

Italian Credit Handbook

Italian Macro Scenario

Our forecasts for Italian GDP growth are unchanged, at 0.2% in 2019 and 0.7% in 2020. However, risks remain skewed to the downside, mostly in light of the difficult choices that will have to be made in drawing up the 2020 budget.

Italian Corporates

Italian corporate bonds have tightened on average in 2019 YTD, in the IG and especially in the HY segments. In 2019 to-date, IG bonds under our coverage have outperformed, on average, compared with the European IG benchmark indices, led by the bonds of Atlantia, ASPI, ADR, Buzzi, Eni and Italgas. Italian HY bonds have underperformed, on average, compared with the European HY benchmark indices YTD, driven by Moby (widening YTD), Telecom Italia, IGT and Leonardo.

1Q19 results mostly in line with consensus estimates. The 1Q19 reporting season was overall satisfactory for the companies we cover, as results were mostly in line with Bloomberg consensus estimates. Positive surprises outpaced negative surprises on earnings. 2019 guidance was broadly confirmed for the bulk of companies covered, pointing to an overall flat-to-positive performance, except for 2i Rete Gas, A2A and Telecom Italia which are expected to post flat-to-negative performances.

Two ratings upgrades and two downgrades by Fitch and Moody's YTD in 2019. YTD in 2019, Fitch upgraded Enel's rating by one notch, to A-/Stable, in February and Moody's upgraded FCA's rating by one notch, to Ba1/Stable, in May. In contrast, Fitch cut Telecom Italia's rating by one notch, to BB+/Stable, in April and Moody's cut Moby's rating by one notch, to Caa3/Negative, in May.

Italian Financials:

Italian bank bonds overall have posted a positive performance YTD in 2019 (based on ASW spread). Regarding euro-denominated bonds of the five major Italian banks under our coverage, hybrid and subordinated bonds have outperformed, on average, while covered bonds have tightened the least, remaining expensive vs related BTPs. Compared with the related EU iBoxx indices, the bank bonds mainly outperformed with some exceptions. To-date, Unicredit's bonds are mixed vs related indices in all segments, while UBI's bonds are cheap across the board. Banco BPM's bonds are expensive vs related indices in the senior space, though they are cheap in the subordinated and hybrid segments. BPER's Tier 2 bond is slightly expensive. Finally, MPS' Tier 2 bond remains very cheap vs the related EU index.

1Q19 results mixed vs consensus estimates. Among the five major Italian banks we cover, Unicredit, Banco BPM and UBI beat market consensus estimates while MPS and BPER disappointed. In 1Q19, in aggregate, the top six Italian banks' profitability declined, showing weakness in top-line revenues overall, while operating costs continued downtrend and cost-of-risk normalised. Asset quality was broadly stable while liquidity remained healthy and CET1 ratios fully loaded were at adequate buffers over prudential targets, except for MPS. Bank managements' outlooks for 2019 remain rather positive.

With regard to rating agencies, Moody's, in May, upgraded its ratings on Banco BPM's subordinated and hybrid bonds by one notch, while confirming LT senior unsecured debt rating with a Negative outlook.

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Date and time of production

Italy

1Q19 Results

Overview

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Report priced at market close on day prior to issue (except where otherwise indicated).

In this report, we confirm the company views and recommendations assigned in the latest company reports (unless otherwise indicated).

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Italy: Economy Stagnant in 2019, Deep Uncertainty on the Fiscal Outlook

Our forecast for Italian GDP growth in 2019-2020 is unchanged at 0.2% this year and 0.7% in 2020. We expect fixed investments to stagnate over the forecast period. However, risks remain skewed to the downside, mostly in light of the difficult choices that will have to be made in drawing up the 2020 Budget.

In 2019, the Italian economy will be essentially stagnant, after four years of expansion.

GDP growth was positive in Q1 (+0.1% q/q from -0.1% q/q in the second half of 2018). The breakdown by demand component shows a strong positive contribution by net foreign trade (0.5%) and a smaller one by final domestic demand (0.2%), largely offset by a huge drawdown of inventories (-0.7% of GDP). While the breakdown would appear encouraging, the drop of industrial output and the weak level of business surveys between March and May suggests that GDP will be stagnant, if not slightly declining again, in Q2. We expect a stronger expansion in the second half of the year (+0.2% q/q), but that is subject to a significant degree of uncertainty. Should such cruising speed continue in 2020, average annual growth would accelerate to 0.7% next year. **There are essentially two reasons to expect some improvement, one external and one domestic:**

- **a possible recovery of global trade**, thanks to the removal (or at least the easing) of some factors of uncertainty weighing on the global scenario; this is because in the next few months, we expect at least a truce on the tariff war front, after a possible extension of tariffs to all US imports of Chinese goods, a waning of the effects on the car sector of the introduction of new regulations on diesel engines, and a clear outcome for Brexit;
- **the effects on consumer spending of citizenship income**, which started to be paid in April (we estimate an impact on household incomes of +0.3% in 2019 and +0.4% in 2020, which could translate into impacts on real GDP of one-tenth this year and two-tenths next year). Besides, the unchanged policy scenario envisages a loosening of the fiscal stance.

The slowdown in GDP this year (0.2% from 0.7% in 2018) is all due to investment spending (our estimate: 0.3% from 3.2% last year), **whereas personal consumer spending should continue the trend seen in 2018 this year (0.6%), subsequently accelerating in 2020** (to 0.9%). In contrast, we expect business investments to remain essentially stagnant next year as well (0.2%). In essence, we expect a divergent trend between consumption and investments on the two-year forecasting horizon. In fact, the condition of households, as signalled by persistently high consumer confidence, still seems reasonably strong, supported by the ongoing growth of employment and disposable income (although at a much slower rate than previously). However, **three different factors are weighing on performance, and will continue to do so in the near term, on business sentiment and capex:**

- **The most important is probably the uncertainty still clouding the scenario** at both international and domestic levels;
- **In the past few quarters, businesses have seen a deterioration of profitability**, at least in terms of gross operating profit;
- **The 2019 Budget, while introducing several measures in support of families** (most notably: citizen's income and early retirement scheme), **was ultimately restrictive for businesses** (and for large corporations in particular), while the 2020 Budget appears to be very challenging. Compliance with EU fiscal rules would imply a 0.6% tightening of the fiscal stance, while the no-policy change scenario involves a loosening of 1.2%.

Among the other components of demand, we expect inventories to make a significantly negative contribution on average in 2019 (mostly for statistical reasons in relation to the final part of 2018), whereas foreign trade should contribute positively, thanks to a more lively recovery of exports than imports (following the slowdown of flows in both directions last year).

The Italian economy will be essentially stagnant in 2019

We expect consumer spending and investments to diverge

Risks to the scenario remain skewed to the downside, as forecast assumptions include a quarterly acceleration in growth of which there is no sign, for the time being, in the forward-looking indicators (and, specifically, in businesses confidence indicators in the manufacturing sector at least). The main risk factors are again two, one external in origin, one domestic:

- **failure to overcome the sources of international uncertainty**, as described above, with particular reference to the possibility of an extension of the trade wars to the EU (Italy would be one of the hardest hit countries if tariffs or quotas were imposed on European car imports into the United States); a no-deal Brexit outcome could also have far from negligible effects on some specific sectors, especially food and pharmaceuticals; these two factors combined could hold back Italian growth by 0.2-0.3% on a one-year horizon;
- **the main risk factor on the domestic front is tied to the political situation**: in our view, the greatest danger is related not so much to the possibility of early elections (despite its success in the vote to elect Italy's MEPs, Lega appears still to be reluctant to open a government crisis), but as to the challenges posed by the next Budget Law session.

As mentioned above, **our baseline scenario contemplates an acceleration of growth to 0.7% in 2020. However, the evolution of fiscal policy is the main risk weighing on our forecast.** Should the VAT hikes occur as currently indicated (by around 3% for both the ordinary and reduced rates), the resulting negative impact on growth would be almost half a percentage point (also possible through alternative measures with high multipliers). In contrast, if the government does not carry out the required adjustment, the deficit would rise well above 3%, and the resulting effects on financial markets (accompanied by likely sovereign ratings downgrade and the activation of the European infraction procedure) would likely lead to a tightening of financial conditions, with dampening effects on growth as well. In other words, **the government will presumably have to navigate choppy waters between the Scylla of excessive austerity and the Charybdis of financial tensions in the event of fiscal indiscipline.** Some mix of the two alternatives is probably the only politically viable option: a partial correction, to the tune of at least EUR 10-15Bn, with financing measures that include not-too-high multipliers. Our baseline is a 2.8% deficit in 2020 as a result of a 50% coverage of safeguard clauses (with low multiplier measures). However, that would not prevent the EU from opening an excessive deficit procedure, and it would not prevent a further increase in the debt ratio.

Risks to the scenario still skewed downwards

The main risk relates to the difficult choices that will have to be made in the next budget

Macro forecasts											
	2018	2019f	2020f	2018	2019				2020		
				Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f
GDP (constant prices, y/y)	0.7	0.2	0.7	0.5	0.0	-0.1	-0.1	0.3	0.6	0.7	0.8
- q/q change				-0.1	-0.1	0.1	0.0	0.2	0.2	0.2	0.2
Private consumption	0.6	0.6	0.9	0.0	0.2	0.1	0.3	0.2	0.2	0.2	0.2
Fixed investment	3.2	0.5	0.1	-1.2	0.6	0.6	-0.6	-0.2	-0.1	0.0	0.2
Government consumption	0.2	0.1	0.0	-0.2	-0.2	0.2	0.1	0.0	0.0	0.0	0.0
Export	1.4	2.8	2.3	1.1	1.4	0.2	0.4	0.6	0.6	0.6	0.6
Import	1.8	1.1	2.3	0.4	1.3	-1.5	0.8	0.6	0.6	0.5	0.5
Stockbuilding (% contrib. to GDP)	-0.1	-0.9	0.1	-0.1	-0.3	-0.7	0.0	0.1	0.1	0.0	-0.1
Current account (% of GDP)	2.5	2.9	2.9								
Deficit (% of GDP)	-2.1	-2.4	-2.9								
Debt (% of GDP)	132.1	132.9	133.6								
CPI (y/y)	1.1	0.9	1.4	1.5	1.4	1.0	1.0	0.8	1.0	1.3	1.2
Industrial production (y/y)	0.5	-0.5	1.0	-0.4	-1.0	0.9	-0.9	0.4	0.2	0.4	0.4
Unemployment (%)	10.6	10.6	10.6	10.3	10.6	10.4	10.6	10.7	10.7	10.7	10.7

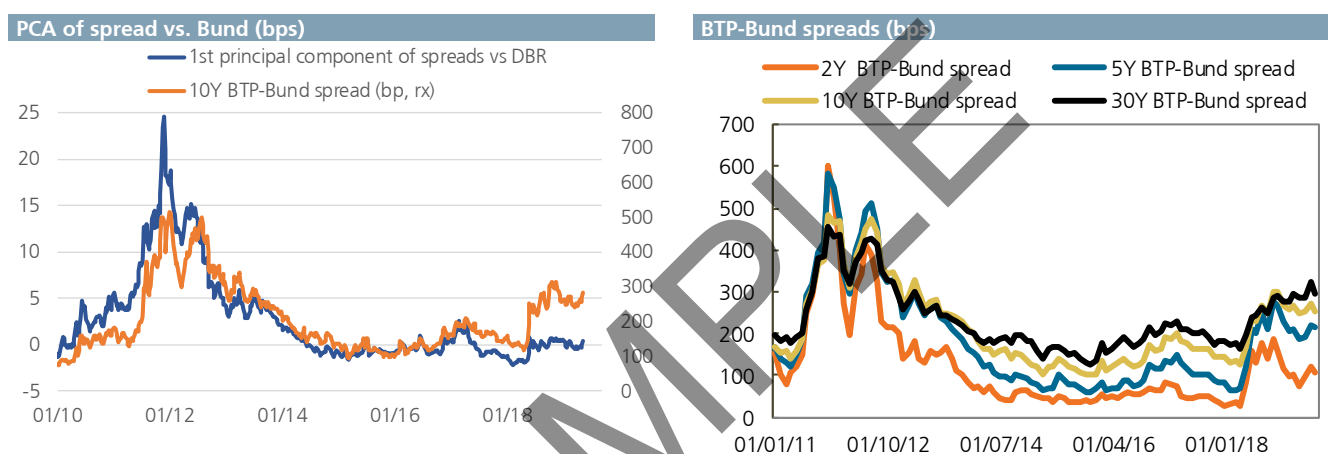
Annualised percentage changes on the previous period – unless otherwise indicated. Source: Thomson Reuters-Datastream, Intesa Sanpaolo estimates

BTPs: How Long the Carry Will Suffice?

The escalation of the dispute over global trade between the USA and China, and fears of the United States introducing new tariffs to the detriment of the European car sector, have compressed core European yields to their lowest levels in three years, with the 10-year Bund hitting -27bps and the 10-year Euro swap rate reaching a low at 0,23%. The risk of a global slowdown exacerbated by domestic political tensions brought, at the end of May, the 10-year BTP-Bund spread to last year highs in 280-290bp area. Contagion from BTPs to the other peripheral curves, however, was very limited: on the short end of the Spanish curve, spreads narrowed vs. the Bund, and the 10Y OT-Bund spreads widened by 5bps.

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The Principal Component Analysis (PCA) of the spreads between European government bonds and the Bund¹ confirms that the stress generated by the performance of the Italian market relative to the other Eurozone curves was very limited: as shown in the chart below, the local high hit by the first component of the spreads in June 2019 in response to political vicissitudes in Italy was below the level reached in March 2017 in reaction to the “Frexit” risk.



Source: Bloomberg, Intesa Sanpaolo

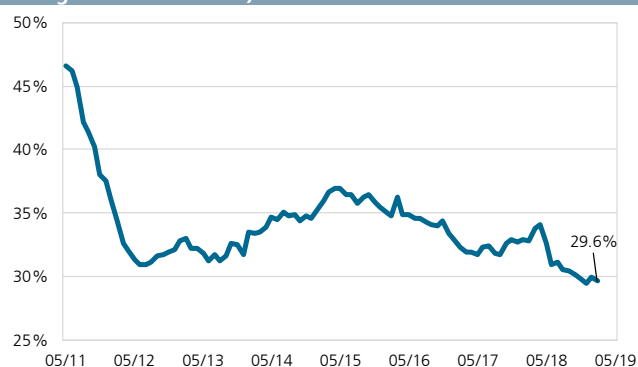
Source: Bloomberg, Intesa Sanpaolo

Even with Italy's economic woes, BTPs benefitted once more from the ECB announcements: at its meeting of 6 June, ECB extended guidance on how long rates will stay at record lows to the middle of 2020, while President Mario Draghi admitted that some officials discussed easing and QE reopening. The new TLTRO III conditions were also still appealing and reduced the liquidity risk of the European banking system and the Italian one, which have benefited greatly from central bank funding.

The market is clearly still concerned about Italian debt level, however the light foreign investor positioning will limit any widening during the Summer. Last year, domestic institutional investors made an essential contribution in absorbing not only net issuance, but also disinvestments from abroad which totalled EUR 90Bn euros from the onset to the crisis in May 2018. In the first two month of this year, all sectors recorded positive inflows into Italian government bond market, but the foreign sector quota on total debt is still very low. As we have stressed in the past, the risk aversion component in the attitude of foreign investors towards Italy's country risk is still high: in accordance with our estimates, which adjust the data provided by the Bank of Italy by the ECB's bond portfolio and by holdings of foreign investment funds attributable to Italian investors, the foreign sector held 23% of the stock of Italian bonds, down from 27% of April 2018. The domestic government bond portfolios of Italian banks expanded significantly in the first four month of this year: in April, around 12% of the total assets of Italian banks were invested in government bonds, from 10.8% in April 2018.

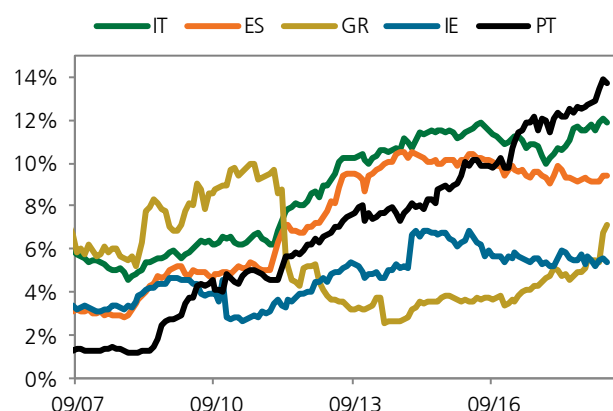
¹ For a more detailed analysis see Chiara Manenti, “Euro spread: limited contagion”, Interest Rate Strategy, Intesa Sanpaolo.

Government bonds held by the foreign sector net ECB (% of total government bonds)



Source: Bloomberg, ECB, Bank of Italy, Intesa Sanpaolo

Monetary financial institutions: government bond portfolio as % of total assets



Source: Bloomberg, ECB, Bank of Italy, Intesa Sanpaolo

In the short-term, while refinancing risk is limited given a EUR 62Bn euros cash balance of the Treasury (see table below), the mix of high public debt and low growth remains the major source of vulnerability of the market. The flow of headlines about the confrontation between the Government and the EU about the possible start of an Excess Deficit Procedure against Italy will keep BTPs under pressure until the Autumn when the 2020 budget presentation will open the season of the next round of sovereign rating reviews.

2019 - State Sector Borrowing Requirement and its Financing (ISP estimates, billion euro)

	State Sector Deficit (+ deficit / - surplus)	Net Issuance					Others	Use of cash balance	Treasury Account Balance		
		BOTs	CTZs	CCTs	BTPs	Foreign bonds			Account & deposits	Sinking Fund	
2018	45	1	6	2	49	-4	53	5	-13	35	0
2019 F	57	4	11	11	31	-2	56	-1	2	34	0
January	-1	8.1	5.0	0.9	23.8	0.0	38	4	-43	79	0
February	10	-0.1	2.6	3.6	-2.8	0.0	3	-4	10	68	0
March	20	0.6	2.3	1.3	-7.2	0.2	-3	1	22	47	0
April	3	0.7	4.6	1.2	7.3	-0.2	14	1	-11	58	0
May	1	0.3	-7.6	1.2	-2.6	-1.0	-10	0	11	47	0
June	8	0.5	2.5	0.8	20.0	0.0	24	-1	-15	62	0
July	-9	0.3	2.5	1.8	11.3	-1.2	15	-1	-23	85	0
August	3	0.5	2.5	3.5	-5.6	-1.0	0	-1	4	81	2
September	21	0.8	2.5	2.5	-23.0	-0.2	-17	-1	39	42	2
October	6	1.2	-8.2	2.5	8.6	-0.2	4	-2	4	38	4
November	5	-0.3	2.5	-10.4	12.0	2.0	6	0	-1	39	3
December	-9	-8.1	0.0	2.5	-10.5	-0.2	-16	2	5	34	0

Source: Bloomberg, Bank of Italy, MEF, Intesa Sanpaolo

2i Rete Gas: Credit View NEUTRAL

(Moody's Baa2/Stable, Fitch -)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	HOLD	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- **2018 results (latest available): higher revenues mainly driven by the contribution from the recently acquired assets. EBITDA up 13% yoy; EBIT increased 10% yoy, due to higher D&A charges.**
- **Net debt increased by 31% vs YE17, reflecting the acquisition of the Italian gas distribution assets of Gas Natural (Nedgia) for an enterprise value of EUR 727M and higher investments (+12% yoy). The net debt/EBITDA ratio increased to 5.7x from 4.9x at YE17 (6.2x at 1H18). The acquired assets are fully regulated; thus, the acquisition did not impact the company's business risk profile, in our view.**
- **According to Moody's, 2i Rete Gas could be rated one notch above Italy's sovereign (Baa3/S), given the limited exposure of regulated gas distribution activities to the economic cycle.**
- **HOLD recommendation confirmed, as the current premium vs other Italian fully regulated companies (Italgas, Snam and Terna) is explained by a weaker credit profile, in our view.**

Outperformer ¹ YTD – Senior unsecured	ASW Chg
FIREIT 2.195 09/11/25	-41

Underperformer ¹ YTD – Senior unsecured	ASW Chg
FIREIT 1 1/8 01/02/20	-21

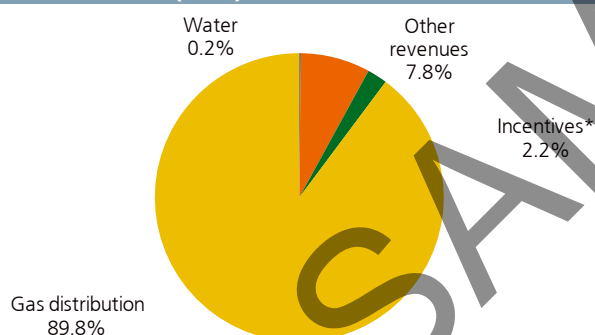
Strengths

- Second-largest gas distributor in Italy (c.20% market share including the Gas Natural assets acquired in 2018).
- High contribution from regulated activities (above 80% of total revenues).
- Revenues from gas distribution not exposed to changes in gas demand.

Weaknesses

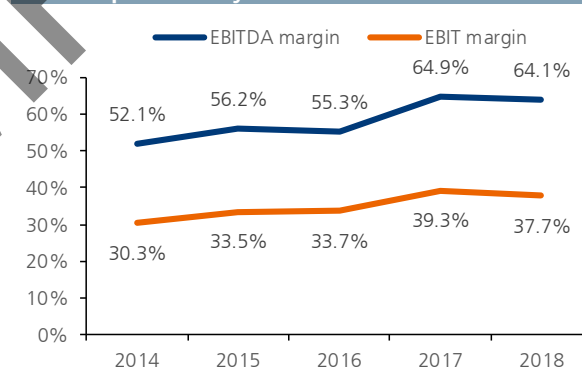
- Gas concessions retendering process and M&A are expected to stretch financial flexibility.
- Operating exposure 100% domestic.
- Uncertainty related to gas tenders timing.
- Low inflation could impact RAB growth and the net debt/RAB ratio.

Sales breakdown (2018)



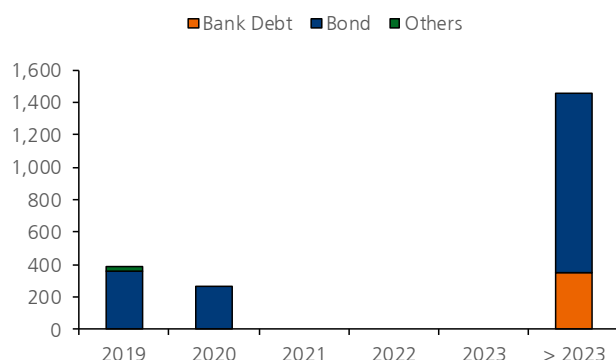
Note: *incentives related to quality of services. Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



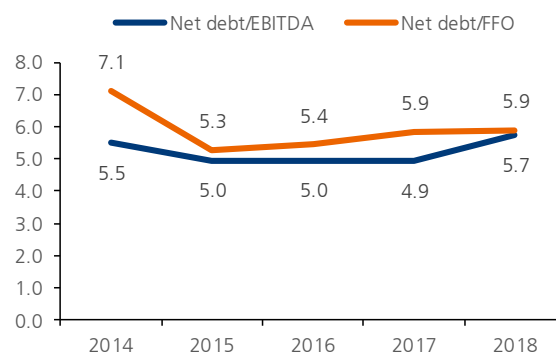
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.12.18)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of 2i Rete Gas's bonds in Appendix 1 (page 68)

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2i Rete Gas in Brief

Rete Gas S.p.A. offers oil and gas distribution services. The company provides gas connection installation, monitoring, electronic metering, safety assessments and water distribution services. 2i Rete Gas conducts its business entirely in Italy.

Consolidated Income Statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
Sales	723	629	-13.0	720	14.3
EBITDA	400	408	2.1	461	13.0
Adjusted EBITDA	NA	NA	NA	NA	NA
EBIT	244	247	1.3	271	9.8
Adjusted EBIT	NA	NA	NA	NA	NA
Net interest expense	-48	-73	53.6	-59	-19.0
Income (loss) on equity investments	0	0	-49.1	-2	NM
Profit before tax	196	174	-11.2	217	24.4
Net profit (loss)	129	122	-5.7	155	27.8
Net profit (loss) attributable to the Group	129	122	-5.7	155	27.8

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
FFO	365	343	-5.9	447	30.3
Net change in working capital	-60	43	-171.4	54	26.2
CFO	305	386	26.4	501	29.8
Capex	-227	-253	11.7	-283	11.8
FCF	78	132	69.0	217	64.4
Dividends	-85	-85	0.0	-85	0.0
Discretionary FCF	-7	47	NM	132	180.2
RCF	-47	-26	-43.5	-646	NM
Change in equity	0	0	NM	0	-100.0
Change in debt	69	659	NM	516	-21.7
CFF	69	659	NM	516	-21.7
RCF + CFF	23	633	NM	-130	-120.5
Change in liquidity	23	633	NM	-130	-120.5

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)					
	31.12.16	31.12.17	Chg %	31.12.18	Chg %
Intangible assets	2,863	2,937	2.6	3,682	25.4
Property, plant & equipment	38	37	-0.9	39	4.9
Financial and equity investments	22	25	14.1	4	-82.2
Total non-current assets	3,036	3,125	2.9	3,865	23.7
Trade receivables	234	274	17.0	233	-15.1
Cash and current financial assets	183	816	NM	687	-15.9
Total current assets	628	1,301	107.2	1,167	-10.3
Total assets	3,663	4,428	20.9	5,066	14.4
Long-term debt	2,148	2,807	30.7	2,944	4.9
Provisions for risks and charges	14	10	-27.4	10	0.5
Total non-current liabilities	2,513	3,174	26.3	3,308	4.2
Short-term debt	0	0	NM	363	NM
Trade payables	167	208	24.8	208	-0.2
Total current liabilities	430	492	14.4	926	88.3
Minorities	0	0	NM	1	NM
Shareholders' equity	720	760	5.5	824	8.5
Total equity	720	760	5.5	826	8.7
Total liabilities and equity	3,663	4,428	20.9	5,066	14.4
Net debt	1,984	2,009	1.3	2,641	31.4
Adjusted Net Debt	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators			
Profitability and coverage ratio (%)	2016	2017	2018
EBITDA margin	55.3	64.9	64.1
Adjusted EBITDA margin	-	-	-
EBIT margin	33.7	39.3	37.7
Adjusted EBIT margin	-	-	-
EBITDA/net interest expense (x)	8.4	5.6	8.4
EBIT/net interest expense (x)	5.1	3.4	4.9
Leverage ratio (x)	31.12.16	31.12.17	31.12.18
Net debt/EBITDA	5.0	4.9	5.7
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-
Net debt/FFO	5.4	5.9	5.9
Net debt/equity	2.8	2.6	3.2

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

A2A: Credit View NEUTRAL

(Moody's Baa2/Stable, Fitch -)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	SELL	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 EBITDA weaker vs 2018, but above consensus. Performance weighed on by Generation, due to lower contributions from environmental markets (ie, green certificates) and ancillary services (MSD). Market performance was strong (+46% yoy), driven by increased share and higher volumes. Net debt remained under control, despite higher investments (+43% yoy).
- 2019 guidance confirmed: EBITDA of c.EUR 1,155-1,185M (including EUR 25M non-recurring) vs EUR 1,231M in 2018 (EUR 1,192M recurring); net profit of EUR 300-330M (EUR 344M in 2018), and capex of c.EUR 700M. Cash generation is seen to be negative by c.EUR 200M (+EUR 200M in 2018), not including a c.EUR 100M negative impact from IFRS 16. Implied net debt/EBITDA ratio at 2.8-2.9x, (2.5x at YE18).
- 2019-2023 BP: 1) total capex of c.EUR 4Bn; 2) EBITDA at EUR 1.53Bn (5.1% CAGR vs 2018 recurring); and 3) net debt/EBITDA at 2.2x in 2023 from 2.5x at YE18. Growth expected to be mainly driven by Market and Waste.
- SELL recommendation, as bonds are currently trading tighter vs the other Italian local multi-utilities under our coverage, especially 2025 and 2027 notes.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
AEMSPA 3 5/8 01/13/22	-20

Underperformer ¹ YTD – Senior unsecured	ASW Chg
AEMSPA 4 12/04/23	3

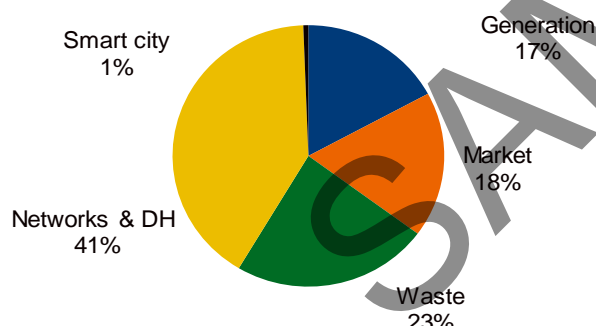
Strengths

- Diversified and resilient business mix.
- Significant share of regulated and quasi-regulated business (about 40% of FY18 consolidated EBITDA).
- 2019-2023 BP focused on low-risk businesses, ie, networks and renewables.

