating also takes into account THOM's small scale, with €670 million of revenue in the fiscal year that ended 30 September 2020 (fiscal 2020), which limits economies of scale and bargaining power, although the jewelry market remains fragmented; appetite for external growth, which entails some execution risks; seasonal and somewhat cyclical business; and high leverage, with Moody's-adjusted debt/EBITDA forecast at about 5x for fiscal 2021.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Retail Industry published in May 2018. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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