Weaknesses

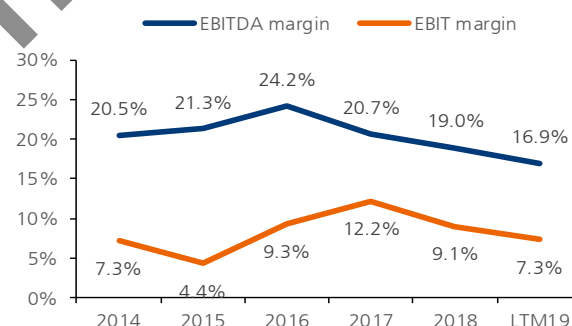
- Significant exposure to electricity generation and energy markets in Italy.
- Capex rising over 2019-2023 period.
- Delayed energy market liberalisation in Italy could potentially impact retail business growth.
- External growth could weigh on financial flexibility.

EBITDA breakdown (1Q19)



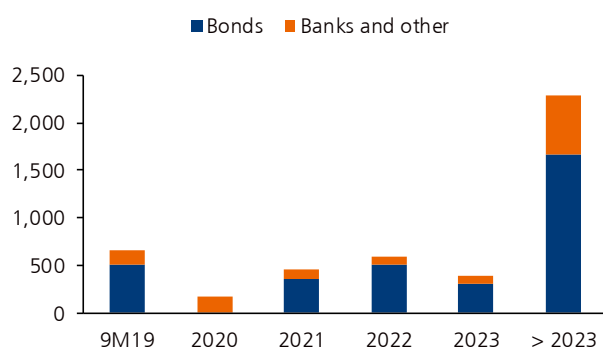
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



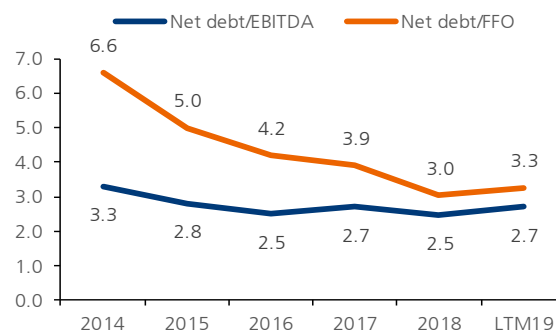
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of A2A's bonds in Appendix 1 (page 68)

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A2A in Brief

A2A S.p.A. is an Italian utility company. It is active in electricity (production, distribution, trading and sales), gas (supply, distribution, trading and sales), district heating, waste (collection, treatment and disposal), integrated water cycle, public lighting and other activities. A2A has a strong presence in the north of Italy.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	5,796	6,494	12.0	6,792	4.6	1,812	2,110	16.4
EBITDA	1,199	1,231	2.7	1,151	-6.5	408	328	-19.6
Adjusted EBITDA	1,135	1,192	5.0	1,113	-6.6	402	323	-19.7
EBIT	710	588	-17.2	498	-15.3	287	197	-31.4
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-139	-116	-16.5	-110	-5.2	-30	-24	-20.0
Income (loss) on equity investments	5	4	-20.0	3	-25.0	1	0	-100.0
Profit before tax	576	490	-14.9	405	-17.3	258	173	-32.9
Net profit (loss)	299	354	18.4	291	-17.8	177	114	-35.6
Net profit (loss) attributable to the Group	293	344	17.4	275	-20.1	173	104	-39.9

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	836	998	19.4	952	-4.6	291	245	-15.8
Net change in working capital	11	47	NM	75	59.6	-128	-100	-21.9
CFO	847	1,045	23.4	1,027	-1.7	163	145	-11.0
Capex	-454	-500	10.1	-533	6.6	-76	-109	43.4
FCF	393	545	38.7	494	-9.4	87	36	-58.6
Dividends	-155	-185	19.4	-185	0.0	0	0	NM
Discretionary FCF	238	360	51.3	309	-14.2	87	36	-58.6
RCF	215	348	61.9	295	-15.2	86	33	-61.6
Change in equity	0	0	NM	0	NM	0	0	NM
Change in debt	122	-441	NM	-440	-0.2	-55	-54	-1.8
CFF	122	-441	NM	-440	-0.2	-55	-54	-1.8
RCF + CFF	337	-93	-127.6	-145	55.9	31	-21	-167.7
Change in liquidity	337	-93	-127.6	-145	55.9	31	-21	-167.7

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %	
Intangible assets	1,815	2,129	17.3	2,302	8.1	2,344	1.8	
Property, plant & equipment	4,572	4,632	1.3	4,620	-0.3	4,703	1.8	
Financial and equity investments	99	59	-40.4	45	-23.7	34	-24.4	
Total non-current assets	6,785	7,101	4.7	7,251	2.1	7,387	1.9	
Inventory	198	247	24.7	187	-24.3	119	-36.4	
Trade receivables	1,338	1,467	9.6	1,781	21.4	2,077	16.6	
Cash and current financial assets	865	1,132	30.9	640	-43.5	615	-3.9	
Total current assets	2,898	3,455	19.2	2,970	-14.0	3,251	9.5	
Total assets	9,843	10,665	8.4	10,333	-3.1	10,748	4.0	
Long-term debt	3,473	3,520	1.4	2,984	-15.2	3,074	3.0	
Provisions for risks and charges	607	595	-2.0	642	7.9	637	-0.8	
Total non-current liabilities	4,535	4,584	1.1	4,088	-10.8	4,173	2.1	
Short-term debt	1,112	95	-91.5	1,275	NM	1,549	21.5	
Trade payables	1,015	1,221	20.3	1,413	15.7	1,321	-6.5	
Total current liabilities	2,204	2,668	21.1	2,722	2.0	2,961	8.8	
Minorities	137	342	149.6	388	13.5	397	2.3	
Shareholders' equity	2,967	3,071	3.5	3,135	2.1	3,217	2.6	
Total equity	3,104	3,413	10.0	3,523	3.2	3,614	2.6	
Total liabilities and equity	9,843	10,665	8.4	10,333	-3.1	10,748	4.0	
Net debt	3,030	2,877	-5.0	3,022	5.0	3,110	2.9	
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	20.7	19.0	16.9	22.5	15.5
Adjusted EBITDA margin	19.6	18.4	16.4	22.2	15.3
EBIT margin	12.2	9.1	7.3	15.8	9.3
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	8.6	10.6	10.5	13.6	13.7
EBIT/net interest expense (x)	5.1	5.1	4.5	9.6	8.2
Leverage ratio (x)		30.06.18	30.09.18	31.12.18	31.03.19
Net debt/EBITDA		2.5	2.4	2.5	2.7
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		3.3	3.0	3.0	3.3
Net debt/equity		1.0	0.8	0.9	0.9

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Acea: Credit View NEUTRAL

(Moody's Baa2/Stable, Fitch BBB+/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	BUY	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- Positive 1Q19 results, in line with consensus, driven by regulated activities (water and energy networks). A confirmed positive trend for working capital enabled Acea to keep its net debt under control.
- 2019 guidance confirmed: 1) EBITDA up by 5-6% vs year-end 2018, not including IFRS 16 impact (+EUR 10M); 2) capex up by above 10% vs 2018; and 3) net debt of EUR 2.85-2.95Bn, not including +EUR 55M from IFRS 16. Implied net debt/EBITDA ratio at c.2.9x (2.8x in 2018).
- 2019-2022 BP: 1) higher capex (+30% vs previous plan, with c.77% of total for regulated activities); 2) EBITDA at EUR 1.27Bn in 2022 (8.8% 2017-2022 CAGR), with c.70% of EBITDA growth from regulated activities; and 3) net debt/EBITDA at 2.9x in 2022 vs 2.8x at year-end 2018.
- BUY recommendation, in light of current spreads and due to diminished, in our view, regulatory risks.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
ACEIM 2 5/8 07/15/24	-48

Underperformer ¹ YTD – Senior unsecured	ASW Chg
ACEIM 1 3/4 05/23/28	5

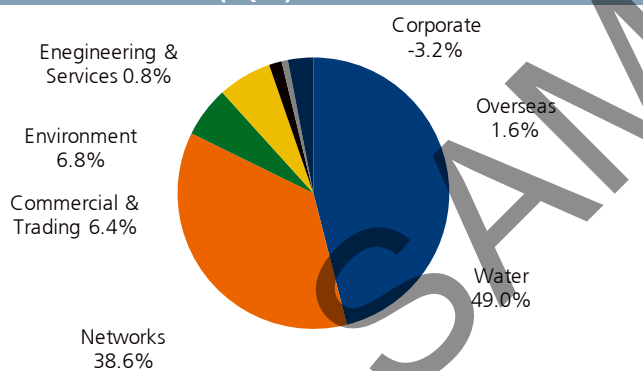
Strengths

- High contribution from regulated activities (77% of FY18 EBITDA) provides predictable revenues and cash flows.
- C.80% of 2019-2022 capex plan devoted to regulated business.
- Long-term concessions in regulated activities.

Weaknesses

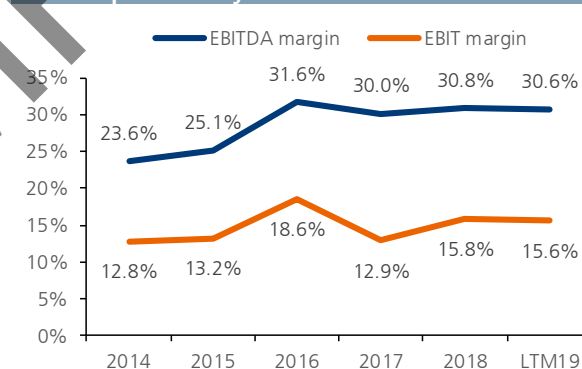
- Risks, albeit decreasing, of intervention by the Italian government in the water regulatory framework.
- Increasing competition in liberalised activities could increase pressure on margins (electricity supply).
- Receivables management issues could weigh on the working capital trend even though recent quarters saw solid improvements.
- Governance still potentially affected by the major shareholder, the Municipality of Rome (51%).

EBITDA breakdown (1Q19)



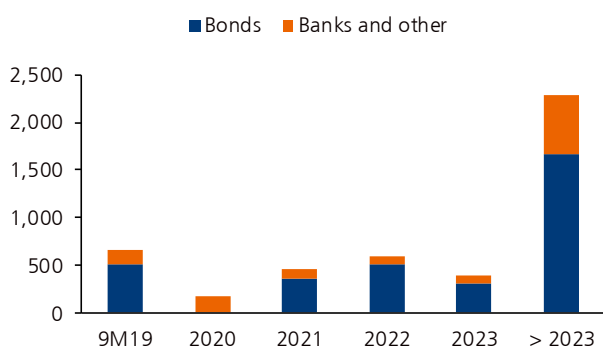
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



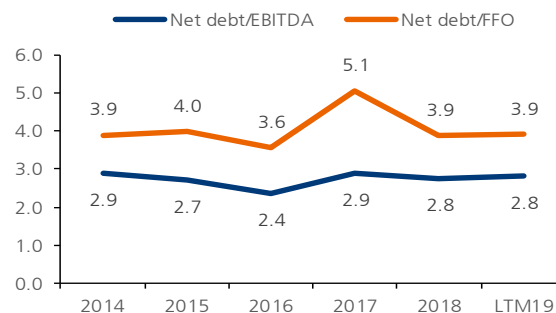
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Acea's bonds in Appendix 1 (page 68)

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Acea in Brief

Multi-utility company that manages and develops networks and services in the water, energy and environmental sectors. Activities include integrated water services, energy production, the sale and distribution of electricity, public lighting and floodlighting, and waste-to-energy production.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	2,797	3,028	8.3	3,106	2.6	745	823	10.4
EBITDA	840	933	11.1	952	2.0	229	248	8.1
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	360	479	33.0	484	1.1	127	133	4.2
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-72	-83	15.1	-83	0.2	-20	-20	0.7
Income (loss) on equity investments	0	13	NM	8	-41.7	8	3	-65.6
Profit before tax	288	409	41.9	409	0.0	116	116	-0.1
Net profit (loss)	192	285	48.1	286	0.3	81	81	1.1
Net profit (loss) attributable to the Group	181	271	50.0	269	-0.7	77	76	-2.4

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	479	660	37.7	685	3.8	192	217	13.0
Net change in working capital	-228	-14	-93.7	6	-142.4	-136	-115	-15.1
CFO	251	646	157.2	691	7.0	56	101	80.8
Capex	-514	-617	20.0	-634	2.8	-134	-151	12.7
FCF	-263	29	-110.9	57	98.4	-78	-50	-36.2
Dividends	-136	-137	0.9	-138	0.2	0	0	-100.0
Discretionary FCF	-399	-109	-72.8	-81	-25.8	-78	-50	-36.0
RCF	-403	2	-100.4	21	NM	-83	-64	-22.9
Change in equity	0	0	NM	0	NM	0	0	NM
Change in debt	418	386	-7.7	-603	NM	895	-93	-110.4
CFF	418	386	-7.7	-603	NM	895	-93	-110.4
RCF + CFF	15	387	NM	-582	NM	812	-158	-119.4
Change in liquidity	15	387	NM	-582	NM	812	-158	-119.4

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)							
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %
Intangible assets	2,156	2,176	0.9	2,422	11.3	2,470	2.0
Property, plant & equipment	2,301	2,319	0.8	2,365	2.0	2,445	3.4
Financial and equity investments	288	332	15.4	338	1.5	348	3.1
Total non-current assets	5,279	5,374	1.8	5,736	6.7	5,913	3.1
Inventory	49	54	8.7	49	-8.9	53	7.8
Trade receivables	848	827	-2.6	928	12.3	1,036	11.7
Cash and current financial assets	1,659	1,251	-24.6	1,182	-5.5	1,037	-12.3
Total current assets	2,746	2,342	-14.7	2,421	3.4	2,335	-3.6
Total assets	8,025	7,716	-3.9	8,157	5.7	8,248	1.1
Long-term debt	3,396	3,395	0.0	3,374	-0.6	3,011	-10.8
Provisions for risks and charges	197	218	10.6	137	-37.4	169	23.4
Total non-current liabilities	3,987	4,016	0.7	3,963	-1.3	3,633	-8.3
Short-term debt	870	522	-40.0	409	-21.7	733	79.3
Trade payables	1,155	1,102	-4.6	1,525	38.3	1,542	1.1
Total current liabilities	2,372	1,944	-18.1	2,291	17.9	2,636	15.1
Minorities	92	93	1.3	174	87.3	184	6.0
Shareholders' equity	1,575	1,664	5.7	1,730	4.0	1,795	3.8
Total equity	1,666	1,757	5.4	1,903	8.4	1,979	4.0
Total liabilities and equity	8,025	7,716	-3.9	8,157	5.7	8,248	1.1
Net debt	2,570	2,631	2.4	2,568	-2.4	2,676	4.2
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	30.0	30.8	30.6	30.7	30.1
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	12.9	15.8	15.6	17.1	16.1
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	11.7	11.3	11.5	11.5	12.4
EBIT/net interest expense (x)	5.0	5.8	5.8	6.4	6.6
Leverage ratio (x)		30.06.18	30.09.18	31.12.18	31.03.19
Net debt/EBITDA	-	2.9	2.9	2.8	2.8
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	-
Net debt/FFO	-	5.2	4.7	3.9	3.9
Net debt/equity	-	1.5	1.5	1.3	1.4

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

ADR: Credit View NEUTRAL

(Moody's Baa2/Negative, Fitch BBB+/Negative)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	HOLD	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- The EBITDA margin remained flat at 57.1% in 1Q19 (according to Atlantia's 1Q19 results, as ADR reports only on a semi-annually basis), supported by higher aviation revenues, due to traffic growth (+3.5% to 10.2M pax), and driven by the Extra-EU (+6.6%), and EU segments (+3.4%), while domestic traffic remained almost flat (+0.6%).
- Profitability improvement expected in 2019, driven by both aviation (due to higher international traffic) and non-aviation revenues, whilst domestic traffic looks likely to continue to be penalised by Alitalia's difficult situation (c.28.5% of aeronautical revenues, c.39% FCO's pax traffic). 2019 tariffs are set at -1.4% for Fiumicino airport and +2.2% for Ciampino. Capex is expected to increase to around EUR 260M in 2019 (EUR 183M in 2018).
- ADR's ratings are constrained by both Atlantia's (Baa3/Negative) and Italy's (Baa3/Stable) ratings.
- HOLD investment recommendation confirmed, based on both solid fundamentals and a positive traffic outlook, while we do not expect a direct impact from the fallout of the Genoa bridge collapse (under ASPI's concession).

Outperformer ¹ YTD – Senior unsecured	ASW Chg
ADRT 3 1/4 02/20/21	-67

Underperformer ¹ YTD – Senior unsecured	ASW Chg
ADRT 1 5/8 06/08/27	-27

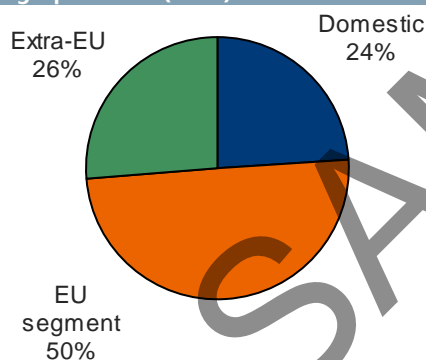
Strengths

- Largest airport in Italy and seventh-largest in Europe in terms of passenger traffic.
- Long-term concession, expiring in June 2044.
- Supportive concession framework.
- Strategic location, as Rome is a major global tourist destination, supporting strong growth in international traffic.
- Low refinancing risk until 2021.

Weaknesses

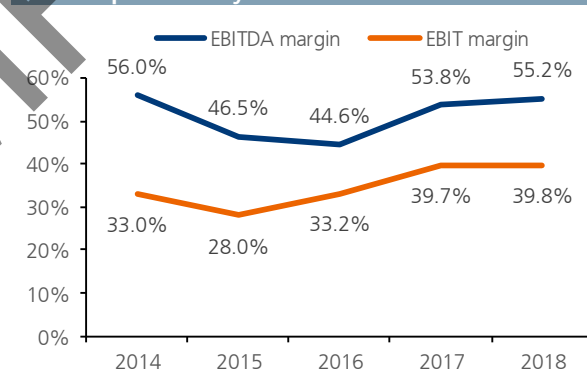
- Exposure to Italy, although domestic traffic represented only 24% of the total in 2018.
- Exposure to regulatory risk.
- Execution risk on its capex plan (EUR 10Bn by 2044, but under revision), albeit mitigated by Atlantia's track record.
- Alitalia, which is under special administration, represented 28.5% of ADR's aviation revenues in 2018.

Sales by geographic area (2018)



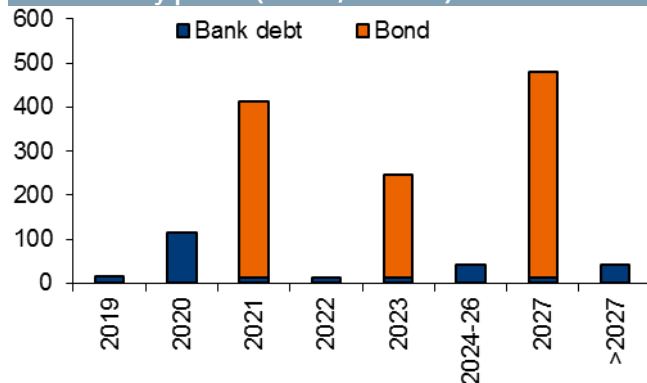
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



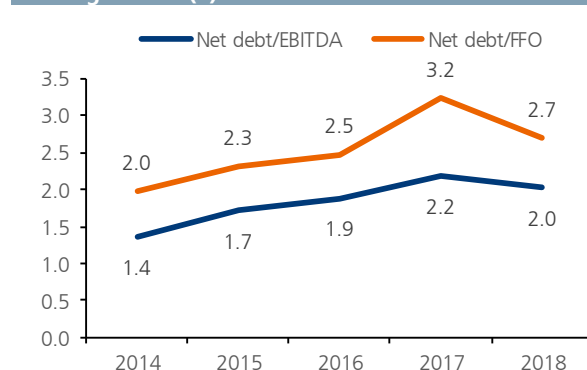
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.12.18)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of ADR's bonds in Appendix 1 (page 68)

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ADR in Brief

Aeroporti di Roma S.p.A. (ADR) develops, constructs, operates, and maintains airports. ADR serves airlines and travellers in Italy.

Consolidated Income Statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
Sales	1,186	1,011	-14.7	1,045	3.3
EBITDA	529	544	2.8	577	6.1
Adjusted EBITDA	NA	NA	NA	NA	NA
EBIT	393	402	2.1	416	3.6
Adjusted EBIT	NA	NA	NA	NA	NA
Net interest expense	-48	-53	11.2	-53	0.6
Income (loss) on equity investments	-5	5	NM	-4	-170.4
Profit before tax	341	354	3.9	359	1.5
Net profit (loss)	220	245	11.5	246	0.5
Net profit (loss) attributable to the Group	220	245	11.5	246	0.5

Note: ADR reports on a semi-annual basis; NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
FFO	401	368	-8.2	433	17.7
Net change in working capital	66	-84	NM	20	-124.0
CFO	467	284	-39.1	453	59.5
Capex	-451	-236	-47.5	-183	-22.4
FCF	17	48	189.3	270	NM
Dividends	-202	-256	26.9	-249	-2.7
Discretionary FCF	-185	-208	12.3	21	-110.1
RCF	-224	-204	-8.6	26	-112.9
Change in equity	0	0	NM	0	NM
Change in debt	79	432	NM	0	-100.0
CFF	79	432	NM	0	-100.0
RCF + CFF	-144	228	NM	26	-88.5
Change in liquidity	-144	228	NM	26	-88.5

Note: ADR reports on a semi-annual basis; NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)					
	31.12.16	31.12.17	Chg %	31.12.18	Chg %
Intangible assets	2,276	2,350	3.3	2,374	1.0
Property, plant & equipment	53	52	-1.3	44	-15.2
Financial and equity investments	75	78	3.9	73	-6.5
Total non-current assets	2,517	2,559	1.7	2,541	-0.7
Trade receivables	289	316	9.2	313	-1.1
Cash and current financial assets	74	302	NM	330	9.1
Total current assets	428	654	53.0	667	1.9
Total assets	2,944	3,213	9.1	3,208	-0.2
Long-term debt	1,043	1,488	42.8	1,486	-0.2
Provisions for risks and charges	153	148	-3.1	151	1.9
Total non-current liabilities	1,196	1,640	37.1	1,640	0.0
Short-term debt	37	16	-56.4	16	0.0
Trade payables	290	192	-33.9	174	-9.3
Total current liabilities	642	464	-27.7	460	-0.9
Minorities	0	0	NM	0	NM
Shareholders' equity	1,106	1,108	0.2	1,107	-0.1
Total equity	1,106	1,108	0.2	1,107	-0.1
Total liabilities and equity	2,944	3,213	9.1	3,208	-0.2
Net debt	994	1,190	19.6	1,168	-1.8
Adjusted Net Debt	1,006	1,203	19.6	1,173	-2.5

Note: ADR reports on a semi-annual basis; NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators			
Profitability and coverage ratio (%)	2016	2017	2018
EBITDA margin	44.6	53.8	55.2
Adjusted EBITDA margin	-	-	-
EBIT margin	33.2	39.7	39.8
Adjusted EBIT margin	-	-	-
EBITDA/net interest expense (x)	11.1	10.3	10.8
EBIT/net interest expense (x)	8.3	7.6	7.8
Leverage ratio (x)	31.12.16	31.12.17	31.12.18
Net debt/EBITDA	1.9	2.2	2.0
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-
Net debt/FFO	2.5	3.2	2.7
Net debt/equity	0.9	1.1	1.1

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

ASPI: Credit View NEGATIVE

(Moody's Baa2/Negative, Fitch BBB+/Negative)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	HOLD	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- Weaker 1Q19 results, with lower operating margins, driven by higher provisions and maintenance works, despite positive traffic mix and trends (+2% qoq, +1.4% lfl). The net debt/EBITDA ratio increased to 4.6x from 4.4x at YE18, and the net debt/FFO ratio to 5.6x from 5.2x, driven by lower FFO, affected by a EUR 137M outflow related to the Genoa bridge reconstruction, while net debt remained almost flat at EUR 8.8Bn.
- Flat operating performance expected in 2019, due to ASPI's tariffs freeze in 1H19 (+0.81%) and uncertain traffic trends due to a sluggish domestic economy. The guidance excludes potential one-off charges related to the Genoa incident and the impact of interest rates movements used to discount provisions for the repair of motorway infrastructure.
- ASPI's ratings remain at risk of multiple-notch downgrade in case of concession revocation.
- HOLD recommendation confirmed, as ASPI's bonds trade wider vs BBB-rated bonds, reflecting the risk of further rating downgrades in case of concession revocation without timely and/or adequate compensation.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
ATLIM 2 7/8 02/26/21	-223

Underperformer ¹ YTD – Senior unsecured	ASW Chg
ATLIM 1 7/8 09/26/29	-64

Strengths

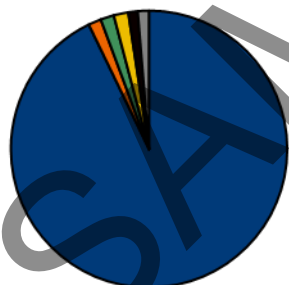
- Largest toll road operator in Italy, managing 3,020km of motorways under six long-term concessions.
- ASPI's concession (2,855km, expiring in 2038) represents most of ASPI's group sales (91% in 2018), EBITDA (93%) and capex (93%).
- Supportive regulatory framework in Italy, though exposed to political intervention after the Genoa bridge collapse.

Weaknesses

- Risk of revocation of ASPI concession after the Genoa bridge collapse, which could result in further rating downgrades.
- Full exposure to Italy (low inflation, weak growth), with one-notch max rating difference allowed by Moody's.
- Exposure to regulatory and traffic volume risks.
- Possible releveraging trend, driven by sizeable capex (EUR 13Bn by 2038) and costs related to the bridge collapse.

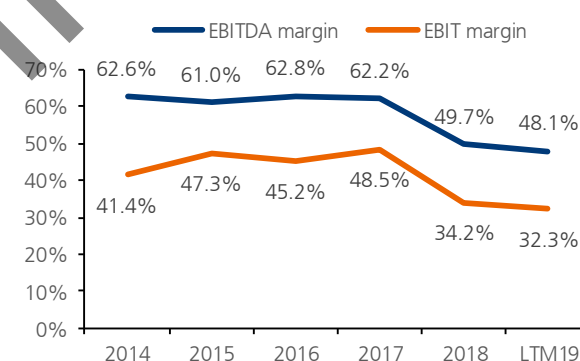
EBITDA breakdown by concession (2018)

- Autostrade per l'Italia, 92.8%
- Autostrade Meridionali, 1.5%
- Tangenziale di Napoli, 1.6%
- Traforo del Monte Bianco, 1.7%
- Società Autostrada Tirrenica, 1.1%
- Other, 1.3%



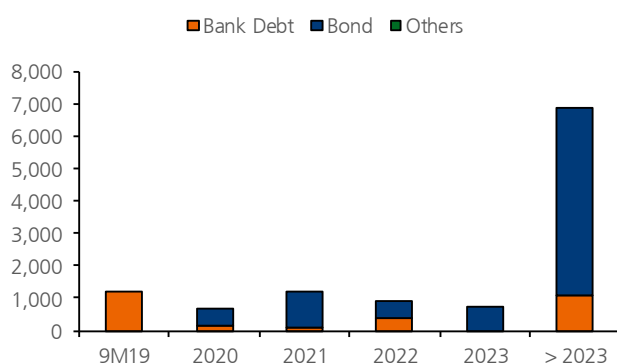
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



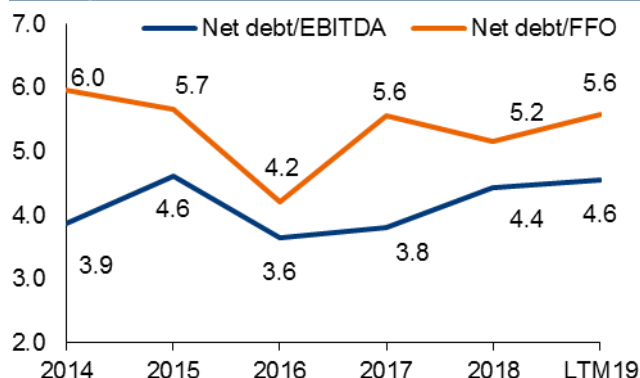
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of ASPI's bonds in Appendix 1 (page 68)

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ASPI in Brief

Autostrade per l'Italia provides infrastructure construction services. The company constructs, manages, and maintains toll motorways. Autostrade per l'Italia provides its services primarily in Italy.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	3,945	4,004	1.5	4,027	0.6	873	896	2.6
EBITDA	2,452	1,991	-18.8	1,936	-2.8	539	484	-10.2
Adjusted EBITDA	2,448	2,477	1.2	2,357	-4.8	539	419	-22.3
EBIT	1,913	1,368	-28.5	1,299	-5.0	385	316	-17.9
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-456	-431	-5.5	-425	-1.4	-111	-105	-5.4
Income (loss) on equity investments	3	-4	NM	-2	-50.0	-3	-1	-66.7
Profit before tax	1,438	908	-36.9	847	-6.7	271	210	-22.5
Net profit (loss)	1,042	622	-40.3	580	-6.8	189	147	-22.2
Net profit (loss) attributable to the Group	972	608	-37.4	569	-6.4	185	146	-21.1

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	1,683	1,710	1.6	1,581	-7.5	375	246	-34.4
Net change in working capital	230	-88	-138.3	-53	-39.7	-83	-48	-42.2
CFO	1,913	1,622	-15.2	1,528	-5.8	292	198	-32.2
Capex	-556	-593	6.6	-625	5.4	-93	-125	34.4
FCF	1,357	1,029	-24.1	903	-12.2	199	73	-63.3
Dividends	-777	-543	-30.1	-525	-3.3	-22	-4	-81.8
Discretionary FCF	580	486	-16.2	378	-22.2	177	69	-61.0
RCF	173	504	191.7	404	-19.9	155	55	-64.5
Change in equity	-1,101	-2	-99.8	-2	0.0	0	0	NM
Change in debt	430	-1,648	NM	-1,726	4.7	-560	-638	13.9
CFF	-671	-1,650	145.8	-1,728	4.7	-560	-638	13.9
RCF + CFF	-499	-1,146	129.9	-1,324	15.5	-405	-583	44.0
Change in liquidity	-489	-1,146	134.5	-1,324	15.5	-405	-583	44.0

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %	
Intangible assets	18,164	18,066	-0.5	18,093	0.1	18,003	-0.5	
Property, plant & equipment	73	71	-2.7	82	15.4	89	8.6	
Financial and equity investments	483	556	15.1	494	-11.2	476	-3.6	
Total non-current assets	18,825	18,799	-0.1	18,772	-0.1	18,675	-0.5	
Inventory	54	NA	NA	54	NA	NA	NA	
Trade receivables	547	578	5.7	475	-17.8	542	14.1	
Cash and current financial assets	3,394	3,172	-6.5	2,274	-28.3	1,753	-22.9	
Total current assets	4,133	3,991	-3.4	2,923	-26.8	2,480	-15.1	
Total assets	22,958	22,790	-0.7	21,694	-4.8	21,155	-2.5	
Long-term debt	10,316	10,250	-0.6	10,260	0.1	9,755	-4.9	
Provisions for risks and charges	3,800	3,607	-5.1	3,833	6.3	3,802	-0.8	
Total non-current liabilities	14,823	14,510	-2.1	14,709	1.4	14,179	-3.6	
Short-term debt	2,668	2,184	-18.1	1,237	-43.4	1,214	-1.8	
Trade payables	1,276	1,350	5.8	1,319	-2.3	1,353	2.6	
Total current liabilities	5,354	5,411	1.1	4,141	-23.5	4,048	-2.3	
Minorities	346	353	2.0	351	-0.6	347	-1.1	
Shareholders' equity	2,377	2,516	5.8	2,493	-0.9	2,581	3.5	
Total equity	2,723	2,869	5.4	2,844	-0.9	2,928	3.0	
Total liabilities and equity	22,900	22,790	-0.5	21,694	-4.8	21,155	-2.5	
Net debt	9,170	8,783	-4.2	8,813	0.3	8,825	0.1	
Adjusted net debt	9,590	9,262	-3.4	9,223	-0.4	9,216	-0.1	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	62.2	49.7	48.1	61.7	54.0
Adjusted EBITDA margin	62.1	61.9	58.5	61.7	46.8
EBIT margin	48.5	34.2	32.3	44.1	35.3
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	5.4	4.6	4.6	4.9	4.6
EBIT/net interest expense (x)	4.2	3.2	3.1	3.5	3.0
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	3.7	3.5	4.4	4.6	
Adjusted Net Debt/Adjusted EBITDA (x)	3.8	3.7	3.7	3.9	
Net debt/FFO	5.5	5.1	5.2	5.6	
Net debt/equity	3.4	3.1	3.1	3.0	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Atlantia: Credit View **NEGATIVE**

(Moody's Baa3/Negative, Fitch BBB/Negative)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	HOLD	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results (in line with Bloomberg consensus) were mixed, with lower EBITDA margins, driven by a reduced contribution from Italian motorways and Overseas airports. Atlantia's leverage remained flat qoq at 5.2x pro forma for the 12-month consolidation of Abertis and excluding the one-off items related to the Genoa bridge collapse.
- The group expects to see an improvement in its 2019 results, supported by the full consolidation of Abertis (only two months in 2018), but subject to changes in FX, interest rates, and operations of Alitalia. A flat performance is expected for Italian motorways, excluding the risks related to the ongoing investigation of the Genoa incident.
- Atlantia's ratings remained at risk of a multiple-notch downgrade in case of revocation of ASPI's concession.
- HOLD recommendation confirmed, as Atlantia's bonds trade wider than BBB-rated bonds, reflecting the risk of further rating downgrades in case of a revocation of ASPI's concession without timely and/or adequate compensation.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
ATLIM 1 5/8 02/03/25	-130

Underperformer ¹ YTD – Senior unsecured	ASW Chg
ATLIM 1 7/8 07/13/27	-102

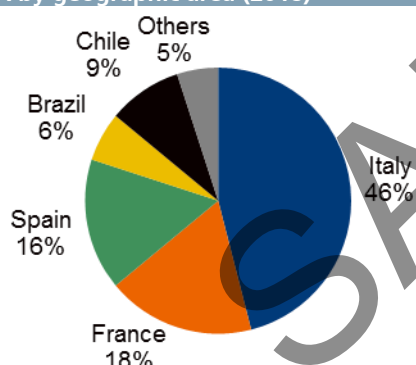
Strengths

- Global leader in the infrastructure management industry, after completion of the Abertis acquisition, with greater scale, larger geographic diversification, and lower single-asset concession risk.
- Largest toll road and airport operator in Italy, with long-term concessions (ASPI: 2038; ADR: 2044).
- Supportive regulatory framework in Italy, though exposed to political pressures after the Genoa bridge collapse.

Weaknesses

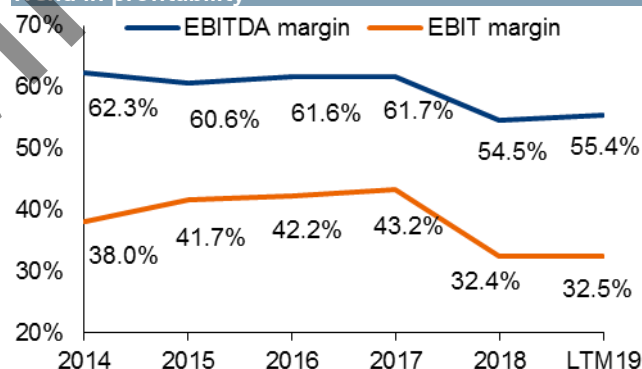
- Material releveraging after the Abertis joint acquisition, more complex structure and governance, and lower weighted average maturity of concessions (16 vs 20 years).
- Risk of revocation of ASPI's concession could result in further downgrades of Atlantia, ASPI, and ADR ratings.
- High exposure to Italy (low inflation and weak growth).
- Exposure to traffic and passenger volume risk.
- Sizeable capex plan.

PF EBITDA by geographic area (2018)



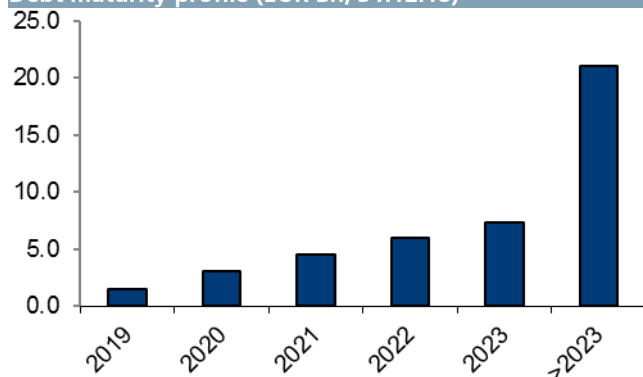
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



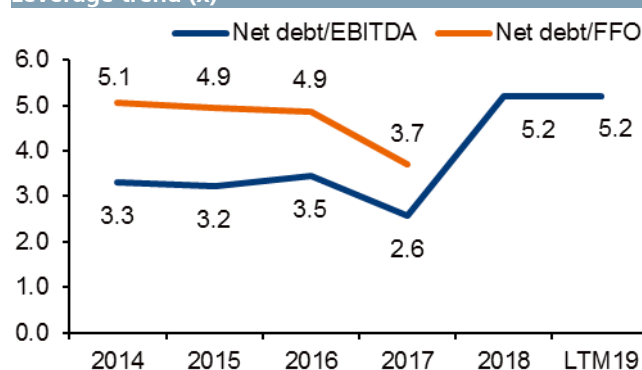
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR Bn, 31.12.18)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Note: pro-forma FFO data not available in 2018 and LTM19. Source: Intesa Sanpaolo Research elaboration on company data

1. List of Atlantia's bonds in Appendix 1 (page 68)

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Atlantia in Brief

Atlantia manages transport infrastructure based on concessions. The group manages 14,000km of toll motorways in Europe, the Americas, and India. Atlantia also operates electronic tolling systems and the airports in Rome and Nice.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	5,966	6,916	15.9	8,171	18.1	1,336	2,591	93.9
EBITDA	3,679	3,768	2.4	4,524	20.1	805	1,561	93.9
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	2,578	2,243	-13.0	2,656	18.4	506	919	81.6
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-546	-793	45.2	-984	24.1	-120	-311	159.2
Income (loss) on equity investments	-2	4	NM	12	NM	-2	6	NM
Profit before tax	2,065	1,519	-26.4	1,749	15.1	384	614	59.9
Net profit (loss)	1,432	1,083	-24.4	1,241	14.6	268	426	59.0
Net profit (loss) attributable to the Group	1,172	818	-30.2	850	3.9	217	249	14.7

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	2,566	2,985	16.3	3,810	27.6	592	1,417	139.4
Net change in working capital	-150	-40	-73.1	-242	NM	-129	-331	156.6
CFO	2,416	2,944	21.9	3,567	21.2	463	1,086	134.6
Capex	-1,077	-1,125	4.5	-1,282	14.0	-178	-335	88.2
FCF	1,340	1,820	35.8	2,286	25.6	285	751	163.5
Dividends	-994	-781	-21.5	-900	15.2	-52	-171	NM
Discretionary FCF	345	1,039	NM	1,386	33.4	233	580	148.9
RCF	2,116	-16,510	NM	-15,074	-8.7	-826	610	-173.8
Change in equity	-161	-73	-54.4	-76	4.1	0	-3	NM
Change in debt	290	16,077	NM	15,545	-3.3	25	-507	NM
CFF	129	16,004	NM	15,469	-3.3	25	-510	NM
RCF + CFF	2,245	-506	-122.6	395	-177.9	-801	100	-112.5
Change in liquidity	2,227	-541	-124.3	263	-148.7	-766	38	-105.0

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %	
Intangible assets	26,945	26,724	-0.8	57,627	115.6	57,542	-0.1	
Property, plant & equipment	284	276	-2.9	696	152.2	791	13.6	
Financial and equity investments	1,300	1,314	1.1	3,597	173.7	3,790	5.4	
Total non-current assets	32,013	32,029	0.1	68,193	112.9	68,684	0.7	
Inventory	78	NA	NA	98	NA	NA	NA	
Trade receivables	1,848	2,130	15.2	2,268	6.5	2,600	14.6	
Cash and current financial assets	5,529	9,675	75.0	6,028	-37.7	9,392	55.8	
Total current assets	7,774	12,285	58.0	11,481	-6.5	14,868	29.5	
Total assets	39,787	44,314	11.4	79,674	79.8	83,552	4.9	
Long-term debt	15,463	18,621	20.4	44,151	137.1	46,341	5.0	
Provisions for risks and charges	4,206	4,027	-4.3	5,444	35.2	5,431	-0.2	
Total non-current liabilities	21,970	24,939	13.5	53,368	114.0	55,576	4.1	
Short-term debt	2,679	3,283	22.5	4,071	24.0	5,740	41.0	
Trade payables	1,564	1,747	11.7	2,139	22.5	2,038	-4.7	
Total current liabilities	6,257	7,547	20.6	9,974	32.1	11,308	13.4	
Minorities	2,881	2,925	1.5	7,890	169.7	7,903	0.2	
Shareholders' equity	8,678	8,903	2.6	8,442	-5.2	8,765	3.8	
Total equity	11,559	11,828	2.3	16,332	38.1	16,668	2.1	
Total liabilities and equity	39,787	44,314	11.4	79,674	79.8	83,552	4.9	
Net debt	10,344	9,907	-4.2	37,931	NM	37,893	-0.1	
Adjusted net debt	12,613	12,229	-3.0	42,194	NM	42,689	1.2	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	61.7	54.5	55.4	60.3	60.2
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	43.2	32.4	32.5	37.9	35.5
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	6.7	4.8	4.6	6.7	5.0
EBIT/net interest expense (x)	4.7	2.8	2.7	4.2	3.0
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	2.8	2.6	5.2	5.2	
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	
Net debt/FFO	4.0	3.9	-	-	
Net debt/equity	0.9	0.8	2.3	2.3	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Buzzi Unicem: Credit View UNDER REVIEW

(Moody's -, Fitch -)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	HOLD	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 sales were solid, supported by the favourable comparison basis, while volumes registered improvements in all geographical segments, and FX shifted to having a positive impact in 1Q19 vs a negative one in 1Q18. However, leverage was seasonally higher, impacted marginally by IFRS 16 as well.
- 2019 guidance sees recurring EBITDA increasing by 5-8% yoy, based on improvements in Italy, slightly better operating results in Central and Eastern Europe, and stability in the US (based on FX as at end-2018). Leverage is expected to remain broadly stable yoy.
- After the upgrade to IG in 2018, we are not anticipating any further action over the short to medium term. Management reiterated its commitment to maintaining the IG rating.
- HOLD recommendation, reflecting broadly stable leverage expectations in 2019, which should reflect improved EBITDA and slightly higher net debt (in light of the new share buyback programme).

Performance ¹ YTD – Senior unsecured	ASW Chg
BZUIM 2 1/8 04/28/23	-56

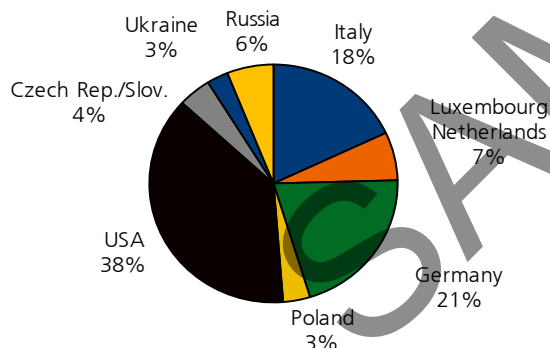
Strengths

- Good positions in key markets, with high entry barriers.
- Recent consolidation in the Italian market could lead to an improvement in domestic dynamics going forward, with Italian profitability moving out of negative territory.
- Acquisition in Brazil could provide future medium-term growth momentum, should a recovery occur in the Brazilian market.

Weaknesses

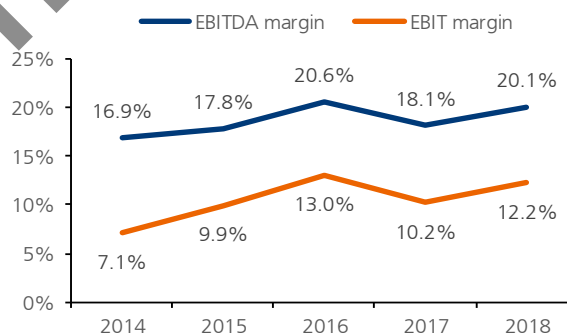
- Notable exposure to FX movements, particularly USD/EUR.
- Top-line exposure to Italy which has experienced excess capacity.
- Acquisition of 50% stake in BCPAR (remaining 50% by 2026) impacted the credit profile.
- New share buyback (up to EUR 200M) likely to act as a drain on short-term liquidity (after EUR 119M in 2018).

Sales by geographic area (1Q19)



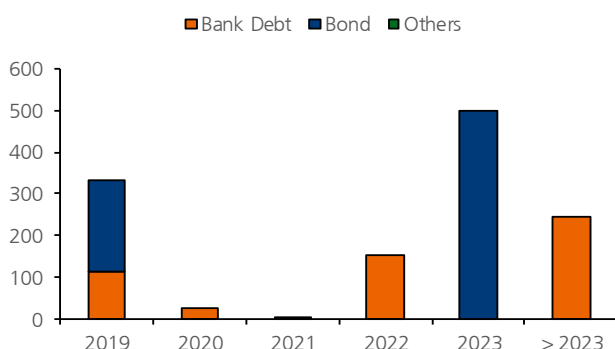
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



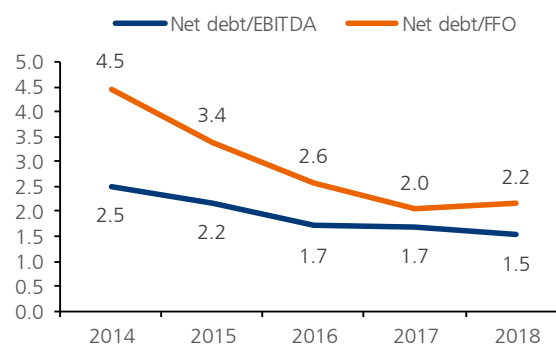
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Buzzi Unicem's bonds in Appendix 1 (page 68)

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Buzzi Unicem in Brief

Buzzi Unicem S.p.A., through subsidiaries, produces and markets cement and ready-mix concrete in Italy, the United States, and other countries.

Consolidated Income Statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
Sales	2,669	2,806	5.1	2,873	2.4
EBITDA	551	508	-7.7	577	13.6
Adjusted EBITDA	551	576	4.7	569	-1.4
EBIT	348	286	-17.8	352	23.0
Adjusted EBIT	NA	NA	NA	NA	NA
Net interest expense	-147	-35	-76.2	25	-170.6
Income (loss) on equity investments	80	96	20.4	88	-8.6
Profit before tax	281	349	24.1	465	33.4
Net profit (loss)	149	395	165.4	383	-3.0
Net profit (loss) attributable to the Group	146	392	168.5	382	-2.4

Note: NA = not available. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
FFO	366	423	15.8	413	-2.3
Net change in working capital	-47	-43	-8.7	-67	57.7
CFO	319	381	19.4	346	-9.1
Capex	-236	-184	-22.2	-215	17.2
FCF	83	197	137.9	131	-33.6
Dividends	-16	-22	35.5	-29	29.8
Discretionary FCF	66	175	163.0	102	-41.6
RCF	155	241	55.4	22	-91.0
Change in equity	0	-2	NM	-142	NM
Change in debt	-57	9	-115.9	-258	NM
CFF	-57	7	-111.8	-399	NM
RCF + CFF	98	247	152.1	-378	NM
Change in liquidity	98	247	152.1	-378	NM

Note: NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)					
	31.12.16	31.12.17	Chg %	31.12.18	Chg %
Intangible assets	608	592	-2.6	614	3.7
Property, plant & equipment	3,208	3,000	-6.5	3,059	2.0
Financial and equity investments	391	376	-3.7	545	44.8
Total non-current assets	4,282	4,036	-5.7	4,278	6.0
Trade receivables	392	411	4.8	399	-2.7
Cash and current financial assets	603	811	34.4	440	-45.7
Total current assets	1,522	1,740	14.3	1,390	-20.1
Total assets	5,809	5,783	-0.4	5,674	-1.9
Long-term debt	1,487	1,213	-18.4	922	-24.0
Provisions for risks and charges	532	500	-5.9	461	-7.9
Total non-current liabilities	2,538	2,109	-16.9	1,760	-16.5
Short-term debt	57	388	NM	353	-9.0
Trade payables	238	247	4.0	235	-5.1
Total current liabilities	464	823	77.3	771	-6.3
Minorities	32	6	-80.0	6	-5.7
Shareholders' equity	2,774	2,846	2.6	3,137	10.3
Total equity	2,807	2,852	1.6	3,144	10.2
Total liabilities and equity	5,809	5,783	-0.4	5,674	-1.9
Net debt	942	863	-8.4	891	3.2
Adjusted Net Debt	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators			
Profitability and coverage ratio (%)	2016	2017	2018
EBITDA margin	20.6	18.1	20.1
Adjusted EBITDA margin	20.6	20.5	19.8
EBIT margin	13.0	10.2	12.2
Adjusted EBIT margin	-	-	-
EBITDA/net interest expense (x)	3.7	14.5	-23.3
EBIT/net interest expense (x)	2.4	8.2	-14.2
Leverage ratio (x)	31.12.16	31.12.17	31.12.18
Net debt/EBITDA	1.7	1.7	1.5
Adjusted Net Debt/Adjusted EBITDA (x)	1.7	1.5	1.6
Net debt/FFO	2.6	2.0	2.2
Net debt/equity	0.3	0.3	0.3

Source: Intesa Sanpaolo Research elaborations on company data

CNH Industrial: Credit View POSITIVE

(Moody's Baa3/Stable, Fitch BBB-/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	HOLD	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results were mixed, with higher operating margins, driven by all industrial segments except Agricultural Equipment (AG), due to higher raw material costs and R&D spending. Net industrial leverage increased to 0.6x from 0.2x at YE18, driven by higher working capital outflow, due to inventory build-up ahead of the spring selling season.
- 2019 targets guidance confirmed, pointing to further slight improvement in both profitability and leverage, despite higher investments, dividends and USD 700M of shares buybacks. However, visibility remains low amid mounting challenges related to trade tariff tensions, negative weather events and geopolitical issues (Argentina, Turkey).
- Committed to further improving its ratings and achieving its long-term goal of net industrial debt-free position.
- HOLD recommendation confirmed, as visibility remains low ahead of Investor Day planned for 3 September in NY to present the outcome of its Strategic Review aimed at improving profitability, capital optimisation and deleveraging.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
CNHI 2 7/8 05/17/23	-52

Underperformer ¹ YTD – Senior unsecured	ASW Chg
CNHI 1 3/4 03/25/27	3

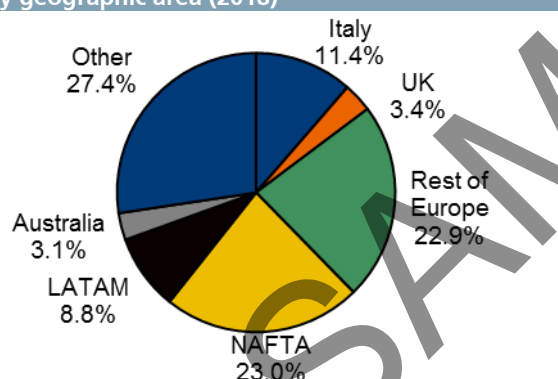
Strengths

- World's fourth-largest capital goods group, and second-largest player globally in AG.
- AG's favourable long-term demand fundamentals.
- Committed to achieving higher ratings.
- Low refinancing risk until 2022.

Weaknesses

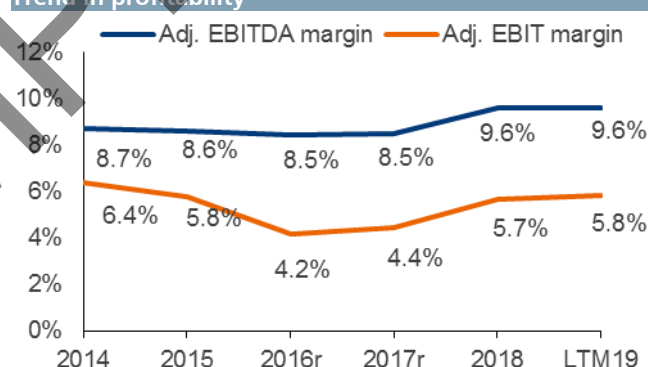
- Cyclical and highly capital-intensive businesses.
- Weak profitability in CE/CV segments.
- Higher investments in R&D and capex.
- Uncertainty related to trade tariffs and FX.
- High funding needs for CNH Capital.

Sales by geographic area (2018)



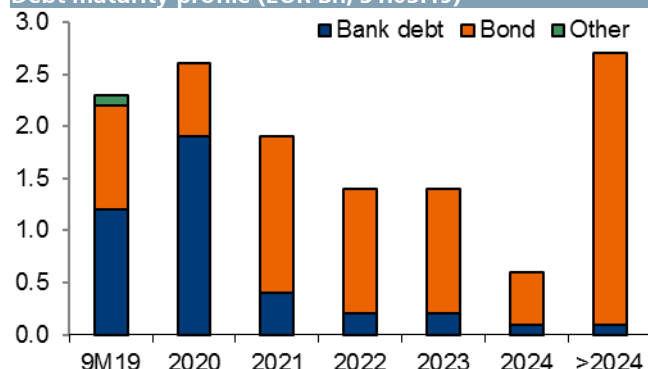
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



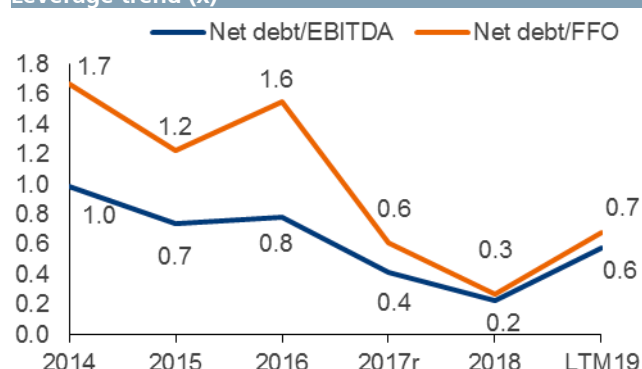
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR Bn, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of CNH Industrial's bonds in Appendix 1 (page 68)

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CNH Industrial in Brief

CNH Industrial NV, through its various brands, designs, produces and sells trucks, commercial vehicles, buses, special vehicles, agricultural and construction equipment, as well as engines and transmission systems for those vehicles.

Consolidated Income Statement - Main items (USD M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	25,769	27,831	8.0	27,537	-1.1	6,300	6,006	-4.7
EBITDA	2,191	2,671	21.9	2,649	-0.8	547	525	-4.0
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	1,143	1,585	38.7	1,602	1.1	261	278	6.5
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-482	-368	-23.7	-328	-10.9	-93	-53	-43.0
Income (loss) on equity investments	61	20	-67.2	9	-55.0	8	-3	-137.5
Profit before tax	253	1,000	NM	1,101	10.1	122	223	82.8
Net profit (loss)	290	1,099	NM	1,161	5.6	202	264	30.7
Net profit (loss) attributable to the Group	272	1,068	NM	1,129	5.7	196	257	31.1

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (USD M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	1,475	2,227	51.0	2,234	0.3	362	369	1.9
Net change in working capital	1,316	-444	-133.7	-711	60.1	-916	-1,183	29.1
CFO	2,791	1,783	-36.1	1,523	-14.6	-554	-814	46.9
Capex	-488	-550	12.7	-566	2.9	-61	-77	26.2
FCF	2,303	1,233	-46.5	957	-22.4	-615	-891	44.9
Dividends	-168	-243	44.6	-243	0.0	-1	-1	0.0
Discretionary FCF	2,135	990	-53.6	714	-27.9	-616	-892	44.8
RCF	798	1,092	36.8	432	-60.4	-702	-1,362	94.0
Change in equity	-25	-156	NM	NA	NA	NA	NA	NA
Change in debt	-882	-1,028	16.6	245	-123.8	-1,147	126	-111.0
CFF	-907	-1,184	30.5	89	-107.5	-1,147	126	-111.0
RCF + CFF	-109	-92	-15.6	521	NM	-1,849	-1,236	-33.2
Change in liquidity	252	-348	NM	155	-144.5	-1,781	-1,278	-28.2

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (USD M)								
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %	
Intangible assets	3,055	3,052	-0.1	3,075	0.8	3,060	-0.5	
Property, plant & equipment	6,253	6,048	-3.3	5,899	-2.5	5,606	-5.0	
Financial and equity investments	3,171	3,193	0.7	3,126	-2.1	3,221	3.0	
Total non-current assets	NA	NA	NA	NA	NA	NA	NA	
Inventory	6,924	7,131	3.0	6,510	-8.7	7,497	15.2	
Trade receivables	543	478	-12.0	398	-16.7	463	16.3	
Cash and current financial assets	4,026	3,549	-11.8	4,553	28.3	3,275	-28.1	
Total current assets	NA	NA	NA	NA	NA	NA	NA	
Total assets	28,357	27,037	-4.7	27,271	0.9	27,691	1.5	
Long-term debt	6,983	6,627	-5.1	6,347	-4.2	6,452	1.7	
Provisions for risks and charges	1,599	1,583	-1.0	1,470	-7.1	1,442	-1.9	
Total non-current liabilities	NA	NA	NA	NA	NA	NA	NA	
Short-term debt	NA	NA	NA	NA	NA	NA	NA	
Trade payables	6,191	5,523	-10.8	5,771	4.5	5,876	1.8	
Total current liabilities	NA	NA	NA	NA	NA	NA	NA	
Minorities	27	29	7.4	30	3.4	30	0.0	
Shareholders' equity	4,579	4,747	3.7	5,068	6.8	5,391	6.4	
Total equity	4,606	4,776	3.7	5,098	6.7	5,421	6.3	
Total liabilities and equity	28,357	27,037	-4.7	27,271	0.9	27,691	1.5	
Net debt	1,291	1,989	54.1	600	-69.8	1,521	153.5	
Adjusted net debt	2,957	3,078	4.1	1,794	-41.7	3,177	77.1	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	8.5	9.6	9.6	8.7	8.7
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	4.4	5.7	5.8	4.1	4.6
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	4.5	7.3	8.1	5.9	0.0
EBIT/net interest expense (x)	2.4	4.3	4.9	2.8	0.2
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	0.5	0.8	0.2	0.6	
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	
Net debt/FFO	0.6	0.8	0.3	0.7	
Net debt/equity	0.3	0.4	0.1	0.3	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Enel: Credit View POSITIVE

(Moody's Baa2/Stable, Fitch A-/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	BUY	-	BUY
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- Positive 1Q19 results, with EBITDA in line with consensus net of a positive impact from the early termination of a PPA contract in Chile. Performance driven by networks, renewables and asset portfolio management, partially offset by negative FX effects. Net debt increased vs year-end 2018 (+10%) mainly due to accounting effects (eg, IFRS 16 first time application).
- Confirmed 2019 guidance excluding IFRS 16 effects, ie: 1) ordinary EBITDA at around EUR 17.6Bn (EUR 17.4Bn previous guidance plus EUR 200M from IFRS 16); and 2) net debt at c.EUR 44Bn based on EUR 41.8Bn previous guidance plus EUR 1.4Bn relating to IFRS 16 and plus EUR 700M of FX negative effects.
- High geographical diversification limits effects from potential downgrade on Italy's rating by both Moody's and Fitch.
- BUY recommendations confirmed in light of the group's solid financial profile and of a credit-supportive strategy plan.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
ENELIM 1 3/8 06/01/26	-57

Underperformer ¹ YTD – Senior unsecured	ASW Chg
ENELIM 5 07/12/21	5

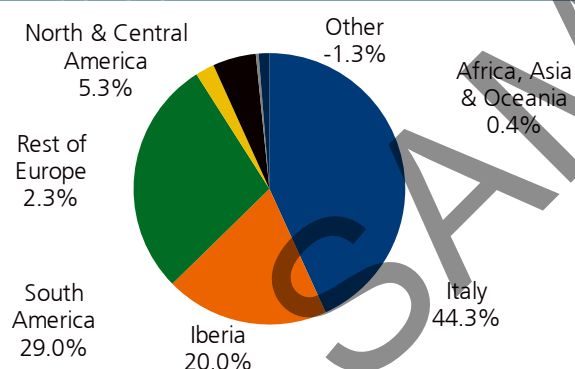
Strengths

- High geographical and operational diversification.
- Strong contribution from both regulated and contracted activities (about 75% of FY18 EBITDA).
- 2019-2021 plan confirms industrial growth in low-risk activities (network and renewables).

Weaknesses

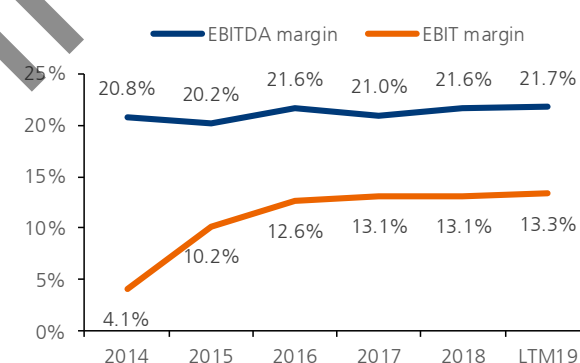
- High exposure to still-weak environments in Italy (roughly 40% of EBITDA).
- Generous dividend policy: payout of 70%, with minimum dividends set for 2019, 2020 and 2021.

EBITDA by geographical area (1Q19)



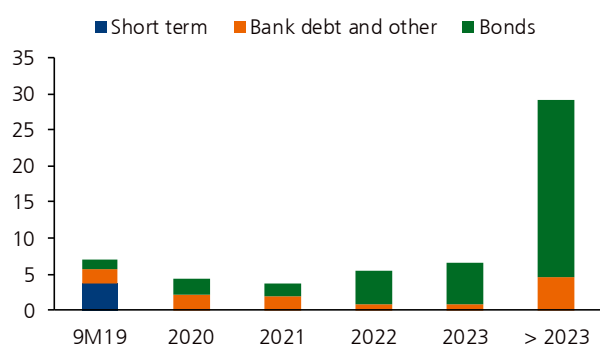
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



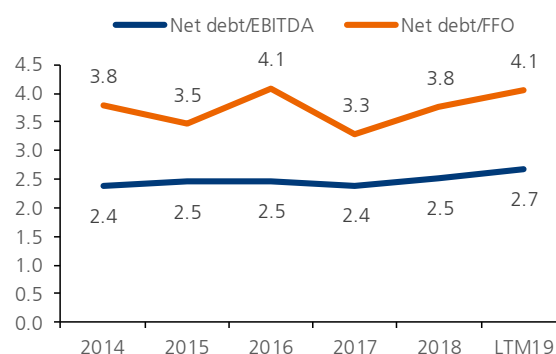
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR Bn, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Enel's bonds in Appendix 1 (page 68, 69)

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Enel in Brief

Enel S.p.A. is a multinational power company and an integrated operator in the electricity and gas sectors, with a particular focus on Europe and Latin America. The company is active in the generation and distribution of energy from conventional and renewable sources. It also provides integrated solutions for electricity and gas products.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
Sales	74,639	75,672	1.4	77,617	2.6	18,946	20,891	10.3
EBITDA	15,653	16,351	4.5	16,862	3.1	4,037	4,548	12.7
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	9,792	9,900	1.1	10,343	4.5	2,538	2,981	17.5
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-2,692	-2,216	-17.7	-2,321	4.7	-566	-671	18.6
Income (loss) on equity investments	111	349	NM	249	-28.7	37	-63	NM
Profit before tax	7,211	8,201	13.7	8,463	3.2	2,009	2,271	13.0
Net profit (loss)	5,329	6,350	19.2	6,472	1.9	1,528	1,650	8.0
Net profit (loss) attributable to the Group	3,779	4,789	26.7	4,876	1.8	1,169	1,256	7.4

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
FFO	11,391	10,922	-4.1	11,109	1.7	3,429	3,616	5.5
Net change in working capital	-1,265	153	-112.1	446	191.5	-1,531	-1,238	-19.1
CFO	10,126	11,075	9.4	11,555	4.3	1,898	2,378	25.3
Capex	-8,499	-8,259	-2.8	-8,752	6.0	-1,379	-1,872	35.8
FCF	1,627	2,816	73.1	2,803	-0.5	519	506	-2.5
Dividends	-2,873	-3,444	19.9	-3,811	10.7	-1,390	-1,757	26.4
Discretionary FCF	-1,246	-628	-49.6	-1,008	60.5	-871	-1,251	43.6
RCF	-2,519	-3,432	36.2	-3,889	13.3	-856	-1,313	53.4
Change in equity	0	0	NM	0	NM	0	0	NM
Change in debt	1,705	3,210	88.3	7,445	131.9	-1,108	3,127	NM
CFF	1,705	3,210	88.3	7,445	131.9	-1,108	3,127	NM
RCF + CFF	-814	-222	-72.7	3,556	NM	-1,964	1,814	-192.4
Change in liquidity	-1,205	-407	-66.2	3,449	NM	-2,007	1,849	-192.1

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chq %	31.12.18	Chq %	31.03.19	Chq %	
Intangible assets	NA	NA	NA	19,014	NA	NA	NA	NA
Property, plant & equipment	NA	NA	NA	76,766	NA	NA	NA	NA
Financial and equity investments	1,631	1,880	15.3	2,099	11.6	2,052	-2.2	
Total non-current assets	125,068	125,949	0.7	128,849	2.3	132,911	3.2	
Inventory	3,059	3,240	5.9	2,818	-13.0	2,814	-0.1	
Trade receivables	13,417	13,860	3.3	13,587	-2.0	15,476	13.9	
Cash and current financial assets	6,393	9,598	50.1	6,630	-30.9	8,471	27.8	
Total current assets	36,334	49,393	35.9	35,887	-27.3	40,263	12.2	
Total assets	163,624	169,973	3.9	165,424	-2.7	173,896	5.1	
Long-term debt	46,166	50,476	9.3	48,983	-3.0	50,928	4.0	
Provisions for risks and charges	16,306	16,268	-0.2	17,018	4.6	17,004	-0.1	
Total non-current liabilities	73,594	78,001	6.0	76,817	-1.5	79,016	2.9	
Short-term debt	9,345	10,535	12.7	6,983	-33.7	10,586	51.6	
Trade payables	10,493	11,219	6.9	13,387	19.3	12,505	-6.6	
Total current liabilities	41,245	43,867	6.4	40,348	-8.0	44,287	9.8	
Minorities	15,990	16,384	2.5	16,132	-1.5	16,502	2.3	
Shareholders' equity	30,853	31,717	2.8	31,720	0.0	33,613	6.0	
Total equity	46,843	48,101	2.7	47,852	-0.5	50,115	4.7	
Total liabilities and equity	163,624	169,973	3.9	165,424	-2.7	173,896	5.1	
Net debt	41,594	43,122	3.7	41,089	-4.7	45,093	9.7	
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	21.0	21.6	21.7	21.3	21.8
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	13.1	13.1	13.3	13.4	14.3
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	5.8	7.4	7.3	7.1	6.8
EBIT/net interest expense (x)	3.6	4.5	4.5	4.5	4.4
Leverage ratio (x)		30.06.18	30.09.18	31.12.18	31.03.19
Net debt/EBITDA		2.6	2.6	2.5	2.7
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		3.5	3.9	3.8	4.1
Net debt/equity		0.9	0.9	0.9	0.9

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Eni: Credit View POSITIVE

(Moody's Baa1/Stable, Fitch A-/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	BUY	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- Weaker 1Q19 results (below consensus estimates), driven by a deterioration of the downstream performance, partially offset by a higher contribution from both E&P (+2% to EUR 55.6/bbl Brent oil price realisation) and G&P (improved GLP's results). The group's leverage increased to 0.5x from 0.4x at YE18, driven by seasonally negative FCF. The IFRS 16 adoption resulted in EUR 5.8Bn negative impact on net debt, with leverage up to 0.8x.
- 2019 targets confirmed: 1) +2.5% E&P's production to 1,880 kboe/d; 2) G&P's adjusted EBIT of EUR 0.5Bn (EUR 0.5Bn in 2018); 3) R&M's adjusted EBIT of EUR 0.7Bn (EUR 0.4Bn in 2018); 4) EUR 8Bn capex (EUR 7.9Bn in 2018); 5) cash neutrality at USD 55/boe oil price; 6) net debt/equity up to 0.20-0.21x (0.16x at YE18 pre-IFRS 16), due to the acquisition of a 20% stake in ADNOC for USD 3.3Bn (closing in 3Q19); and 6) a EUR 400M share buyback in 2019.
- We expect stable ratings, though we note that Eni's ratings are constrained by Italy's rating at Moody's.
- BUY recommendation confirmed, based on solid fundamental outlook.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
ENIIM 1 3/4 01/18/24	-53

Underperformer ¹ YTD – Senior unsecured	ASW Chg
ENIIM 5.441 04/18/28	23

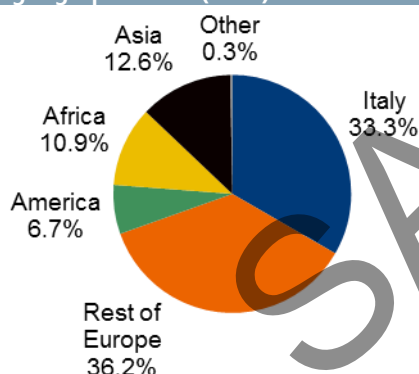
Strengths

- Fourth-largest oil & gas producer worldwide, and one of Europe's largest gas suppliers.
- Dual exploration model successful, given its strong track record in exploration and fast time-to-market.
- Better geographic diversification and business integration after the acquisition of a 20% stake in ADNOC.
- Low refinancing risk until 2023.

Weaknesses

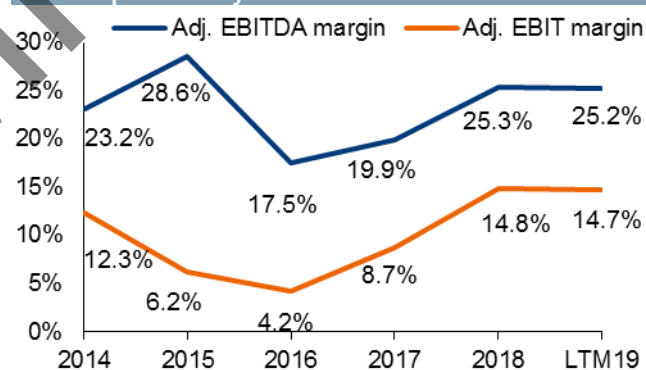
- E&P division highly dependent on high-risk non-OECD countries; moderate exposure to Italy country risk.
- Execution risk on some large projects.
- Downstream diversification lower than peers.
- High exposure to oil prices and EUR/USD FX rate.
- Progressive dividend policy and shares buyback.
- Rating is constrained by Italy's sovereign rating at Moody's.

Sales by geographic area (2018)



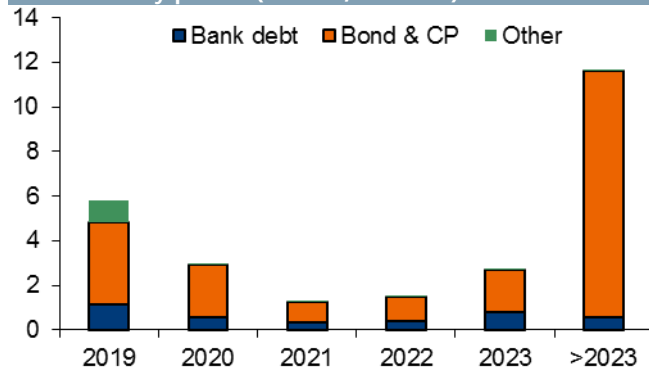
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



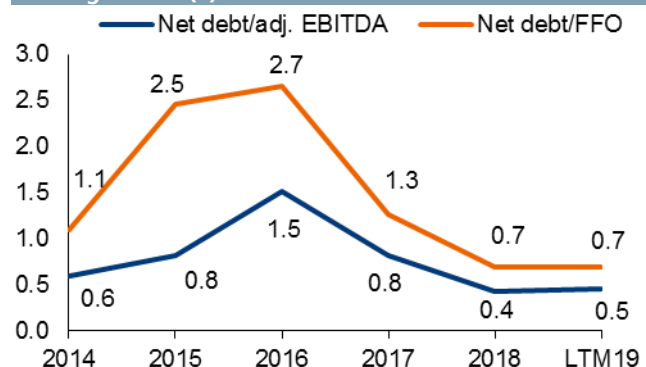
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR Bn, 31.12.18)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Note: excluding IFRS 16 impact in LTM19 ratios. Source: Intesa Sanpaolo Research elaboration on company data

1. List of Eni's bonds in Appendix 1 (page 69)

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Eni in Brief

Eni S.p.A. explores for and produces hydrocarbons in Italy, Africa, the North Sea, the Gulf of Mexico, Kazakhstan, and Australia. Eni generates and trades electricity, refines oil, and operates petrol stations.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	66,919	75,822	13.3	76,430	0.8	17,932	18,540	3.4
EBITDA	15,533	17,937	15.5	18,124	1.0	4,269	4,456	4.4
Adjusted EBITDA	13,324	19,196	44.1	19,238	0.2	4,250	4,292	1.0
EBIT	8,012	9,983	24.6	10,102	1.2	2,399	2,518	5.0
Adjusted EBIT	5,803	11,242	93.7	11,216	-0.2	2,380	2,354	-1.1
Net interest expense	-1,236	-971	-21.4	-983	1.2	-224	-236	5.4
Income (loss) on equity investments	68	1,095	NM	1,124	2.6	68	97	42.6
Profit before tax	6,844	10,107	47.7	10,243	1.3	2,243	2,379	6.1
Net profit (loss)	2,379	4,592	93.0	4,606	0.3	978	992	1.4
Net profit (loss) attributable to the Group	3,374	4,126	22.3	4,272	3.5	946	1,092	15.4

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	8,677	12,015	38.5	12,441	3.5	3,261	3,687	13.1
Net change in working capital	1,440	1,632	13.3	1,116	-31.6	-1,074	-1,590	48.0
CFO	10,117	13,647	34.9	13,557	-0.7	2,187	2,097	-4.1
Capex	-8,681	-9,119	5.0	-8,817	-3.3	-2,541	-2,239	-11.9
FCF	1,436	4,528	NM	4,740	4.7	-354	-142	-59.9
Dividends	-2,883	-2,957	2.6	NA	NA	-1	NA	NA
Discretionary FCF	-1,447	1,571	NM	1,784	13.6	-355	-142	-60.0
RCF	3,466	3,154	-9.0	3,521	11.6	-465	-98	-78.9
Change in equity	NA	NA	NA	NA	NA	NA	NA	NA
Change in debt	-1,712	320	-118.7	969	NM	-1,154	-505	-56.2
CFF	-1,712	320	-118.7	969	NM	-1,154	-505	-56.2
RCF + CFF	1,754	3,474	98.1	4,490	29.2	-1,619	-603	-62.8
Change in liquidity	1,689	3,492	106.7	4,535	29.9	-1,638	-595	-63.7

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %	
Intangible assets	2,992	3,047	1.8	3,170	4.0	3,180	0.3	
Property, plant & equipment	59,669	59,771	0.2	60,302	0.9	61,795	2.5	
Financial and equity investments	4,855	4,772	-1.7	7,963	66.9	7,173	-9.9	
Total non-current assets	75,390	75,578	0.2	78,628	4.0	85,388	8.6	
Inventory	4,719	5,070	7.4	4,651	-8.3	4,630	-0.5	
Trade receivables	15,670	15,632	-0.2	14,101	-9.8	17,038	20.8	
Cash and current financial assets	13,916	16,831	20.9	17,688	5.1	17,237	-2.5	
Total current assets	38,023	42,547	11.9	39,450	-7.3	42,113	6.8	
Total assets	118,344	123,188	4.1	118,373	-3.9	127,802	8.0	
Long-term debt	19,037	19,875	4.4	20,082	1.0	19,125	-4.8	
Provisions for risks and charges	12,800	12,907	0.8	13,003	0.7	13,100	0.7	
Total non-current liabilities	37,830	38,755	2.4	38,859	0.3	42,973	10.6	
Short-term debt	4,954	6,161	24.4	5,783	-6.1	6,664	15.2	
Trade payables	15,511	16,565	6.8	16,747	1.1	16,567	-1.1	
Total current liabilities	27,045	30,327	12.1	28,382	-6.4	31,977	12.7	
Minorities	53	54	1.9	57	5.6	60	5.3	
Shareholders' equity	50,418	50,814	0.8	51,016	0.4	52,716	3.3	
Total equity	50,471	50,868	0.8	51,073	0.4	52,776	3.3	
Total liabilities and equity	118,344	123,188	4.1	118,373	-3.9	127,802	8.0	
Net debt	9,897	9,005	-9.0	8,289	-8.0	14,496	74.9	
Adjusted net debt	10,075	9,205	-8.6	8,177	-11.2	14,370	75.7	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	23.2	23.7	23.7	23.8	24.0
Adjusted EBITDA margin	19.9	25.3	25.2	23.7	23.1
EBIT margin	12.0	13.2	13.2	13.4	13.6
Adjusted EBIT margin	8.7	14.8	14.7	13.3	12.7
EBITDA/net interest expense (x)	10.8	19.8	18.4	19.0	18.2
EBIT/net interest expense (x)	4.7	11.6	10.3	10.6	10.0
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA		0.7	0.5	0.4	0.8
Adjusted Net Debt/Adjusted EBITDA (x)		0.7	0.5	0.4	0.7
Net debt/FFO		1.0	0.8	0.7	1.2
Net debt/equity		0.2	0.2	0.2	0.2

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

EXOR: Credit View NEUTRAL

(Moody's -, Fitch -)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	BUY	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- FY18 results (latest available as EXOR reports only on a semi-annual basis) were slightly weaker yoy, with net income declining by 3% to EUR 1.3Bn, due to higher net financial charges and a lower share in profits from equity investments – primarily driven by losses at PRE and Juventus. The Holdings System's net debt increased by 3%, to EUR 3.3Bn, mainly due to lower assets disposals, lower dividends received, and share buybacks.
- 2019 financial flexibility set to improve, driven by sharply higher dividend inflows (c.EUR 1Bn vs EUR 138M in 2018), with approximately EUR 870M dividends from FCA, partially offset by share buybacks (EUR 300M) and a higher dividend distribution (+22% to EUR 100M). EXOR's Investor Day is set to take place on 21 November in Turin.
- Committed to maintaining the current IG rating, which requires keeping the loan/value (LTV) ratio below 20%.
- BUY recommendation confirmed, supported by potential merger of FCA with Renault, which could result in EUR 725M dividends distribution from FCA plus a 29% stake in Comau or EUR 72.5M additional dividends if Comau's spin-off does not occur (terms set in FCA's merger proposal to Renault on 27.05.19, but withdrawn on 6.6.19).

Outperformer ¹ YTD – Senior unsecured	ASW Chg
EXOIM 2 1/2 10/08/24	-52

Underperformer ¹ YTD – Senior unsecured	ASW Chg
EXOIM 2 1/8 12/02/22	-25

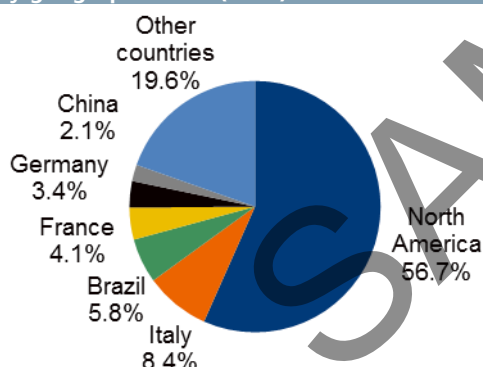
Strengths

- One of Europe's leading investment companies; 53%-owned by the Agnelli family.
- Higher dividend inflows in 2019, with EUR 870M from FCA.
- Committed to maintaining the current IG rating.
- Operating subsidiaries' debt is non-recourse and not cross-defaulted with EXOR's debt.

Weaknesses

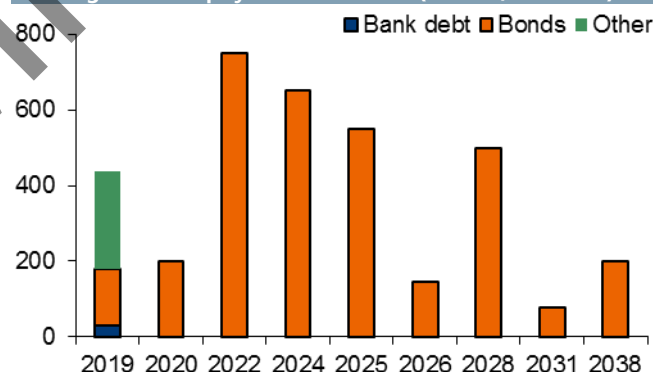
- Presence in cyclical and capital-intensive businesses, though mitigated by acquisition of PRE.
- High exposure to NAFTA (57% of 2018 sales).
- Some portfolio concentration on Ferrari, PRE and FCA.
- Prevalence of majority stakes limits asset liquidity.
- Equity market volatility could result in LTV above 20%.

Sales by geographic area (2018)



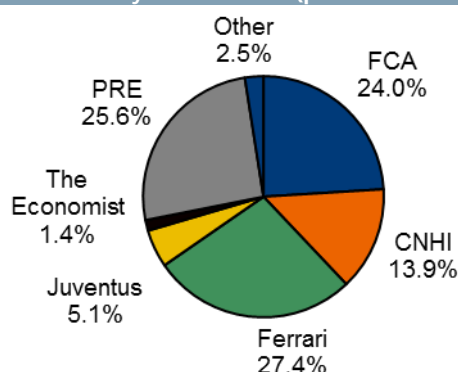
Source: Intesa Sanpaolo Research elaboration on company data

Holdings' debt repayment schedule (EUR M, 31.12.18)



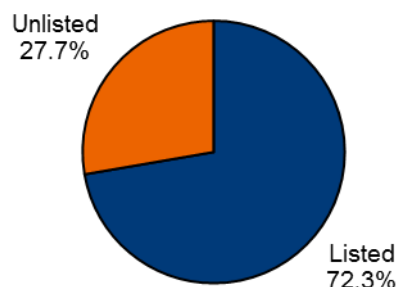
Source: Intesa Sanpaolo Research elaboration on company data

Estimated GAV by investments (prices at 17.06.19)



Source: Intesa Sanpaolo Research elaboration on company data

Estimated GAV by investments prices at 17.06.19)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of EXOR's bonds in Appendix 1 (page 69)

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EXOR in Brief

EXOR N.V. operates as an investment firm. The company makes medium to long-term investments focused on global companies in diversified sectors.

Consolidated income statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
Shares of profit/loss in equity investments	886	1,448	63.5	1,438	-0.7
Dividends from investments	22	7	-66.5	0	-100.0
Net gains/losses on disposals and write-downs	29	-66	NM	-1	-98.5
Net financial charges/income (NFC)	-76	14	-118.7	-64	NM
Non-recurring other income/expenses	-69	-6	-90.9	-3	-52.4
Net general expenses and other taxes/duties	-26	-28	9.0	-22	-21.1
Consolidated profit before income taxes	765	1,370	79.0	1,348	-1.6
Consolidated net profit	589	1,392	136.5	1,347	-3.2

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated cash flow statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
Dividends received	337	222	-34.0	138	-37.8
Investments	-5,519	-45	-99.2	-22	-50.6
Sales/redemption	795	357	-55.1	32	-91.0
Reimbursements of reserves	8	8	-3.6	NA	NA
Dividends distributed	-82	-82	0.1	-82	0.0
Shares buy-back	NA	NA	NA	-62	NA
Interest income on FCA's MCB	63	NA	NA	NA	NA
Net financial charges	-105	-95	-9.9	-64	-32.6
Net general expenses	-90	-28	-69.0	-19	-31.7
Other	-168	-77	-54.0	-12	-84.4
Change in NFP	-4,761	261	-105.5	-91	-135.0
Initial NFP	1,337	-3,424	NM	-3,164	-7.6
Final NFP	-3,424	-3,164	-7.6	-3,255	2.9

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated balance sheet statement - Main items (EUR M)					
	31.12.16	31.12.17	Chg %	31.12.18	Chg %
Equity investments at equity method	14,086	13,880	-1.5	15,393	10.9
Equity investments at fair value	117	44	-62.4	55	24.7
Other financial assets	366	4	-99.0	NA	NA
Total non-current assets	14,587	13,943	-4.4	15,466	10.9
Total current assets	262	112	-57.1	273	143.1
Total assets	14,849	14,083	-5.2	15,739	11.8
Medium/long-term financial debt	3,601	3,236	-10.1	3,496	8.0
Short-term financial debt	28	33	20.3	26	-21.7
Total financial debt	3,629	3,269	-9.9	3,522	7.7
Equity	10,982	10,805	-1.6	12,210	13.0
Total liabilities and equity	14,849	14,083	-5.2	15,739	11.8

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Gross asset value and net asset value (EUR M)					
	31.12.16	31.12.17	Chg %	31.12.18	Chg %
Equity investments	16,775	22,138	32.0	20,323	-8.2
Financial investments	362	3	-99.2	3	0.0
Cash and cash equivalents	205	106	-48.3	267	151.9
Treasury shares	177	177	0.0	167	-5.6
Gross asset value (GAV)	17,519	22,424	28.0	20,760	-7.4
Gross financial debt	-3,629	-3,269	-9.9	-3,522	7.7
Net asset value (NAV)	13,890	19,155	37.9	17,238	-10.0
Loan-to-value (%)	19.8	14.2	-28.3	15.9	12.0

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

FCA: Credit View UNDER REVIEW

(Moody's Ba1/Stable, Fitch BBB-/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	-	-	-
HY	-	BUY	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results were weak (below consensus estimates), showing lower operating margins, driven by all segments, except Latam. Industrial Activities' net cash position reduced to EUR 424M from EUR 1.8Bn at YE18, excluding Magneti Marelli (sold in May), due to EUR 1.4Bn lease liabilities as per IFRS 16 adoption and negative FCF generation (EUR -0.3Bn), primarily driven by seasonally higher net working capital outflow.
- 2019 guidance confirmed, pointing to a broadly stable operating performance, with 1H19 expected to be weaker yoy, followed by a recovery in 2H19, primarily driven by NAFTA. In 2019, FCA plans a EUR 3Bn dividend distribution, of which EUR 2Bn in extraordinary dividends, following the sale of Magneti Marelli for EUR 5.8Bn in May.
- After Fitch's rating upgrade to IG in November, FCA remains committed to achieving another IG rating by 2019.
- BUY recommendation confirmed, as FCA's bonds are supported by a potential tie-up with Renault.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
FCAIM 4 3/4 07/15/22	-109

Underperformer ¹ YTD – Senior unsecured	ASW Chg
FCAIM 3 3/4 03/29/24	-84

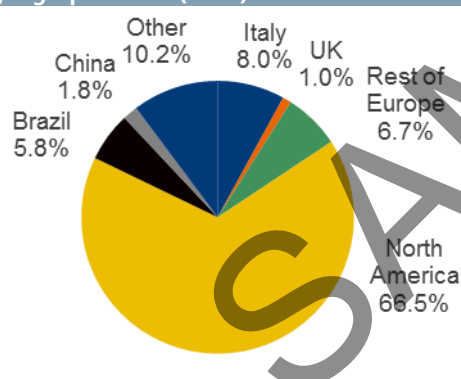
Strengths

- The world's eighth-largest carmaker, leader in Italy, second-largest in Brazil, and fourth-largest in the US.
- US margins benefitting from production shift to light trucks.
- Strong performance by Jeep and Ram brands.
- Focus on FCF and industrial net cash improvement.
- Committed to achieving an IG rating by 2019. Up to two notches upgrade potential in event of merger with Renault.
- EUR 20Bn of liquidity covers all debt maturities.

Weaknesses

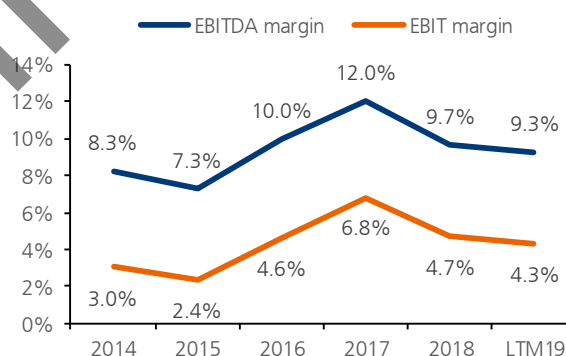
- Exposure to cyclical demand, high capital intensity, price competition, and cost pressures.
- High exposure to NAFTA markets (where sales are slowing) and reliance on Jeep and Ram brands.
- 2019-2022 targets ambitious, but credit-friendly.
- Large investments required by new industry megatrends (electrification, connectivity, autonomous driving).
- Relative small size constrains prospects on a standalone basis.

Sales by geographic area (2018)



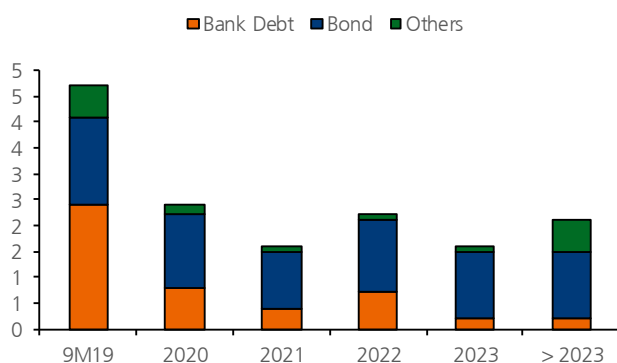
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



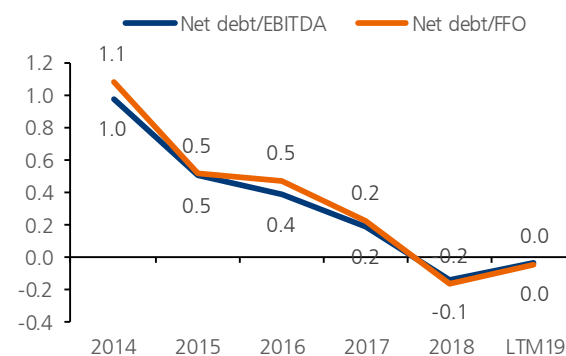
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR Bn, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of FCA's bonds in Appendix 1 (page 70)

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FCA in Brief

Fiat Chrysler Automobiles N.V. manufactures and markets automobiles and commercial vehicles. The company also produces metallurgical products and production systems for the automobile industry.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
Sales	105,730	110,412	4.4	109,160	-1.1	25,733	24,481	-4.9
EBITDA	12,698	10,671	-16.0	10,126	-5.1	2,892	2,347	-18.8
Adjusted EBITDA	12,083	12,245	1.3	11,754	-4.0	2,941	2,450	-16.7
EBIT	7,224	5,164	-28.5	4,676	-9.5	1,452	964	-33.6
Adjusted EBIT	6,609	6,738	2.0	6,304	-6.4	1,501	1,067	-28.9
Net interest expense	-1,345	-1,056	-21.5	-1,013	-4.1	-287	-244	-15.0
Income (loss) on equity investments	399	235	-41.1	211	-10.2	82	58	-29.3
Profit before tax	5,879	4,108	-30.1	3,663	-10.8	1,165	720	-38.2
Net profit (loss)	3,510	3,632	3.5	3,230	-11.1	1,021	619	-39.4
Net profit (loss) attributable to the Group	3,491	3,608	3.4	3,206	-11.1	1,021	619	-39.4

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
FFO	10,230	10,570	3.3	9,709	-8.1	2,582	1,721	-33.3
Net change in working capital	-550	-1,106	101.1	-1,388	25.5	-369	-651	76.4
CFO	10,385	9,948	-4.2	8,299	-16.6	2,348	699	-70.2
Capex	-8,105	-5,392	-33.5	-5,514	2.3	-1,254	-1,376	9.7
FCF	1,710	3,924	129.5	2,115	-46.1	1,019	-790	-177.5
Dividends	-1	-1	0.0	NA	NA	NA	-5	NA
Discretionary FCF	1,709	3,923	129.5	2,109	-46.2	1,019	-795	-178.0
RCF	1,088	3,209	194.9	2,362	-26.4	575	-272	-147.3
Change in equity	-2	11	NM	NA	NA	11	NA	NA
Change in debt	-4,284	-2,705	-36.9	-2,125	-21.4	-1,338	-758	-43.3
CFF	-4,472	-2,784	-37.7	-2,200	-21.0	-1,390	-806	-42.0
RCF + CFF	-3,384	425	-112.6	162	-61.9	-815	-1,078	32.3
Change in liquidity	-4,680	531	-111.3	743	39.9	-1,059	-847	-20.0

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chq %	31.12.18	Chq %	31.03.19	Chq %	
Intangible assets	25,591	25,293	-1.2	25,719	1.7	26,444	2.8	
Property, plant & equipment	28,028	26,220	-6.5	26,307	0.3	27,452	4.4	
Financial and equity investments	3,297	3,172	-3.8	2,364	-25.5	2,333	-1.3	
Total non-current assets	58,945	56,622	-3.9	58,581	3.5	61,078	4.3	
Inventory	14,073	13,137	-6.7	10,694	-18.6	11,591	8.4	
Trade receivables	2,565	2,168	-15.5	7,188	NM	6,784	-5.6	
Cash and current financial assets	13,520	11,653	-13.8	13,065	12.1	12,493	-4.4	
Total current assets	40,592	37,127	-8.5	33,491	-9.8	33,340	-0.5	
Total assets	99,537	98,158	-1.4	96,873	-1.3	99,612	2.8	
Long-term debt	16,561	15,387	-7.1	14,735	-4.2	15,250	3.5	
Provisions for risks and charges	24,409	24,376	-0.1	24,514	0.6	24,812	1.2	
Total non-current liabilities	NA	NA	NA	NA	NA	NA	NA	
Short-term debt	NA	NA	NA	NA	NA	NA	NA	
Trade payables	23,497	20,383	-13.3	19,229	-5.7	20,039	4.2	
Total current liabilities	NA	NA	NA	NA	NA	NA	NA	
Minorities	NA	191	NA	201	5.2	203	1.0	
Shareholders' equity	22,673	22,868	0.9	24,702	8.0	25,703	4.1	
Total equity	22,673	23,059	1.7	24,903	8.0	25,906	4.0	
Total liabilities and equity	99,537	98,158	-1.4	96,873	-1.3	99,612	2.8	
Net debt	-456	189	-141.4	-1,872	NM	-424	-77.4	
Adjusted net debt	3,041	3,734	22.8	1,670	-55.3	2,420	44.9	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	12.0	9.7	9.3	11.2	9.6
Adjusted EBITDA margin	11.4	11.1	10.8	11.4	10.0
EBIT margin	6.8	4.7	4.3	5.6	3.9
Adjusted EBIT margin	6.3	6.1	5.8	5.8	4.4
EBITDA/net interest expense (x)	9.4	10.1	10.0	10.1	9.6
EBIT/net interest expense (x)	5.4	4.9	4.6	5.1	4.0
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	-0.0	0.0	-0.1	-0.0	
Adjusted Net Debt/Adjusted EBITDA (x)	0.2	0.2	0.1	0.2	
Net debt/FFO	-0.0	0.0	-0.2	-0.0	
Net debt/equity	0.1	0.2	-0.0	0.1	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Hera: Credit View POSITIVE

(Moody's Baa2/Stable, Fitch -)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	BUY	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- Solid 1Q19 results, broadly in line with consensus, driven by regulated networks and efficiency gains. Net debt broadly stable, despite higher capex and IFRS 16 first application.
- 2018-2022 BP: strategy confirmed, based on both internal and external growth. Higher capex, at EUR 3.1Bn vs the previous plan's EUR 2.9Bn, with around 76% of the total devoted to regulated activities. Net debt/EBITDA is forecast at 2.9x in 2022 vs 2.5x at YE18.
- Rating capped at one notch above Italy's sovereign (Baa3/S) by Moody's.
- BUY recommendation, in light of the group's solid financial profile and due to a credit-supportive strategy.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
HERIM 2.3/8 07/04/24	-29

Underperformer ¹ YTD – Senior unsecured	ASW Chg
HERIM 0 7/8 10/14/26	-11

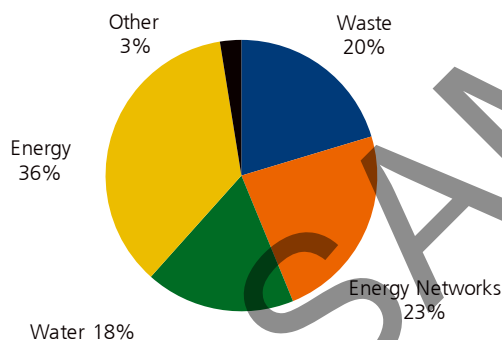
Strengths

- Diversified business mix.
- Predictable and stable earnings and cash flows from regulated activities (about 51% of total FY18 EBITDA).
- 2018-2022 BP focuses on regulated activities (76% of total capex devoted to this area).
- Credit-friendly acquisition strategy.
- Positive results in working capital management.

Weaknesses

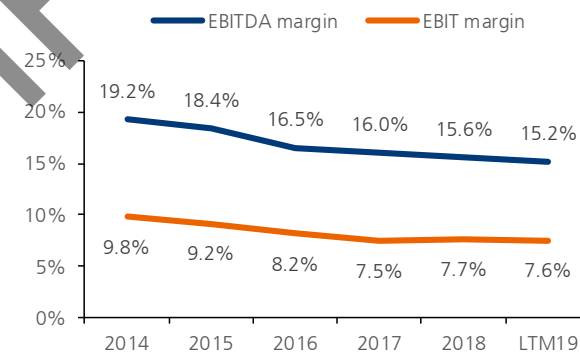
- High exposure to Italy country risk, given entirely domestic operations.
- Risk, albeit declining, of intervention by Italian government in the water regulatory framework.
- Margins under pressure in liberalised business (mainly gas and power sales).
- Rating capped at one notch above Italy's by Moody's.

EBITDA breakdown (1Q19)



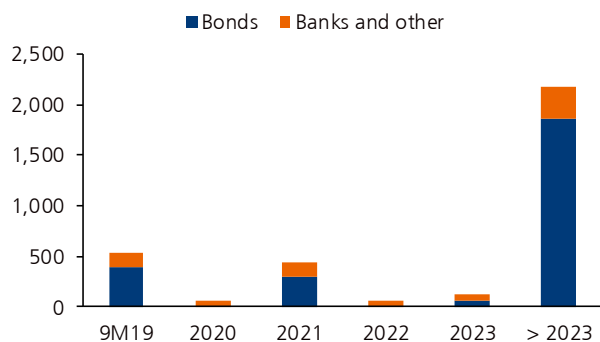
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



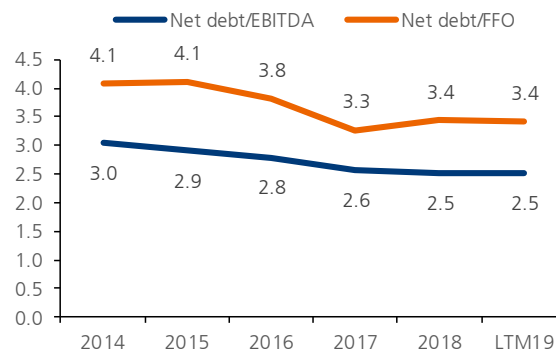
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Hera's bonds in Appendix 1 (page 69)

Alessandro Chiodini
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Hera in Brief

Hera S.p.A. owns municipal utility companies in northern Italy. The company distributes electricity, methane gas and water, operates sewers and treats wastewater, offers district heating, manages public lighting, and collects and disposes of municipal waste.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	6,137	6,626	8.0	6,851	3.4	1,837	2,061	12.2
EBITDA	985	1,031	4.7	1,039	0.8	323	331	2.5
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	461	510	10.7	518	1.5	198	205	3.7
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-116	-107	-8.3	-110	3.1	-24	-27	14.0
Income (loss) on equity investments	15	15	1.4	15	-2.0	6	6	-5.0
Profit before tax	359	418	16.4	422	0.9	180	184	2.1
Net profit (loss)	267	297	11.2	300	1.3	126	130	3.0
Net profit (loss) attributable to the Group	251	282	12.1	286	1.4	121	125	3.3

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	773	753	-2.6	768	2.1	268	283	5.8
Net change in working capital	-21	-133	NM	-108	-19.2	-155	-130	-16.5
CFO	752	619	-17.6	660	6.6	113	154	36.5
Capex	-441	-464	5.4	-478	3.0	-83	-96	16.6
FCF	311	155	-50.3	182	17.7	30	57	91.9
Dividends	-141	-151	7.5	-151	0.0	0	0	NM
Discretionary FCF	170	3	-98.0	31	NM	30	57	91.9
RCF	51	21	-59.1	21	1.0	32	32	0.6
Change in equity	15	-23	NM	-7	-69.3	-10	6	-158.4
Change in debt	33	87	164.8	164	87.2	14	90	NM
CFF	48	64	32.9	157	143.4	4	96	NM
RCF + CFF	99	85	-14.1	177	108.7	35	128	NM
Change in liquidity	99	85	-14.1	177	108.7	35	128	NM

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)							
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %
Intangible assets	3,564	3,585	0.6	3,636	1.4	3,788	4.2
Property, plant & equipment	1,998	1,995	-0.2	2,004	0.4	1,966	-1.9
Financial and equity investments	265	268	1.2	268	-0.3	289	7.9
Total non-current assets	6,077	6,088	0.2	6,112	0.4	6,257	2.4
Inventory	140	192	37.0	157	-18.2	105	-33.4
Trade receivables	1,671	1,618	-3.2	1,842	13.9	2,208	19.8
Cash and current financial assets	560	563	0.5	573	1.8	713	24.4
Total current assets	2,825	2,880	1.9	3,000	4.1	3,427	14.3
Total assets	8,902	8,968	0.7	9,112	1.6	9,685	6.3
Long-term debt	3,004	2,999	-0.2	2,685	-10.5	2,896	7.9
Provisions for risks and charges	434	442	2.0	459	3.7	464	1.2
Total non-current liabilities	3,668	3,672	0.1	3,354	-8.7	3,567	6.4
Short-term debt	338	363	7.5	612	68.6	586	-4.2
Trade payables	1,091	1,140	4.5	1,360	19.3	1,345	-1.1
Total current liabilities	2,519	2,494	-1.0	2,911	16.7	3,170	8.9
Minorities	181	186	2.4	186	0.3	202	8.7
Shareholders' equity	2,535	2,617	3.3	2,661	1.7	2,745	3.2
Total equity	2,715	2,803	3.2	2,847	1.6	2,947	3.5
Total liabilities and equity	8,902	8,968	0.7	9,112	1.6	9,685	6.3
Net debt	2,625	2,642	0.6	2,586	-2.1	2,622	1.4
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	16.0	15.6	15.2	17.6	16.0
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	7.5	7.7	7.6	10.8	9.9
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	8.5	9.7	9.5	13.7	12.3
EBIT/net interest expense (x)	4.0	4.8	4.7	8.4	7.6
Leverage ratio (x)		30.06.18	30.09.18	31.12.18	31.03.19
Net debt/EBITDA		2.6	2.6	2.5	2.5
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		3.2	3.5	3.4	3.4
Net debt/equity		1.0	0.9	0.9	0.9

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

IGT: Credit View NEUTRAL

(Moody's Ba2/Stable, Fitch -)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	-	-	-
HY	HOLD	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results were mixed vs consensus, showing slightly higher EBITDA margins, driven by strong lottery performances in Italy and North America, and lower SG&A and R&D costs, despite higher taxes on gaming machines in Italy and an unfavourable comparison vs 1Q18. Leverage remained flat qoq at 4.5x, due to slightly positive FCF.
- 2019 guidance confirmed, with an EBITDA target of USD 1.7-1.76Bn, almost stable vs 2018 (USD 1.74Bn), due to around USD 100M in headwinds. IGT plans a slight deleveraging in 2019, given USD 450-550M expected FCF as well as USD 80M proceeds from non-core assets disposal to fund new lottery growth opportunities in Brazil and Turkey.
- Stable ratings expected, as IGT is committed to deleveraging from 2019 onwards, as capex needs look set to abate.
- HOLD recommendation confirmed. Along IGT's curve, we prefer the new EUR 750M 2026 bond.

Outperformer ¹ YTD – Senior secured	ASW Chg
IGT 4 1/8 02/15/20	-100

Underperformer ¹ YTD – Senior secured	ASW Chg
IGT 3 1/2 06/15/26	-11

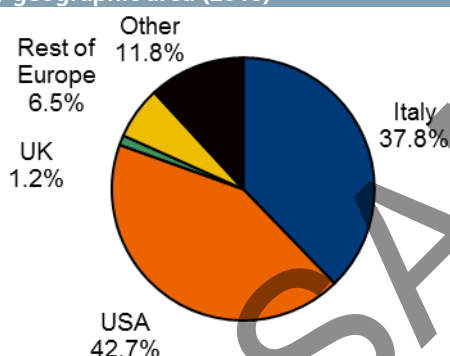
Strengths

- Global leader in lottery and gaming equipment.
- Wide geographic and product diversification, industry-leading profitability.
- Well-established government relationship, high level of contract retention, and high entry barriers.
- Approx. 84% of sales is contract-based (recurring in nature).

Weaknesses

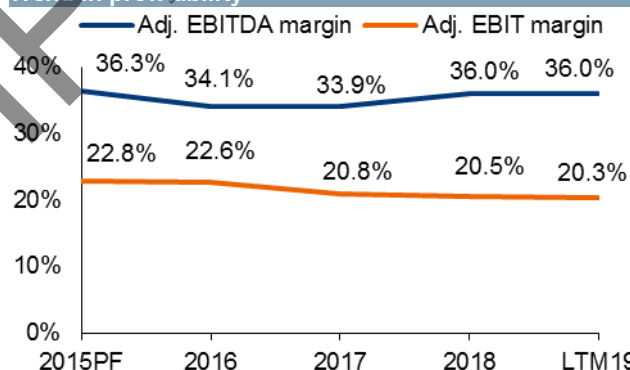
- Mature and capital-intensive lottery business in Italy.
- Weak VLT replacement cycle in the US.
- Exposure to regulatory risk, fiscal changes.
- Some revenue concentration in Italy (38% of total).
- Risk of non-renewal of main lottery licences or large upfront payment to retain licences.

Sales by geographic area (2018)



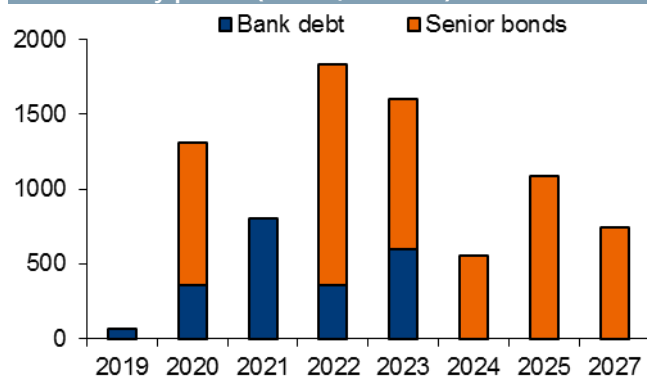
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



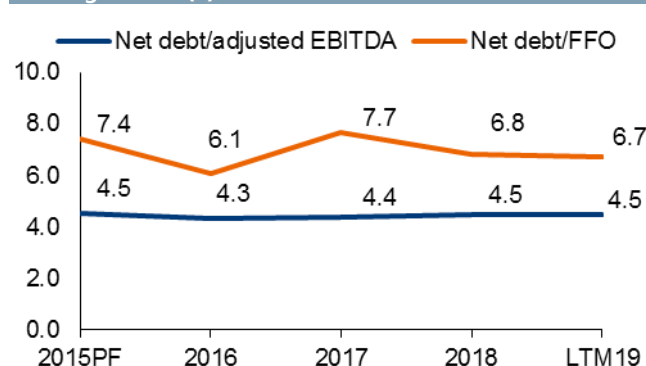
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of IGT's bonds in Appendix 1 (page 72)

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IGT in Brief

International Game Technology Plc designs, develops, manufactures, and distributes computerised gaming equipment, software, and network systems. The Company also provides maintenance services.

Consolidated Income Statement - Main items (USD M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
Sales	4,939	4,831	-2.2	4,769	-1.3	1,207	1,145	-5.1
EBITDA	751	1,352	80.0	1,336	-1.2	420	404	-3.9
Adjusted EBITDA	1,676	1,737	3.7	1,718	-1.1	436	417	-4.5
EBIT	-51	647	NM	628	-2.9	197	178	-9.6
Adjusted EBIT	1,028	990	-3.7	969	-2.1	251	230	-8.4
Net interest expense	-448	-417	-6.9	-413	-1.0	-107	-103	-3.9
Income (loss) on equity investments	NA	NA	NA	NA	NA	NA	NA	NA
Profit before tax	-977	304	-131.1	441	45.1	-4	133	NM
Net profit (loss)	-948	115	-112.1	260	126.5	-65	80	NM
Net profit (loss) attributable to the Group	-1,069	-21	-98.0	122	NM	-103	40	-139.0

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (USD M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
FFO	956	1,133	18.6	1,147	1.2	258	271	5.1
Net change in working capital	-48	-226	NM	-170	-24.9	-181	-125	-31.0
CFO	663	30	-95.5	99	NM	77	147	89.9
Capex	-698	-533	-23.6	-518	-2.9	-135	-119	-11.5
FCF	-35	-503	NM	-419	-16.9	-57	27	-147.7
Dividends	-163	-163	0.4	NA	NA	NA	NA	NA
Discretionary FCF	-197	-667	NM	-582	-12.7	-57	27	-147.7
RCF	796	-645	-181.0	-559	-13.4	-55	32	-157.7
Change in equity	6	110	NM	110	0.2	-13	-13	-1.6
Change in debt	-91	-258	184.5	214	-183.1	-450	22	-104.9
CFF	-84	-148	75.6	324	NM	-463	9	-102.0
RCF + CFF	712	-793	NM	-235	-70.4	-518	41	-107.8
Change in liquidity	764	-794	NM	-281	-64.6	-489	24	-104.9

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (USD M)								
	30.06.18	30.09.18	Chq %	31.12.18	Chq %	31.03.19	Chq %	
Intangible assets	7,853	7,786	-0.9	7,625	-2.1	7,559	-0.9	
Property, plant & equipment	1,580	1,575	-0.3	1,590	0.9	1,872	17.8	
Financial and equity investments	NA	NA	NA	NA	NA	NA	NA	
Total non-current assets	11,741	11,605	-1.2	11,362	-2.1	11,519	1.4	
Inventory	325	333	2.5	283	-15.1	295	4.3	
Trade receivables	870	822	-5.5	949	15.5	934	-1.6	
Cash and current financial assets	568	448	-21.2	251	-44.0	290	15.8	
Total current assets	2,537	2,378	-6.3	2,287	-3.8	2,329	1.9	
Total assets	14,278	13,983	-2.1	13,649	-2.4	13,848	1.5	
Long-term debt	8,070	7,988	-1.0	7,977	-0.1	6,655	-16.6	
Provisions for risks and charges	NA	NA	NA	NA	NA	NA	NA	
Total non-current liabilities	9,045	8,958	-1.0	8,894	-0.7	7,837	-11.9	
Short-term debt	28	30	5.5	35	16.2	1,349	NM	
Trade payables	1,132	1,041	-8.0	1,142	9.8	1,084	-5.1	
Total current liabilities	2,516	2,314	-8.0	2,002	-13.5	3,386	69.1	
Minorities	NA	NA	NA	944	NA	NA	NA	
Shareholders' equity	2,716	NA	NA	1,808	NA	NA	NA	
Total equity	2,716	2,711	-0.2	2,752	1.5	2,625	-4.6	
Total liabilities and equity	14,278	13,983	-2.1	13,649	-2.4	13,848	1.5	
Net debt	7,530	7,570	0.5	7,761	2.5	7,714	-0.6	
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	12.1	28.0	28.0	34.8	35.3
Adjusted EBITDA margin	33.9	36.0	36.0	36.1	36.4
EBIT margin	-1.0	13.4	13.2	16.3	15.6
Adjusted EBIT margin	20.8	20.5	20.3	20.8	20.1
EBITDA/net interest expense (x)	3.7	4.2	3.2	4.1	4.0
EBIT/net interest expense (x)	2.3	2.4	1.5	2.3	2.2
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	-	-	-	-	-
Adjusted Net Debt/Adjusted EBITDA (x)	4.3	4.3	4.5	4.5	4.5
Net debt/FFO	6.6	6.4	6.8	6.7	6.7
Net debt/equity	2.8	2.8	2.8	2.9	2.9

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Iren: Credit View POSITIVE

(Moody's -, Fitch BBB/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	BUY	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- Positive 1Q19 results, driven by consolidation, organic growth and synergies. Despite higher capex and M&A activity, net debt remained under control, thanks to strong cash generation.
- 2019 guidance confirmed: 1) EBITDA at EUR 880-890M (2018 ordinary of EUR 866M), including IFRS 16 (EUR 12M); 2) capex of c.EUR 570M (EUR 447M in 2018); and 3) a net debt/EBITDA ratio of around 2.9x (2018 ordinary at 2.8x) – this would imply net debt of EUR 2.55-2.6Bn (EUR 2.5Bn at year-end 2018).
- BUY recommendation, as bonds are currently wider vs other Italian multi-utilities, and as we expect a further strengthening of Iren's credit metrics.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
IREIM 0 7/8 11/04/24	-55

Underperformer ¹ YTD – Senior unsecured	ASW Chg
IREIM 3 07/14/21	-4

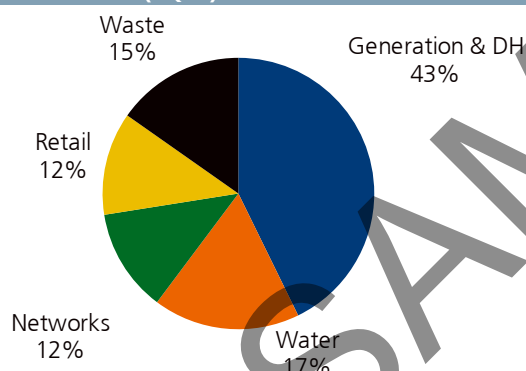
Strengths

- One of the largest local multi-utilities in Italy; the leading player in district heating; and number 3 in waste and water services.
- High contribution from regulated activities (c.45% of EBITDA) and quasi-regulated activities (c.26% of EBITDA).
- Positive cash flow generation after capex and dividends.

Weaknesses

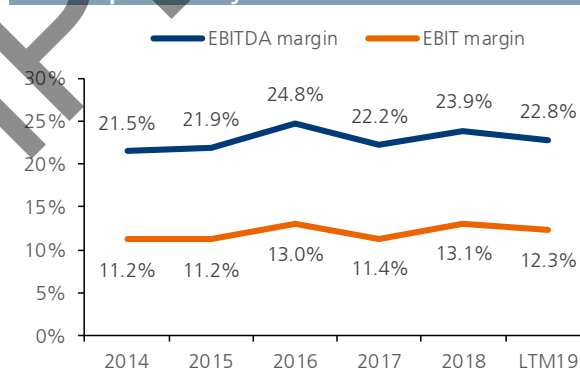
- Significant exposure to Italy country risk, due to entirely domestic operations.
- Risk, albeit declining, of intervention of Italian government in the water regulatory framework.
- Increasing competition could weigh on the margins of liberalised activities (retail electricity supply).
- Increased capex and dividends.

EBITDA breakdown (1Q19)



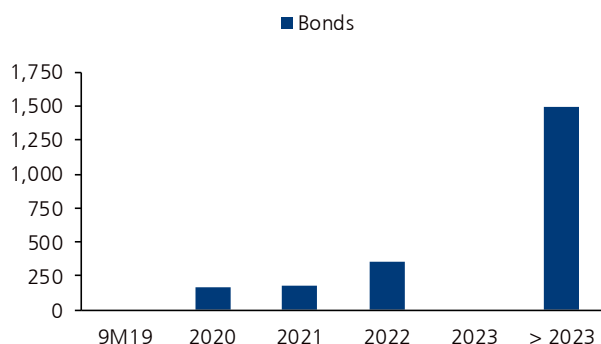
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



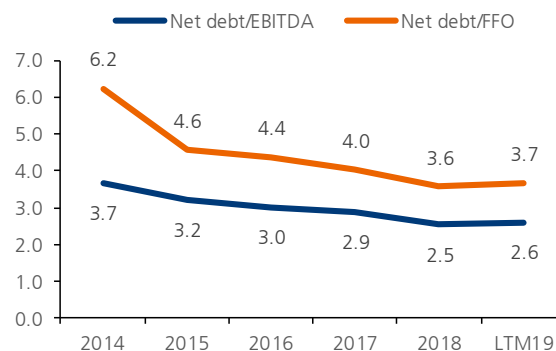
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Iren's bonds in Appendix 1 (page 69)

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Iren in Brief

IREN S.p.A. generates, distributes and sells electricity and district heating. The company manages natural gas distribution networks, markets and sells natural gas and electricity, and manages water services.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	3,697	4,041	9.3	4,253	5.3	1,066	1,278	19.9
EBITDA	821	967	17.8	972	0.5	269	274	1.9
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	420	530	26.2	525	-1.0	177	172	-3.1
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-82	-106	28.8	-107	1.1	-19	-20	6.1
Income (loss) on equity investments	23	1	-96.6	1	72.2	-1	0	-88.1
Profit before tax	369	390	5.5	383	-1.6	158	152	-3.9
Net profit (loss)	265	273	3.2	270	-1.2	110	107	-2.9
Net profit (loss) attributable to the Group	238	242	1.8	239	-1.4	103	100	-3.2

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	587	686	16.7	687	0.1	264	265	0.3
Net change in working capital	-66	-3	-95.0	67	NM	-129	-59	-54.6
CFO	522	682	30.8	754	10.5	135	206	53.2
Capex	-357	-447	25.1	-465	4.0	-68	-85	26.5
FCF	164	235	43.1	289	22.8	67	121	79.9
Dividends	-90	-113	25.7	-117	3.1	-1	-4	NM
Discretionary FCF	74	122	64.1	172	41.1	66	117	75.8
RCF	-2	-58	NM	-43	-25.4	71	85	20.8
Change in equity	0	53	NM	53	0.0	0	0	NM
Change in debt	-82	206	NM	138	-32.8	-57	-125	117.4
CFF	-82	258	NM	191	-26.1	-57	-125	117.4
RCF + CFF	-85	200	NM	148	-26.3	13	-39	NM
Change in liquidity	-85	200	NM	148	-26.3	13	-39	NM

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %	
Intangible assets	2,040	2,090	2.4	2,160	3.4	2,216	2.6	
Property, plant & equipment	3,463	3,411	-1.5	3,485	2.2	3,581	2.8	
Financial and equity investments	166	164	-1.0	142	-13.7	142	0.1	
Total non-current assets	6,284	6,295	0.2	6,407	1.8	6,619	3.3	
Inventory	69	93	36.3	74	-21.1	46	-37.4	
Trade receivables	805	802	-0.4	984	22.7	1,187	20.7	
Cash and current financial assets	589	1,050	78.2	448	-57.3	401	-10.6	
Total current assets	1,762	2,242	27.2	1,759	-21.5	1,882	7.0	
Total assets	8,046	8,537	6.1	8,568	0.4	8,883	3.7	
Long-term debt	2,794	3,287	17.6	3,013	-8.3	3,121	3.6	
Provisions for risks and charges	448	437	-2.5	439	0.6	422	-3.9	
Total non-current liabilities	4,031	4,517	12.1	4,247	-6.0	4,343	2.3	
Short-term debt	394	288	-27.0	437	52.0	377	-13.7	
Trade payables	661	735	11.2	915	24.4	955	4.4	
Total current liabilities	1,516	1,458	-3.8	1,759	20.6	1,985	12.9	
Minorities	363	373	2.8	377	1.0	382	1.4	
Shareholders' equity	2,136	2,189	2.5	2,185	-0.1	2,263	3.5	
Total equity	2,499	2,562	2.5	2,562	0.0	2,645	3.2	
Total liabilities and equity	8,046	8,537	6.1	8,568	0.4	8,883	3.7	
Net debt	2,428	2,395	-1.4	2,453	2.4	2,525	2.9	
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	22.2	23.9	22.8	25.3	21.5
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	11.4	13.1	12.3	16.6	13.4
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	10.0	9.1	9.1	14.4	13.8
EBIT/net interest expense (x)	5.1	5.0	4.9	9.5	8.7
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	2.7	2.6	2.5	2.6	
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	
Net debt/FFO	3.5	3.6	3.6	3.7	
Net debt/equity	1.0	0.9	1.0	0.9	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Italgas: Credit View NEUTRAL

(Moody's Baa2/Stable, Fitch BBB+/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	HOLD	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results above Bloomberg consensus, driven by regulated activities (higher RAB and WACC) and efficiencies. Net debt slightly better vs year-end 2018, partly due to positive working seasonality, which is expected to be reabsorbed by year-end.
- 2019 guidance: 1) EBITDA of EUR 840-860M (EUR 840 in 2018); 2) EBIT of EUR 460-480M; and 3) capex of c.EUR 700M. Stable leverage, with net debt/RAB ratio (including subsidiaries) just below 60%, in line with 2018. 2019-2025 BP envisages increased capex, but credit profile should remain solid, due to robust cash generation: leverage targeted to remain below 60% over the period.
- Rating capped at one notch above Italy's sovereign (Baa3/S) by Moody's.
- HOLD recommendation, as bonds are currently trading aligned to Italgas' main Italian peers (Snam and Terna).

Outperformer ¹ YTD – Senior unsecured	ASW Chg
IGIM 1 1/8 03/14/24	-68

Underperformer ¹ YTD – Senior unsecured	ASW Chg
IGIM 1 5/8 01/18/29	-55

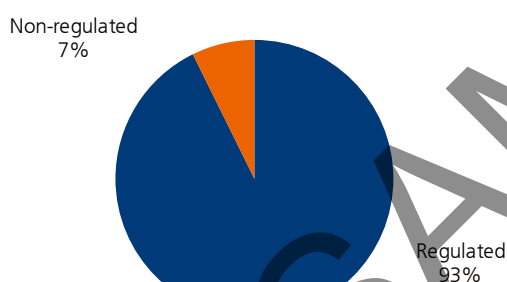
Strengths

- Largest gas distributor in Italy (c.30% market share excluding associates).
- Regulated businesses account for c.97% of total revenues.
- Gas distribution revenues not exposed to changes in demand.
- Solid financial position and low cost of debt (about 1.1%).

Weaknesses

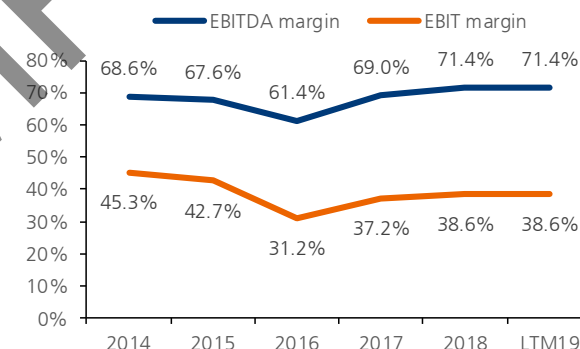
- Gas concession retendering process and M&A expected to stretch financial flexibility.
- Uncertainties related to the timing of gas tenders in Italy.
- Rating capped at one notch above Italy by Moody's.
- Low inflation could impact RAB growth and the net debt/RAB ratio.

Sales breakdown (1Q19)



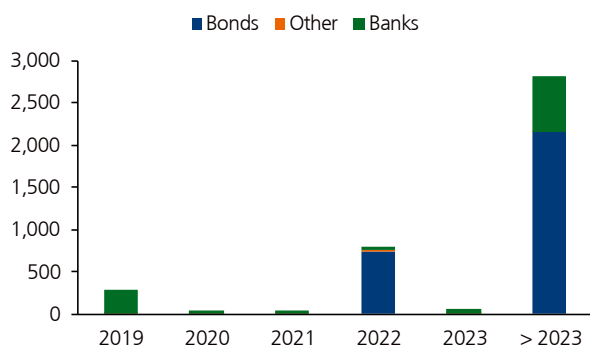
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



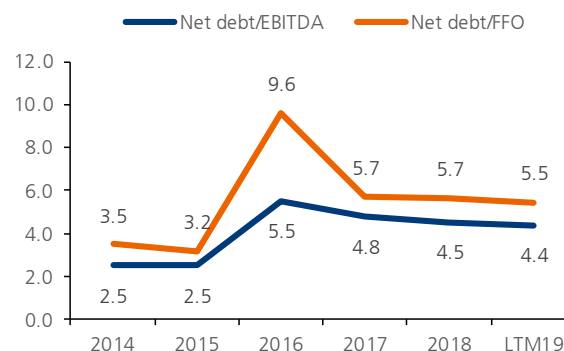
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.12.18)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Italgas's bonds in Appendix 1 (page 69)

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Italgas in Brief

Italgas S.p.A. provides gas distribution services. The company offers delivery point management, pressure reduction plants, withdrawal cabins, fault reporting and laboratory testing services. Italgas conducts its business entirely in Italy.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	1,124	1,176	4.6	1,204	2.4	283	311	9.9
EBITDA	776	840	8.2	860	2.5	198	219	10.5
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	418	454	8.5	465	2.5	112	124	10.0
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-36	-47	30.4	-47	0.4	-12	-12	1.7
Income (loss) on equity investments	23	20	-13.0	21	5.0	5	6	20.8
Profit before tax	405	427	5.4	439	2.8	105	117	11.4
Net profit (loss)	293	314	7.1	325	3.7	75	86	15.5
Net profit (loss) attributable to the Group	293	314	7.1	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	655	674	2.9	689	2.3	184	199	8.4
Net change in working capital	-106	55	-152.5	44	-20.4	58	46	-19.6
CFO	549	729	32.8	734	0.6	241	245	1.7
Capex	-493	-499	1.2	-530	6.1	-99	-130	30.7
FCF	56	230	NM	204	-11.4	142	116	-18.5
Dividends	-162	-168	4.0	-168	0.0	0	0	NM
Discretionary FCF	-106	62	-158.4	36	-42.5	142	116	-18.5
RCF	-92	-108	17.9	-57	-47.5	64	115	79.9
Change in equity	0	0	NM	NA	NA	0	NA	NM
Change in debt	93	245	164.8	NA	NA	-50	NA	NA
CFF	93	245	164.7	NA	NA	-50	NA	NA
RCF + CFF	1	137	NM	NA	NA	15	NA	NA
Change in liquidity	1	136	NM	NA	NA	15	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)							
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %
Intangible assets	5,228	5,246	0.3	5,432	3.5	5,020	-7.6
Property, plant & equipment	257	260	1.1	259	-0.3	275	6.0
Financial and equity investments	181	186	3.1	176	-5.5	NA	NA
Total non-current assets	5,791	5,832	0.7	6,001	2.9	NA	NA
Inventory	31	30	-4.0	26	-11.5	NA	NA
Trade receivables	369	451	22.1	536	19.0	NA	NA
Cash and current financial assets	102	13	-87.2	152	NM	NA	NA
Total current assets	537	531	-1.2	748	40.9	NA	NA
Total assets	6,328	6,363	0.5	6,759	6.2	NA	NA
Long-term debt	3,698	3,706	0.2	3,706	0.0	NA	NA
Provisions for risks and charges	203	189	-6.8	188	-0.9	NA	NA
Total non-current liabilities	4,550	4,536	-0.3	4,531	-0.1	NA	NA
Short-term debt	20	74	NM	318	NM	NA	NA
Trade payables	505	453	-10.2	565	24.6	NA	NA
Total current liabilities	613	584	-4.8	899	54.0	NA	NA
Minorities	0	0	146.4	0	-100.0	NA	NM
Shareholders' equity	1,165	1,242	6.6	1,329	7.0	1,412	6.2
Total equity	1,165	1,242	6.6	1,329	7.0	1,412	6.2
Total liabilities and equity	6,328	6,363	0.5	6,759	6.2	NA	NA
Net debt	3,591	3,734	4.0	3,814	2.1	3,768	-1.2
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	69.0	71.4	71.4	70.2	70.5
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	37.2	38.6	38.6	39.7	39.8
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	21.4	17.8	18.1	16.5	18.0
EBIT/net interest expense (x)	11.5	9.6	9.8	9.4	10.1
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	4.4	4.5	4.5	4.4	
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	
Net debt/FFO	4.9	5.4	5.7	5.5	
Net debt/equity	3.1	3.0	2.9	2.7	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Leonardo: Credit View NEUTRAL

(Moody's Ba1/Stable, Fitch BBB-/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	-	-	-
HY	-	BUY	-	-
Unrated	-	-	-	-

Key Credit Drivers

- Mixed 1Q19 results (above consensus estimates), with slightly lower operating margins driven by lower contribution from both Helicopters and Aeronautics, partially offset by stronger DE&S' profitability. Leverage increased to 2.6x (1.5x at YE18), driven by seasonally-negative FOCF (EUR -1.1Bn), and a EUR 458M negative impact from IFRS 16.
- 2019 guidance confirmed, pointing to a slight improvement in credit metrics vs 2018, with ROS up to around 9.4% from 9.2%, and leverage down to around 1.7x from 1.8x at YE18 adjusted for IFRS 16. Leonardo forecasts a sharp improvement in FOCF starting from 2020, due to the start of EFA Kuwait deliveries, to be applied to debt reduction.
- Leonardo remains fully committed to regaining an IG rating, which we believe is feasible by 2020. However, we note that Moody's stated that a potential downgrade of Italy's rating (Baa3/Stable) could constrain Leonardo's rating.
- BUY recommendation confirmed, as we believe Leonardo's bonds could enter an IG index by 2020.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
LDOIM 5 1/4 01/21/22	-77

Underperformer ¹ YTD – Senior unsecured	ASW Chg
LDOIM 4 1/2 01/19/21	-69

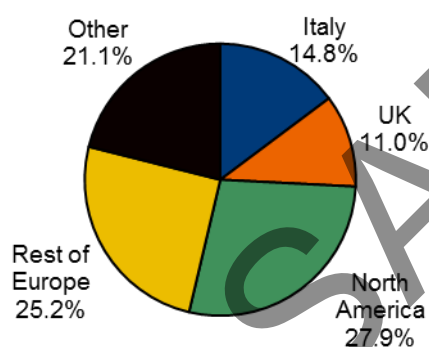
Strengths

- Among top 10 global A&D players, with leadership position in civil markets for helicopters.
- High geographic diversification, with a strong presence in the growing US defence market.
- Backlog covers around three years of production.
- Low refinancing risk until 2023.
- Fully committed to regaining an IG rating.

Weaknesses

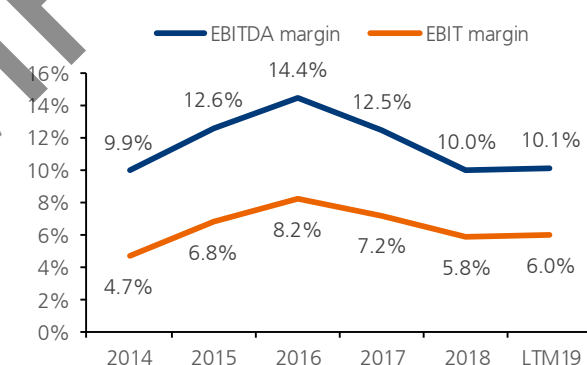
- Heightened competition in the A&D markets.
- Some dependence on Italian defence market, expected to decline.
- Some exposure to UK, and thus exposed to Brexit risks.
- Execution risk on 2018-2022 business plan.
- Low organic deleveraging potential until 2020, when FOCF is expected to materially improve.

Sales by geographic area (2018)



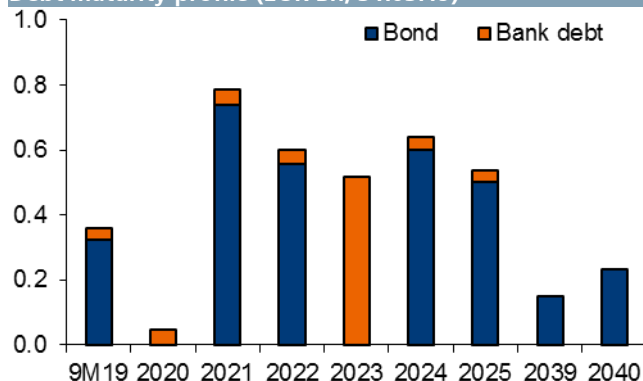
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



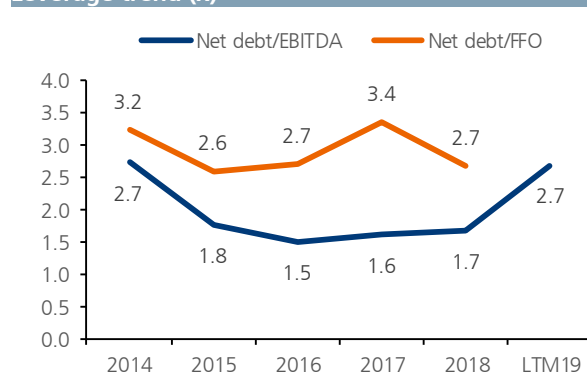
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR Bn, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Note: FFO not available in 1Q19. Source: Intesa Sanpaolo Research elaboration on company data

1. List of Leonardo's bonds in Appendix 1 (page 71)

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Leonardo in Brief

Leonardo provides services to the aerospace, defence and security sectors globally. The company works on helicopters, aircraft, aerostructures, airborne and space systems, land and naval defence electronics, and defence systems.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	11,734	12,240	4.3	12,514	2.2	2,451	2,725	11.2
EBITDA	1,467	1,227	-16.4	1,264	3.0	243	280	15.2
Adjusted EBITDA	1,602	1,534	-4.2	1,563	1.9	251	280	11.6
EBIT	844	715	-15.3	750	4.9	121	156	28.9
Adjusted EBIT	979	1,022	4.4	1,049	2.6	129	156	20.9
Net interest expense	-436	-230	-47.2	-215	-6.5	-66	-51	-22.7
Income (loss) on equity investments	256	216	-15.6	187	-13.4	19	-10	-152.6
Profit before tax	408	485	18.9	535	10.3	55	105	90.9
Net profit (loss)	279	421	50.9	448	6.4	50	77	54.0
Net profit (loss) attributable to the Group	277	509	83.8	536	5.3	50	77	54.0

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	768	1,008	31.3	NA	NA	NA	NA	NA
Net change in working capital	-46	-321	NM	NA	NA	NA	NA	NA
CFO	722	687	-4.8	590	-14.1	-892	-989	10.9
Capex	-483	-577	19.5	-537	-6.9	-165	-125	-24.2
FCF	239	110	-54.0	53	-51.8	-1,057	-1,114	5.4
Dividends	-81	-81	0.0	NA	NA	NA	NA	NA
Discretionary FCF	158	29	-81.6	-28	-196.6	-1,057	-1,114	5.4
RCF	300	256	-14.7	156	-39.1	-1,072	-1,172	9.3
Change in equity	NA	NA	NA	NA	NA	NA	NA	NA
Change in debt	-520	-106	-79.6	12	-111.3	10	128	NM
CFF	-520	-106	-79.6	12	-111.3	10	128	NM
RCF + CFF	-220	150	-168.2	168	12.0	-1,062	-1,044	-1.7
Change in liquidity	-274	156	-156.9	186	19.2	-1,068	-1,038	-2.8

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %	
Intangible assets	6,598	NA	NA	6,591	NA	NA	NA	NA
Property, plant & equipment	2,244	NA	NA	2,222	NA	NA	NA	NA
Financial and equity investments	1,171	NA	NA	1,139	NA	NA	NA	NA
Total non-current assets	11,708	11,752	0.4	11,849	0.8	12,407	4.7	
Inventory	5,156	NA	NA	5,449	NA	NA	NA	NA
Trade receivables	5,861	2,981	-49.1	2,936	-1.5	3,054	4.0	
Cash and current financial assets	976	1,007	3.2	2,049	103.5	1,011	-50.7	
Total current assets	12,971	NA	NA	13,663	NA	NA	NA	NA
Total assets	24,687	16,012	-35.1	25,519	59.4	NA	NA	NA
Long-term debt	3,264	3,231	-1.0	3,423	5.9	3,863	12.9	
Provisions for risks and charges	1,453	0	-100.0	1,391	NM	0	-100.0	
Total non-current liabilities	6,059	5,964	-1.6	6,034	1.2	6,458	7.0	
Short-term debt	1,382	1,491	7.9	1,190	-20.2	1,352	13.6	
Trade payables	10,633	2,798	-73.7	3,028	8.2	3,016	-0.4	
Total current liabilities	14,431	NA	NA	14,975	NA	NA	NA	NA
Minorities	10	10	0.0	11	10.0	10	-9.1	
Shareholders' equity	4,187	4,344	3.7	4,499	3.6	4,699	4.4	
Total equity	4,197	4,354	3.7	4,510	3.6	4,709	4.4	
Total liabilities and equity	24,687	NA	NA	25,519	NA	NA	NA	NA
Net debt	3,474	3,503	0.8	2,700	-22.9	4,016	48.7	
Adjusted net debt	3,670	3,715	1.2	2,564	-31.0	4,204	64.0	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	12.5	10.0	10.1	10.2	10.3
Adjusted EBITDA margin	13.7	12.5	12.5	10.2	10.3
EBIT margin	7.2	5.8	6.0	4.9	5.7
Adjusted EBIT margin	8.3	8.3	8.4	5.3	5.7
EBITDA/net interest expense (x)	3.4	5.3	5.9	3.7	5.5
EBIT/net interest expense (x)	1.9	3.1	3.5	5.3	3.1
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA		2.3	2.5	1.7	2.7
Adjusted Net Debt/Adjusted EBITDA (x)		2.5	2.6	1.6	2.6
Net debt/FFO		3.9	-	2.7	-
Net debt/equity		0.8	0.9	0.6	0.9

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Moby: Credit View NEGATIVE

(Moody's Caa3/Negative, Fitch -)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	-	-	-
HY	SELL	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- EBITDA margin improved in 1Q19 while EBIT margin remained negative, supported by vessel sales and improving revenues in freight and chartering segments, amid roughly stable costs. Despite higher net debt vs YE18, mainly due to NWC outflows and higher capex, leverage declined but remained elevated, with an elevated risk of the loan leverage covenants breach.
- Moby's 2018-2023 BP: 1) reverse merger of Moby into CIN, in delay due to an appeal from Tirrenia (in extraordinary administration); 2) disposal of six vessels in 2019-2021 (two already disposed of in March 2019) while leasing nine; 3) higher freight tariffs by applying lower discounts; 4) potential EC fine to be offset by lower deferred payment (EUR 180M); and 5) appeal to TAR on the antitrust fine accepted and ordered to be reduced (from initial EUR 29.2M). The MIT's plan to tender the PSO routes (currently under contract with Tirrenia CIN until July 2020) could result in increased competition.
- On 13 May, Moody's downgraded the ratings by one notch: 1) CFR to Caa3 from Caa2; 2) secured notes to Caa2 from Caa1; 3) probability of default to Caa3-PD from Caa2-PD. The outlook was left as Negative, reflecting further downgrade in case of liquidity deterioration or if recovery prospects weaken in a potential debt restructuring.
- SELL recommendation on Moby's notes confirmed, due to weak credit and liquidity profile, while the outlook remains uncertain (antitrust issues, EC investigation), with low visibility on potential future cash needs.

Performance ¹ YTD – Senior secured	ASW Chg
MOBYIT 7 3/4 02/15/23	506

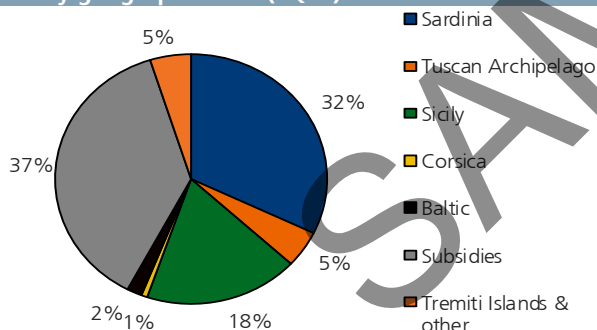
Strengths

- Leading position in the Sardinian market, with large ferry fleet.
- Strong brand recognition and quality service.
- Solid asset coverage for debt, with 66% recovery rate estimated by Moody's.

Weaknesses

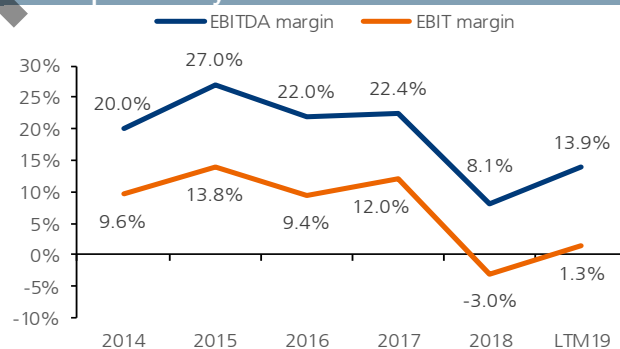
- Refinancing risk in 2019.
- Soaring leverage led to covenants waiver agreement for YE18 and leeway for future tests.
- Exposure to oil price.
- Increased competition in the Sardinian market, paired with low geographical diversification.
- Largely seasonal in nature (mostly passenger business).
- Uncertainty on cash calls (antitrust fine, EC investigation).

Sales by geographic area (1Q19)



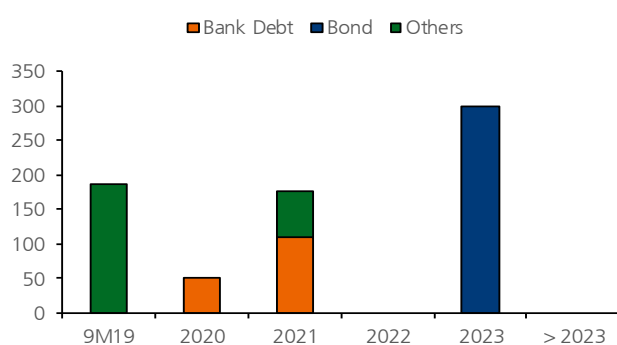
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



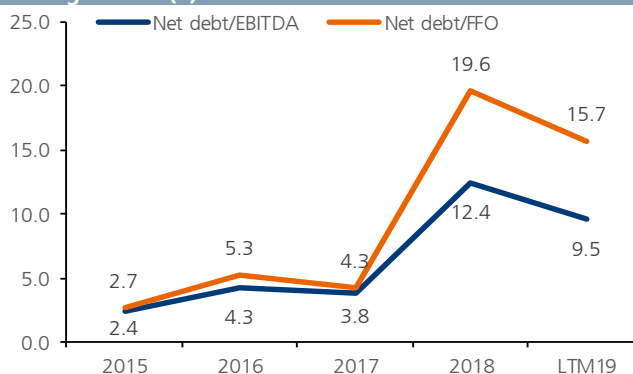
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Moby's bonds in Appendix 1 (page 72)

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Moby in Brief

Moby S.p.A. provides maritime transportation services, mainly in the Tyrrhenian Sea. The company operates ferries for transporting passengers, freight and heavy goods vehicles.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
Sales	586	584	-0.3	597	2.2	89	102	14.5
EBITDA	132	47	-63.9	83	75.4	-16	20	NM
Adjusted EBITDA	110	47	-56.9	69	44.6	-16	6	-135.5
EBIT	70	-18	-125.0	8	-144.4	-30	-5	-84.4
Adjusted EBIT	49	-18	-135.8	-7	-61.0	-30	-19	-35.7
Net interest expense	-42	-37	-11.6	-39	6.0	-9	-11	24.5
Income (loss) on equity investments	0	0	NM	0	0.0	0	0	NM
Profit before tax	29	-54	NM	-31	-42.6	-39	-16	-59.4
Net profit (loss)	24	-63	NM	-39	-37.4	-41	-17	-57.9
Net profit (loss) attributable to the Group	24	-62	NM	-38	-38.7	-41	-17	-59.4

Note: NM = not meaningful. Adjusted EBITDA/EBIT = excluding vessel sales. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
FFO	116	30	-74.2	51	68.5	-16	5	-128.6
Net change in working capital	-15	-27	82.3	0	-98.9	-59	-33	-44.3
CFO	102	4	-96.6	50	NM	-75	-29	-62.2
Capex	-43	-61	41.7	-100	63.6	-15	-54	NM
FCF	59	-57	-197.3	-49	-14.3	-91	-83	-9.1
Dividends	-1	0	-27.0	0	0.0	0	0	NM
Discretionary FCF	58	-58	NM	-50	-14.2	-91	-83	-9.1
RCF	54	-57	NM	-31	-46.6	-91	-64	-29.5
Change in equity	0	0	NM	0	NM	0	0	-66.7
Change in debt	17	0	-100.2	8	NM	-50	-43	-15.0
CFF	17	0	-100.2	8	NM	-50	-43	-15.0
RCF + CFF	72	-57	-180.2	-23	-59.8	-141	-107	-24.3
Change in liquidity	72	-57	-180.2	-23	-59.8	-141	-107	-24.3

Note: NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)							
	30.06.18	30.09.18	Chq %	31.12.18	Chq %	31.03.19	Chq %
Intangible assets	75	75	-0.6	71	-4.5	70	-1.4
Property, plant & equipment	662	656	-0.9	658	0.4	824	25.1
Financial and equity investments	2	2	0.0	4	132.4	4	0.2
Total non-current assets	747	740	-0.9	741	0.2	906	22.2
Inventory	18	18	-0.2	15	-12.5	15	0.0
Trade receivables	86	79	-8.1	67	-15.1	109	63.5
Cash and current financial assets	205	125	-38.8	172	37.2	65	-62.1
Total current assets	354	265	-25.1	300	13.1	234	-22.2
Total assets	1,101	1,006	-8.7	1,042	3.6	1,140	9.4
Long-term debt	502	497	-1.0	349	-29.9	339	-2.7
Provisions for risks and charges	10	10	-0.4	12	15.8	12	-2.0
Total non-current liabilities	520	515	-1.0	370	-28.3	479	29.6
Short-term debt	113	113	0.6	283	150.1	231	-18.3
Trade payables	144	114	-20.5	110	-3.5	83	-24.4
Total current liabilities	479	342	-28.6	574	67.8	578	0.8
Minorities	10	13	25.5	10	-24.3	9	-5.4
Shareholders' equity	92	136	48.2	89	-34.8	73	-17.6
Total equity	102	149	46.0	98	-33.9	82	-16.4
Total liabilities and equity	1,101	1,006	-8.7	1,042	3.6	1,140	9.4
Net debt	484	559	15.4	590	5.6	795	34.7
Adjusted net debt	301	376	24.9	336	-10.6	388	15.5

Note: Adjusted net debt refers to secured debt. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	22.4	8.1	13.9	-17.5	19.7
Adjusted EBITDA margin	18.8	8.1	11.5	-17.5	5.4
EBIT margin	12.0	-3.0	1.3	-33.7	-4.6
Adjusted EBIT margin	8.4	-3.0	-1.1	-33.7	-18.9
EBITDA/net interest expense (x)	3.2	1.3	2.1	-1.7	1.8
EBIT/net interest expense (x)	1.7	-0.5	0.2	-3.4	-0.4
Leverage ratio (x)		30.06.18	30.09.18	31.12.18	31.03.19
Net debt/EBITDA		4.9	6.6	12.4	9.5
Adjusted Net Debt/Adjusted EBITDA (x)		3.1	4.4	7.1	4.7
Net debt/FFO		5.1	7.1	19.6	15.7
Net debt/equity		4.8	3.8	6.0	9.7

Note: Adjusted EBITDA/EBIT margins = excluding vessel sales; adjusted net leverage = secured leverage. Source: Intesa Sanpaolo Research elaborations on company data

Prysmian: Credit View UNDER REVIEW

(Moody's -, Fitch -)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	-	-	-
HY	-	-	-	-
Unrated	-	HOLD	-	-

Key Credit Drivers

- Mixed 1Q19 results, with improved and above-consensus adjusted EBITDA margin, supported by Projects (favourable comparison basis) and Energy, but weighed on slightly by Telecom. Sharp seasonal NWC outflow resulted in higher-than-consensus net debt, impacting leverage. The IFRS 16 application had a 0.1x impact on leverage.
- 2019 guidance on adjusted EBITDA and FCF confirmed, pointing to improving operating profitability and deleveraging.
- Focus on deleveraging ahead of any further M&A, supported also by minor disposals. While the known WL cable issues (caused by installation, not technology default) have been resolved, the already taken provisions should cover two additional similar faults, should any occur.
- Our HOLD recommendation on Prysmian's bond considers that any widening pressure from the recurring issues with the WL project are likely to be offset by Prysmian's priority on deleveraging before any further M&A.

Performance ¹ YTD – Senior unsecured	ASW Chg
PRYIM 2 1/2 04/11/22	-130

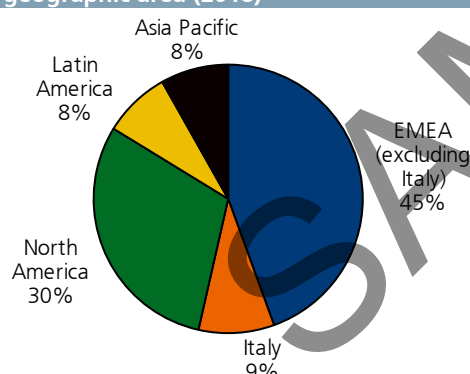
Strengths

- Enhanced position as world's largest manufacturer of cables in revenue terms after GC acquisition.
- Solid regional and product portfolio diversification.
- Focus on higher-tech and higher-margin business as well as on high-growth regions.
- Priority on deleveraging before any further M&A.
- Good FCF generation capabilities.
- Low refinancing risk in 2019-2021.

Weaknesses

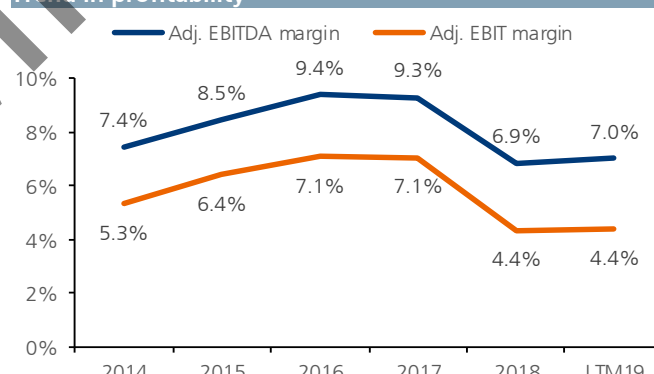
- The cable industry is highly fragmented and cyclical.
- Project execution risk (WL issues).
- Elevated leverage after GC acquisition, partially mitigated by synergies.
- Slowdown in submarine business in 2018, but pick-up expected in 2019 (Viking project expected by end-June).
- Exposure to metal prices (copper, aluminium and lead), oil and FX volatility.

Sales by geographic area (2018)



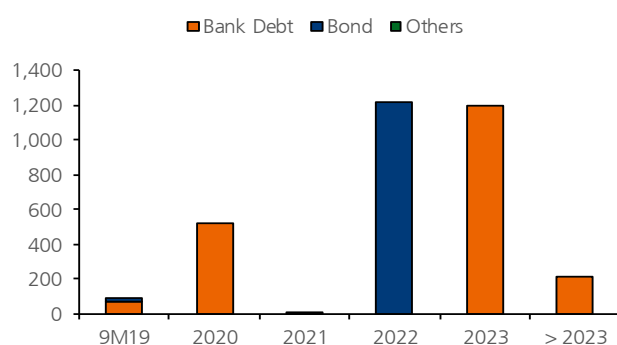
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



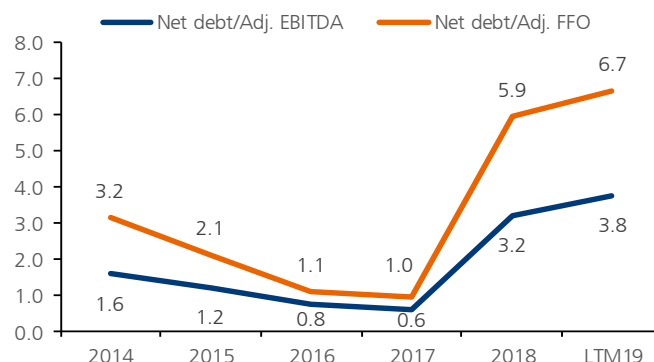
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Prysmian's bonds in Appendix 1 (page 71)

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Prysmian in Brief

Prysmian S.p.A. designs, develops, produces, supplies and installs a wide range of cables for applications in the energy and telecommunications industries.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	7,904	10,105	27.8	10,997	8.8	1,879	2,771	47.5
EBITDA	660	501	-24.1	585	16.8	136	220	61.8
Adjusted EBITDA	736	693	-5.8	771	11.3	153	231	51.0
EBIT	424	215	-49.3	318	47.9	57	160	180.7
Adjusted EBIT	559	441	-21.1	487	10.4	109	155	42.2
Net interest expense	-70	-80	14.3	-87	8.7	-15	-22	46.7
Income (loss) on equity investments	42	59	40.5	47	-20.3	20	8	-60.0
Profit before tax	325	103	-68.3	187	81.6	38	122	NM
Net profit (loss)	237	58	-75.5	119	105.2	28	89	NM
Net profit (loss) attributable to the Group	241	58	-75.9	118	103.4	28	88	NM

Note: NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	452	374	-17.3	435	16.3	95	156	64.2
Net change in working capital	85	4	-95.3	-102	NM	-528	-634	20.1
CFO	537	378	-29.6	333	-11.9	-433	-478	10.4
Capex	-257	-285	10.9	-276	-3.2	-47	-38	-19.1
FCF	280	93	-66.8	57	-38.7	-480	-516	7.5
Dividends	-101	-105	4.0	-110	4.8	0	-5	NM
Discretionary FCF	179	-12	-106.7	-53	NM	-480	-521	8.5
RCF	170	-1,203	NM	-1,241	3.2	-475	-513	8.0
Change in equity	-97	496	NM	496	0.0	0	0	NM
Change in debt	637	385	-39.6	339	-11.9	13	-33	NM
CFF	540	881	63.1	835	-5.2	13	-33	NM
RCF + CFF	710	-322	-145.4	-406	26.1	-462	-546	18.2
Change in liquidity	689	-334	-148.5	-410	22.8	-466	-542	16.3

Note: NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)							
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %
Intangible assets	2,208	1,972	-10.7	2,132	8.1	2,154	1.0
Property, plant & equipment	2,096	2,560	22.1	2,629	2.7	2,774	5.5
Financial and equity investments	251	293	16.7	294	0.3	313	6.5
Total non-current assets	4,824	5,058	4.9	5,282	4.4	5,471	3.6
Inventory	1,717	1,647	-4.1	1,515	-8.0	1,717	13.3
Trade receivables	1,859	1,843	-0.9	1,635	-11.3	1,886	15.4
Cash and current financial assets	822	380	-53.8	1,026	170.0	479	-53.3
Total current assets	5,241	4,871	-7.1	4,874	0.1	5,065	3.9
Total assets	10,068	9,929	-1.4	10,159	2.3	10,546	3.8
Long-term debt	3,165	3,160	-0.2	3,170	0.3	3,277	3.4
Provisions for risks and charges	512	509	-0.6	514	1.0	514	0.0
Total non-current liabilities	3,806	3,858	1.4	3,934	2.0	4,041	2.7
Short-term debt	735	166	-77.4	139	-16.3	153	10.1
Trade payables	2,240	2,092	-6.6	2,132	1.9	2,102	-1.4
Total current liabilities	4,368	3,575	-18.2	3,851	7.7	3,960	2.8
Minorities	185	186	0.5	188	1.1	188	0.0
Shareholders' equity	1,709	2,310	35.2	2,186	-5.4	2,357	7.8
Total equity	1,894	2,496	31.8	2,374	-4.9	2,545	7.2
Total liabilities and equity	10,068	9,929	-1.4	10,159	2.3	10,546	3.8
Net debt	3,014	2,877	-4.5	2,222	-22.8	2,900	30.5
Adjusted net debt	3,074	2,932	-4.6	2,274	-22.4	2,948	29.6

Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	8.4	5.0	5.3	7.2	7.9
Adjusted EBITDA margin	9.3	6.9	7.0	8.1	8.3
EBIT margin	5.4	2.1	2.9	3.0	5.8
Adjusted EBIT margin	7.1	4.4	4.4	5.8	5.6
EBITDA/net interest expense (x)	9.4	6.3	6.7	9.1	10.0
EBIT/net interest expense (x)	6.1	2.7	3.7	3.8	7.3
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	4.9	4.2	4.4	4.4	5.0
Adjusted Net Debt/Adjusted EBITDA (x)	4.3	3.8	3.3	3.3	3.8
Net debt/FFO	7.2	7.1	5.9	6.7	6.7
Net debt/equity	1.6	1.2	0.9	1.1	1.1

Source: Intesa Sanpaolo Research elaborations on company data

Saipem: Credit View POSITIVE

(Moody's Ba1/Stable, Fitch -)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	-	-	-
HY	-	BUY	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results were above consensus estimates for revenue and EBITDA although net debt was marginally higher. Profitability saw an improvement yoy although this did not feed through to lower leverage due partly to higher capex. Leverage was broadly unchanged on YE18.
- Guidance for 2019 implies an improvement on 2018 with revenues of EUR 9Bn, an adjusted EBITDA margin over 10.5%, capex of around EUR 500M and net debt (pre-IFRS 16) at EUR 1Bn. 83% of revenue guidance is already covered by the 2019 backlog run-off and we currently view guidance as conservative.
- We see the potential for a rating upgrade to IG over the next 18 months circa should the recovery in the market be confirmed and the positive fundamental trend continue.
- Our BUY Recommendation reflects our view that the sector downturn has bottomed out and there is potential for a further improvement in credit metrics. However, spreads are likely to remain vulnerable to oil price volatility. Our view does not factor in any considerations regarding potential non-organic actions (e.g. the Drilling Operations).

Outperformer ¹ YTD – Senior unsecured	ASW Chg
SPMIM3 03/08/21	-131

Underperformer ¹ YTD – Senior unsecured	ASW Chg
SPMIM 2 5/8 01/07/25	-76

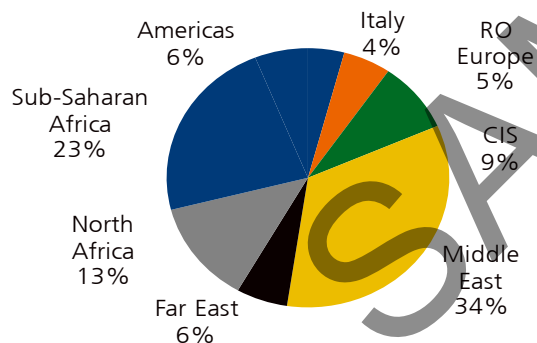
Strengths

- Substantial fleet and good asset scale. Strong market positions and solid expertise. Good execution on cost efficiencies helped defend credit metrics in the downturn. Potential for positive momentum in orders going forward in our view.
- Strategic options are being evaluated for the Drilling operations. Whilst these could be retained, an eventual disposal could potentially provide sufficient resources to pay down a substantial portion of debt in our view, depending on structure and use of proceeds.
- Solid liquidity profile and good back-up liquidity. Maturities covered until 2021 from cash or 2022 including facilities.

Weaknesses

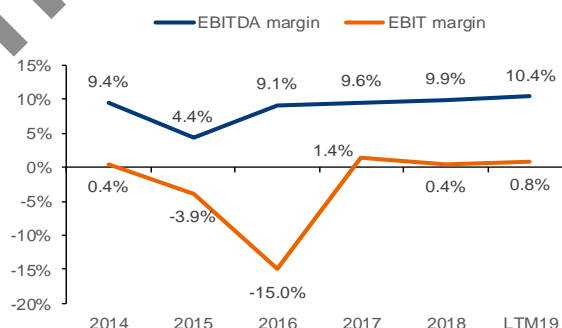
- Exposed to volatile oil and gas markets with the downturn in the market over previous years resulting in a significant contraction in the business.
- Utilisation rates remain subdued and profitability in the Drilling operations is under pressure.
- Litigation risk and potential M&A risk deriving from the group's evaluation of strategic options for the Drilling operations. The latter activities have traditionally offered higher margins.

Sales by geographic area (2018)



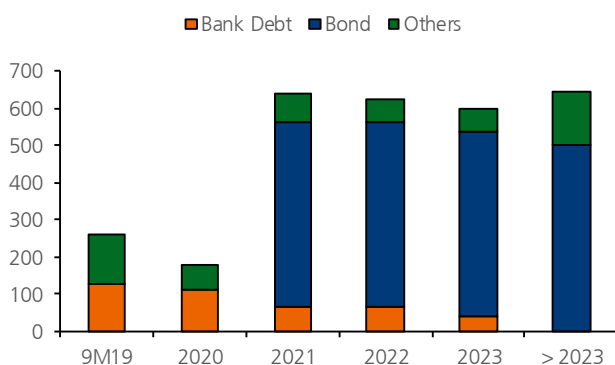
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



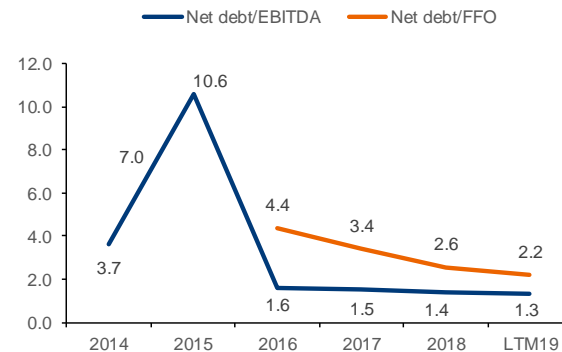
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.3.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Saipem's bonds in Appendix 1 (page 71)

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Saipem in Brief

Saipem SpA offers construction and offshore drilling services. It installs sub-sea pipelines and fixed platforms, manages complete offshore projects and drills for oil.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	8,999	8,526	-5.3	8,767	2.8	1,915	2,156	12.6
EBITDA	862	848	-1.6	913	7.7	201	266	32.3
Adjusted EBITDA	964	1,002	3.9	1,062	6.0	214	274	28.0
EBIT	126	37	-70.6	68	83.8	87	118	35.6
Adjusted EBIT	440	534	21.4	560	4.9	100	126	26.0
Net interest expense	-223	-165	-26.0	-176	6.7	-43	-54	25.6
Income (loss) on equity investments	-9	-87	NM	-91	4.6	0	-4	NM
Profit before tax	-106	-216	103.8	-200	-7.4	44	60	36.4
Net profit (loss)	-307	-410	33.6	-384	-6.3	4	30	NM
Net profit (loss) attributable to the Group	-328	-472	43.9	-449	-4.9	-2	21	NM

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data.

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	382	452	18.3	530	17.3	100	178	78.0
Net change in working capital	77	259	NM	182	-29.7	42	-35	-183.3
CFO	459	711	54.9	712	0.1	142	143	0.7
Capex	-262	-485	85.1	-527	8.7	-32	-74	131.3
FCF	197	226	14.7	185	-18.1	110	69	-37.3
Dividends	-27	-15	-44.4	NA	NA	NA	NA	NA
Discretionary FCF	170	211	24.1	170	-19.4	110	69	-37.3
RCF	150	145	-3.3	87	-40.0	110	52	-52.7
Change in equity	-2	-64	NM	-64	0.0	-15	-15	0.0
Change in debt	-207	-172	-16.9	NA	NA	NA	-36	NA
CFF	-209	-236	12.9	NA	NA	NA	-51	NA
RCF + CFF	-59	-91	54.2	-185	103.3	95	1	-98.9
Change in liquidity	-141	-77	-45.4	-175	127.3	96	-2	-102.1

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data.

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %	
Intangible assets	693	693	0.0	702	1.3	701	-0.1	
Property, plant & equipment	4,481	4,420	-1.4	4,326	-2.1	4,299	-0.6	
Financial and equity investments	121	98	-19.0	119	21.4	NA	NA	
Total non-current assets	5,653	5,211	-7.8	5,464	4.9	5,648	3.4	
Inventory	1,727	NA	NA	1,389	NA	NA	NA	
Trade receivables	2,502	NA	NA	2,644	NA	NA	NA	
Cash and current financial assets	1,655	1,100	-33.5	1,674	52.2	1,037	-38.1	
Total current assets	6,509	NA	NA	6,213	NA	NA	NA	
Total assets	12,162	NA	NA	11,677	NA	NA	NA	
Long-term debt	2,900	NA	NA	2,646	NA	NA	NA	
Provisions for risks and charges	NA	NA	NA	NA	NA	NA	NA	
Total non-current liabilities	3,491	NA	NA	3,211	NA	NA	NA	
Short-term debt	150	NA	NA	305	NA	NA	NA	
Trade payables	3,904	NA	NA	3,879	NA	NA	NA	
Total current liabilities	4,472	NA	NA	4,430	NA	NA	NA	
Minorities	59	79	33.9	74	-6.3	16	-78.4	
Shareholders' equity	4,140	4,112	-0.7	3,962	-3.6	3,985	0.6	
Total equity	4,199	4,191	-0.2	4,036	-3.7	4,001	-0.9	
Total liabilities and equity	12,162	NA	NA	11,677	NA	NA	NA	
Net debt	1,325	1,270	-4.2	1,159	-8.7	1,185	2.2	
Adjusted net debt	1,325	1,270	-4.2	1,706	34.3	1,745	2.3	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data.

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	9.6	9.9	10.4	10.5	12.3
Adjusted EBITDA margin	10.7	11.8	12.1	11.2	12.7
EBIT margin	1.4	0.4	0.8	4.5	5.5
Adjusted EBIT margin	4.9	6.3	6.4	5.2	5.8
EBITDA/net interest expense (x)	3.9	5.1	5.2	4.7	4.9
EBIT/net interest expense (x)	2.0	3.2	0.4	2.3	2.3
Leverage ratio (x)		30.06.18	30.09.18	31.12.18	31.03.19
Net debt/EBITDA		1.7	1.7	1.4	1.3
Adjusted Net Debt/Adjusted EBITDA (x)		1.4	1.4	1.7	1.6
Net debt/FFO		3.7	4.9	2.6	2.2
Net debt/equity		0.3	0.3	0.3	0.3

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data. Leverage ratios are stated pre-IFRS 16 for comparable purposes.

Salini Impregilo: Credit View UNDER REVIEW

(Moody's -, Fitch BB+/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	-	-	-
HY	-	HOLD	-	-
Unrated	-	-	-	-

Key Credit Drivers

- Strong new order intake in 5M19, covering nearly 85% of the 2019 target, based on our calculations. The financial performance in the period was in line with company expectations, though management did not provide any details.
- 2019 main financial results are expected to be in line with 2018, while the Business Plan, including the consolidation and re-launching project regarding the infrastructure sector in Italy (Project Italy), will be presented later this year.
- Project Italy should be system-wide and foresees a EUR 600M capital increase for Salini Impregilo: 1) EUR 300M paid up by CDP; 2) EUR 150M by the banks; 3) EUR 50M by Salini Costruttori; and 4) EUR 100M guaranteed by Morgan Stanley. Governance still under discussion, but CEO and general manager likely named by Salini Costruttori, while President by CDP. Project likely to require new credit lines for a total amount of EUR 700M, of which EUR 200-300M to be used only if necessary. Latest rumours indicate a potential capital increase to be upsized to EUR 800M (between CDP EUR 100M, banks EUR 50M, Salini Costruttori EUR 25M and the market EUR 25M, respectively).
- Ratings under pressure, in our view, after weak 2018 results, with the attention on cash drainage, paired with elevated M&A risk (Project Italy) and yet to be confirmed support from a long-term investor.
- HOLD recommendation on Salini's bonds confirmed, as M&A remains in focus, mitigated by a potential capital increase on which details continue to emerge, despite the pick-up bonds offer vs the respective iBoxx non-Fin EUR BB indices.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
IPGIM 3 3/4 06/24/21	-400

Underperformer ¹ YTD – Senior unsecured	ASW Chg
IPGIM 1 3/4 10/26/24	-145

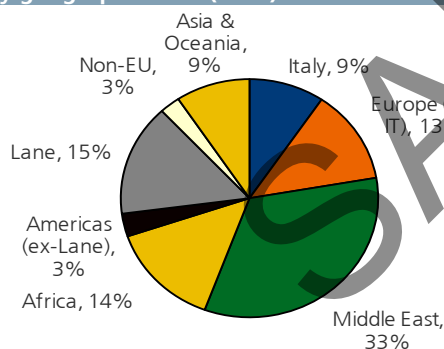
Strengths

- Global leader in heavy civil engineering and construction, with balanced geographic diversification.
- Increased exposure to the strong US construction market.
- High revenue visibility (2018 backlog/revenues of 5.1x).
- Potential deleveraging through non-core disposals (ie. Ausol, Fibe).

Weaknesses

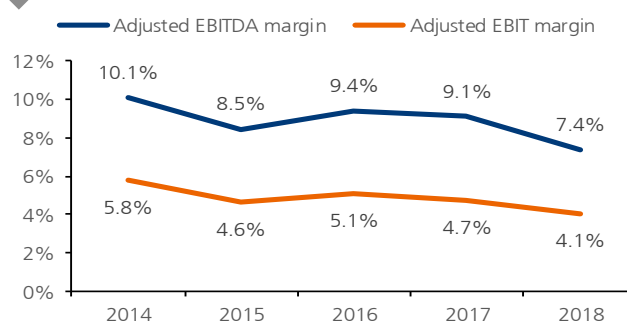
- High M&A risk, due to Project Italy, though supported by the potential sizable capital increase.
- Industry-specific business risk on long-term projects.
- Exposure to high-risk countries (such as Venezuela, Nigeria and Libya) and litigation (Panama).
- Exposure to FX and to some off-balance-sheet JV debt.
- Delays in receiving advance payments from Ethiopia.

Sales by geographic area (2018)



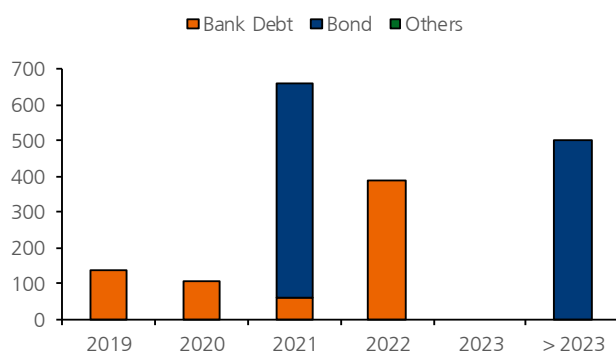
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



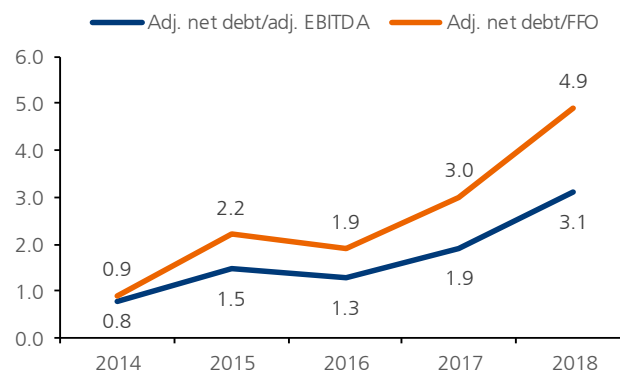
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.12.18)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Salini Impregilo's bonds in Appendix 1 (page 71)

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Salini Impregilo in Brief

Salini Impregilo S.p.A. constructs dams, hydroelectric plants, roads and motorways, railways and subway systems, maritime projects, irrigation systems, waste treatment plants, desalination plants, thermal and nuclear power stations.

Consolidated Income Statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
Sales	6,125	5,801	-5.3	5,414	-6.7
EBITDA	553	523	-5.3	413	-21.0
Adjusted EBITDA	577	527	-8.6	400	-24.1
EBIT	276	-22	-107.8	68	NM
Adjusted EBIT	314	275	-12.5	221	-19.8
Net interest expense	-102	-70	-31.3	-86	23.0
Income (loss) on equity investments	9	100	NM	-29	-129.5
Profit before tax	198	-115	-157.8	-34	-70.1
Net profit (loss)	100	-90	-190.7	41	-145.8
Net profit (loss) attributable to the Group	60	-117	NM	-13	-89.0

Note: Salini Impregilo does not report detailed 1Q results. NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)					
	2016	2017	Chg %	2018	Chg %
FFO	389	331	-14.9	253	-23.5
Net change in working capital	-133	-331	149.0	-565	70.9
CFO	256	0	-99.9	-312	NM
Capex	-260	-171	-34.1	-121	-29.6
FCF	-4	-171	NM	-433	153.0
Dividends	-44	-60	36.5	-54	-8.6
Discretionary FCF	-48	-231	NM	-487	111.3
RCF	-382	-199	-47.9	-139	-30.2
Change in equity	0	1	NM	2	65.5
Change in debt	606	51	-91.7	-237	NM
CFF	606	51	-91.5	-236	NM
RCF + CFF	223	-148	-166.1	-375	153.8
Change in liquidity	256	-268	NM	-355	32.4

Note: Salini Impregilo does not report detailed 1Q results. NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)					
	31.12.16	31.12.17	Chg %	31.12.18	Chg %
Intangible assets	344	365	6.2	274	-25.0
Property, plant & equipment	803	675	-16.0	416	-38.4
Financial and equity investments	201	317	57.2	538	70.0
Total non-current assets	1,533	1,718	12.1	1,669	-2.8
Trade receivables	2,359	1,882	-20.2	1,931	2.6
Cash and current financial assets	1,603	1,320	-17.6	1,107	-16.1
Total current assets	7,797	5,941	-23.8	5,778	-2.8
Total assets	9,336	7,665	-17.9	7,453	-2.8
Long-term debt	1,859	1,623	-12.7	1,762	8.5
Provisions for risks and charges	198	180	-8.9	141	-21.6
Total non-current liabilities	2,165	1,833	-15.3	1,914	4.4
Short-term debt	476	664	39.6	556	-16.3
Trade payables	2,345	2,163	-7.7	2,386	10.3
Total current liabilities	5,810	4,887	-15.9	4,606	-5.7
Minorities	156	131	-16.2	96	-26.5
Shareholders' equity	1,205	814	-32.4	836	2.6
Total equity	1,361	946	-30.5	932	-1.4
Total liabilities and equity	9,336	7,665	-17.9	7,453	-2.8
Net debt	351	703	100.4	860	22.3
Adjusted Net Debt	737	985	33.8	1,231	24.9

Note: Salini Impregilo does not report detailed 1Q results. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators			
Profitability and coverage ratio (%)	2016	2017	2018
EBITDA margin	9.4	9.4	8.0
Adjusted EBITDA margin	9.4	9.1	7.4
EBIT margin	4.7	-0.4	1.3
Adjusted EBIT margin	5.1	4.7	4.1
EBITDA/net interest expense (x)	5.7	7.5	4.8
EBIT/net interest expense (x)	3.1	3.9	0.8
Leverage ratio (x)	31.12.16	31.12.17	31.12.18
Net debt/EBITDA	0.6	1.3	2.1
Adjusted Net Debt/Adjusted EBITDA (x)	1.3	1.9	3.1
Net debt/FFO	0.9	2.1	3.4
Net debt/equity	0.3	0.7	0.9

Note: Salini Impregilo does not report detailed 1Q results. Source: Intesa Sanpaolo Research elaborations on company data

Snam: Credit View NEUTRAL

(Moody's Baa2/Stable, Fitch BBB+/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	HOLD	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results broadly in line with consensus, net of positive one-off at net income level, driven by: 1) regulated activities, due to past investments and to the contribution from newly consolidated companies; and 2) cost efficiencies. Net debt was stable, also due to some temporary positive working capital effects, which allowed for a slightly better net debt/EBITDA ratio.
- 2019 guidance: 1) net profit +5% compared to 2018; and 2) net debt at around EUR 11.7Bn (EUR 11.5Bn at year-end 2018). Following the recently completed regulatory review for gas transmission (c.80% of Snam EBIT), Snam will now enjoy regulatory stability until 2021.
- Rating capped at one notch above Italy's sovereign (Baa3/S) by Moody's.
- HOLD recommendation confirmed, based on the company's solid credit metrics, and regulatory visibility.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
SRGIM 1 3/8 10/25/27	-36

Underperformer ¹ YTD – Senior unsecured	ASW Chg
SRGIM 0 02/21/22	-5

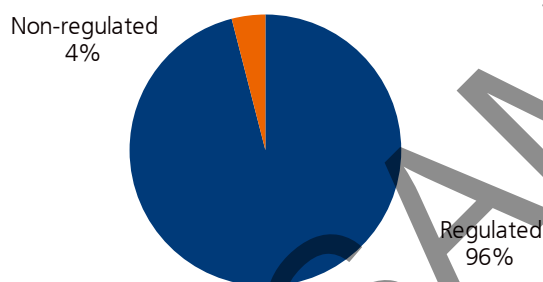
Strengths

- Solid operating profile, given fully regulated business.
- Supportive regulatory framework, with negligible exposure of revenues to changes in gas demand.
- Commitment to preserving current rating and risk profile.
- Low refinancing risk over 2019-2020.

Weaknesses

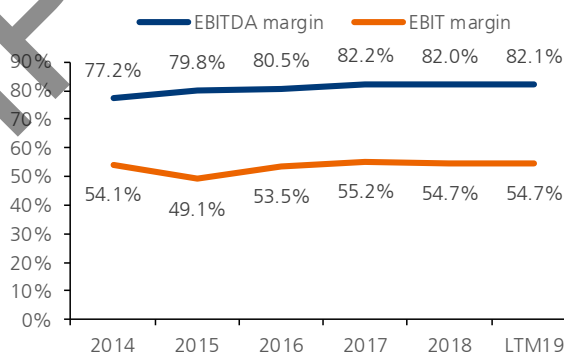
- Capex plan and dividends limit cash generation.
- Rating capped at one notch above Italy's by Moody's.
- Low inflation could impact RAB growth and the net debt/RAB ratio.

Revenues breakdown (1Q19)



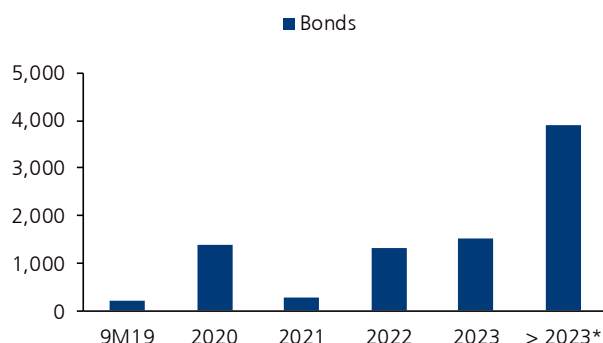
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



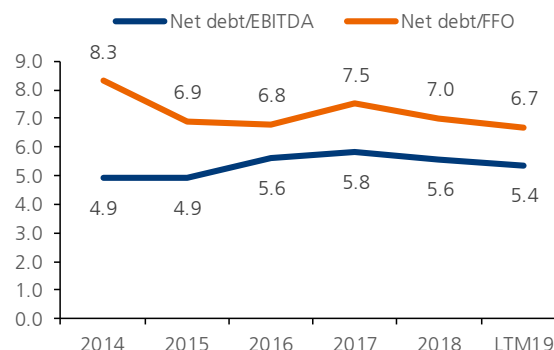
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Note: *includes EUR 250M Private Placement issued in May 2019. Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Snam's bonds in Appendix 1 (page 69, 70)

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Snam in Brief

Snam S.p.A. owns and operates Italy's natural gas distribution network. The company transports gas on behalf of importers, distributors and companies supplying Italian households. Snam owns a network of high and medium pressure pipes, including trunk lines connected to production and importation sites in Italy.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	2,441	2,528	3.6	2,551	0.9	616	639	3.7
EBITDA	2,007	2,074	3.3	2,094	1.0	522	542	3.8
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	1,348	1,384	2.7	1,395	0.8	355	366	3.1
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-282	-240	-14.9	-229	-4.6	-53	-42	-20.8
Income (loss) on equity investments	161	159	-1.2	183	15.1	38	62	63.2
Profit before tax	1,226	1,301	6.1	1,347	3.5	340	386	13.5
Net profit (loss)	897	960	7.0	989	3.0	254	283	11.4
Net profit (loss) attributable to the Group	897	960	7.0	960	0.0	254	254	0.0

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	1,546	1,650	6.7	1,679	1.8	478	507	6.1
Net change in working capital	318	176	-44.7	208	18.2	297	329	10.8
CFO	1,864	1,826	-2.0	1,887	3.3	775	836	7.9
Capex	-1,016	-849	-16.4	-857	0.9	-155	-163	5.2
FCF	848	977	15.2	1,030	5.4	620	673	8.5
Dividends	-718	-731	1.8	-731	0.0	0	0	NM
Discretionary FCF	130	-180	NM	8	-104.4	187	375	100.5
RCF	-855	-369	-56.8	-486	31.7	452	335	-25.9
Change in equity	0	0	NM	433	NM	-433	0	-100.0
Change in debt	1,540	1,522	-1.2	1,337	-12.2	-25	-210	NM
CFF	1,540	1,522	-1.2	1,337	-12.2	-25	-210	NM
RCF + CFF	685	1,153	68.3	851	-26.2	427	125	-70.7
Change in liquidity	685	1,153	68.3	851	-26.2	427	125	-70.7

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)							
	30.06.18	30.09.18	Chg %	31.12.18	Chg %	31.03.19	Chg %
Intangible assets	873	884	1.3	907	2.6	909	0.2
Property, plant & equipment	16,044	16,079	0.2	16,153	0.5	16,206	0.3
Financial and equity investments	1,519	1,612	6.1	1,710	6.1	1,819	6.4
Total non-current assets	19,371	NA	NA	19,210	NA	NA	NA
Inventory	89	93	4.5	109	17.2	NA	NA
Trade receivables	1,181	1,054	-10.8	1,347	27.8	NA	NA
Cash and current financial assets	1,399	1,986	42.0	1,916	-3.5	NA	NA
Total current assets	2,669	NA	NA	3,372	NA	NA	NA
Total assets	22,040	NA	NA	22,582	NA	NA	NA
Long-term debt	9,264	NA	NA	9,787	NA	NA	NA
Provisions for risks and charges	688	692	0.6	665	-3.9	NA	NA
Total non-current liabilities	10,603	NA	NA	11,087	NA	NA	NA
Short-term debt	3,500	NA	NA	3,633	NA	NA	NA
Trade payables	1,546	NA	NA	1,768	NA	NA	NA
Total current liabilities	5,341	NA	NA	5,510	NA	NA	NA
Minorities	0	0	NM	0	NM	0	NM
Shareholders' equity	6,096	6,255	2.6	5,985	-4.3	6,252	4.5
Total equity	6,096	6,255	2.6	5,985	-4.3	6,252	4.5
Total liabilities and equity	22,040	NA	NA	22,582	NA	NA	NA
Net debt	11,421	11,738	2.8	11,548	-1.6	11,234	-2.7
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	82.2	82.0	82.1	84.7	84.8
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	55.2	54.7	54.7	57.6	57.3
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	7.1	8.6	9.1	9.8	12.9
EBIT/net interest expense (x)	4.8	5.7	6.1	6.7	8.7
Leverage ratio (x)		30.06.18	30.09.18	31.12.18	31.03.19
Net debt/EBITDA		5.6	5.7	5.6	5.4
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		6.7	8.0	7.0	6.7
Net debt/equity		1.9	1.9	1.9	1.8

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Telecom Italia: Credit View UNDER REVIEW

(Moody's Ba1/Stable, Fitch BB+/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	-	-	-
HY	-	HOLD	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results were broadly in line with consensus estimates (Bloomberg) at the top line but marginally higher on EBITDA. Figures highlight that revenue and EBITDA remain under pressure but cost efficiencies helped defend the EBITDA margin in 1Q19. Leverage remained unchanged on YE18.
- Guidance remained unchanged. This envisages EUR 3.5Bn of Equity FCF and a corresponding reduction in net debt to EUR 22Bn on an organic basis by the end of the plan period at YE21 (pre-IFRS 9/15/16).
- We are not expecting any rating actions over at least the next few years, although this could change depending on any inorganic actions over the plan period.
- HOLD Recommendation confirmed. This reflects our view that 2019 is likely to remain a challenging year for the group with limited ability to deleverage on an organic basis, whilst the impact of any transaction with Open Fiber (OF) would depend on the structure of any eventual deal.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
TITIM 5 1/4 02/10/22	-131

Underperformer ¹ YTD – Senior unsecured	ASW Chg
TITIM 5 1/4 03/17/55	34

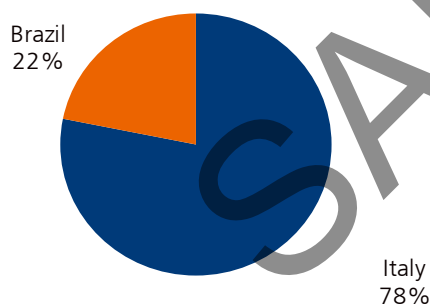
Strengths

- Solid market positions in Italy and Brazil. Relatively well positioned in the premium end of the Italian mobile market.
- TI obtained some of the most valuable 5G spectrum at the 2018 auction, the benefits of which could be enhanced by the recent agreement with Vodafone.
- Talks are ongoing with OF. We would view an eventual combination of networks consolidated in TI as strengthening the business profile over the medium term. The impact would depend on funding and debt consolidation issues relating to an eventual transaction.

Weaknesses

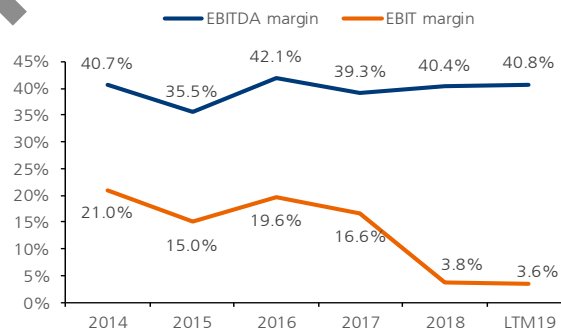
- Governance issues appear to have eased of late but these have dogged the company over a number of years.
- Uncertainty still remains over future strategy and structure. We would view any eventual de-consolidation of fixed-line network assets as weakening the business profile which could warrant stricter credit metrics for rating purposes in our view, and add further challenges over the medium term.
- A material portion of 5G spectrum costs are back-end loaded and will need to be confronted in 2022.

Sales by geographic area (1Q19)



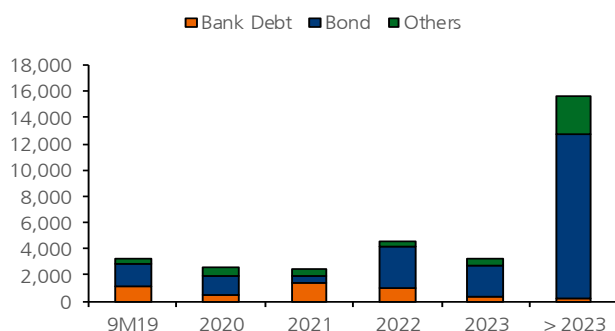
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



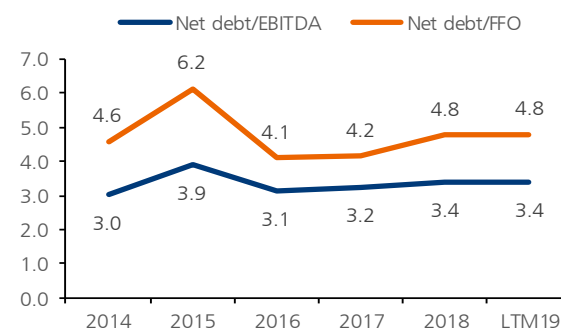
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.3.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Telecom Italia's bonds in Appendix 1 (page 71)

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Telecom Italia in Brief

Telecom Italia S.p.A both directly and through subsidiaries, offers fixed-line and mobile telephony, and data transmission services in Italy and Brazil.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
Sales	19,828	19,109	-3.6	18,895	-1.1	4,685	4,471	-4.6
EBITDA	7,790	7,713	-1.0	7,712	0.0	1,793	1,792	-0.1
Adjusted EBITDA	8,404	8,121	-3.4	8,082	-0.5	1,865	1,826	-2.1
EBIT	3,291	727	-77.9	672	-7.6	740	685	-7.4
Adjusted EBIT	4,115	3,725	-9.5	3,618	-2.9	826	719	-13.0
Net interest expense	-1,495	-1,341	-10.3	-1,311	-2.2	-357	-327	-8.4
Income (loss) on equity investments	-19	9	-147.4	-3	-133.3	8	-4	-150.0
Profit before tax	1,777	-605	-134.0	-642	6.1	391	354	-9.5
Net profit (loss)	1,287	-1,038	-180.7	-1,047	0.9	235	226	-3.8
Net profit (loss) attributable to the Group	1,121	-1,298	NM	-1,304	0.5	199	193	-3.0

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data. Comparable data.

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
FFO	6,090	5,291	-13.1	5,245	-0.9	1,415	1,369	-3.3
Net change in working capital	-691	-699	1.2	-98	-86.0	-485	116	-123.9
CFO	5,399	4,592	-14.9	5,147	12.1	930	1,485	59.7
Capex	-5,314	-4,531	-14.7	-4,424	-2.4	-1,284	-1,177	-8.3
FCF	85	61	-28.2	723	NM	-354	308	-187.0
Dividends	-235	-256	8.9	-281	9.8	0	-25	NM
Discretionary FCF	-150	-195	30.0	442	NM	-354	283	-179.9
RCF	424	22	-94.8	1,064	NM	-576	466	-180.9
Change in equity	16	22	37.5	21	-4.5	1	0	-100.0
Change in debt	-987	-1,596	61.7	-331	-79.3	-1,006	259	-125.7
CFE	-975	-1,574	61.4	-310	-80.3	-1,005	259	-125.8
RCF + CFF	-551	-1,552	181.7	495	-131.9	-1,581	466	-129.5
Change in liquidity	-706	-1,615	128.8	419	-125.9	-1,562	472	-130.2

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.06.18	30.09.18	Chq %	31.12.18	Chq %	31.03.19	Chq %	
Intangible assets	35,790	33,611	-6.1	35,658	6.1	34,985	-1.9	
Property, plant & equipment	15,931	15,783	-0.9	16,146	2.3	19,821	22.8	
Financial and equity investments	1,470	1,357	-7.7	1,659	22.3	1,949	17.5	
Total non-current assets	56,121	54,038	-3.7	56,890	5.3	60,304	6.0	
Inventory	321	311	-3.1	389	25.1	325	-16.5	
Trade receivables	5,116	5,149	0.6	4,957	-3.7	5,209	5.1	
Cash and current financial assets	2,102	2,543	21.0	1,917	-24.6	2,103	9.7	
Total current assets	8,964	9,533	6.3	8,729	-8.4	9,280	6.3	
Total assets	65,085	63,571	-2.3	65,619	3.2	69,584	6.0	
Long-term debt	24,888	25,030	0.6	25,059	0.1	29,340	17.1	
Provisions for risks and charges	830	828	-0.2	876	5.8	861	-1.7	
Total non-current liabilities	29,024	29,062	0.1	30,991	6.6	35,276	13.8	
Short-term debt	6,085	6,460	6.2	5,913	-8.5	5,584	-5.6	
Trade payables	6,580	6,148	-6.6	6,968	13.3	6,905	-0.9	
Total current liabilities	12,665	12,608	-0.5	12,881	2.2	12,489	-3.0	
Minorities	2,056	2,119	3.1	2,219	4.7	2,207	-0.5	
Shareholders' equity	21,340	19,782	-7.3	19,528	-1.3	19,612	0.4	
Total equity	23,396	21,901	-6.4	21,747	-0.7	21,819	0.3	
Total liabilities and equity	65,085	63,571	-2.3	65,619	3.2	69,584	6.0	
Net debt	25,141	25,190	0.2	25,270	0.3	25,080	-0.8	
Adjusted net debt	26,546	26,480	-0.2	26,864	1.5	26,965	0.4	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	39.3	40.4	40.8	38.3	40.1
Adjusted EBITDA margin	42.4	42.5	42.8	41.9	40.8
EBIT margin	16.6	3.8	3.6	15.8	15.3
Adjusted EBIT margin	21.2	19.5	19.1	19.0	16.1
EBITDA/net interest expense (x)	5.2	5.8	5.9	5.0	5.5
EBIT/net interest expense (x)	2.2	0.5	0.5	2.1	2.1
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	3.4	3.4	3.4	3.4	
Adjusted Net Debt/Adjusted EBITDA (x)	3.2	3.2	3.3	3.3	
Net debt/FFO	4.3	4.4	4.8	4.8	
Net debt/equity	1.1	1.2	1.2	1.1	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Terna: Credit View NEUTRAL

(Moody's Baa2/Stable, Fitch BBB+/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	HOLD	-	-
HY	-	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results overall in line with Bloomberg consensus, driven by regulated activities. Net debt remained almost unchanged vs 2018, despite higher capex (+16% yoy), partially due to positive temporary working capital effects.
- 2019 guidance: 1) revenues of EUR 2.3Bn from EUR 2.2Bn in 2018; 2) EBITDA at EUR 1.72Bn from EUR 1.65Bn; and 3) capex to EUR 1.2Bn from EUR 1.1Bn. Cost of debt at around 1.3%, in line with year-end 2018.
- 2019-2023 BP: higher capex (+20% vs previous plan) and dividends. Focus confirmed on Italy and on regulated activities, which are expected to generate around 80% of EBITDA growth during the plan period and c.93% of consolidated EBITDA in 2023. Net debt/RAB below 60% over the plan period.
- HOLD recommendation confirmed, as bonds are currently trading in line with the main Italian peer, Snam.

Outperformer ¹ YTD – Senior unsecured	ASW Chg
TRNIM 1 3/8 07/26/27	-56

Underperformer ¹ YTD – Senior unsecured	ASW Chg
TRNIM 1 04/10/26	8

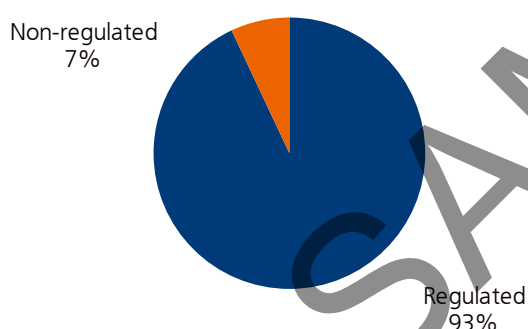
Strengths

- Monopolist in Italy, owning about 99% of the country's electricity transportation grid.
- Solid operating profile, given almost fully regulated business (above 90% of total revenues). Limited exposure of revenues to changes in electricity demand.
- Committed to preserving current rating, maintaining low business risk profile.

Weaknesses

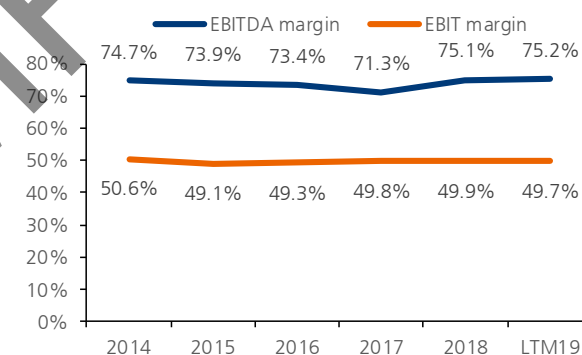
- Leverage ratios expected to rise, due to higher capex and increased dividend policy.
- Rating capped at one notch above Italy's sovereign (Baa3/S) by Moody's.
- Low inflation could impact RAB growth and the net debt/RAB ratio.

Revenues breakdown (1Q19)



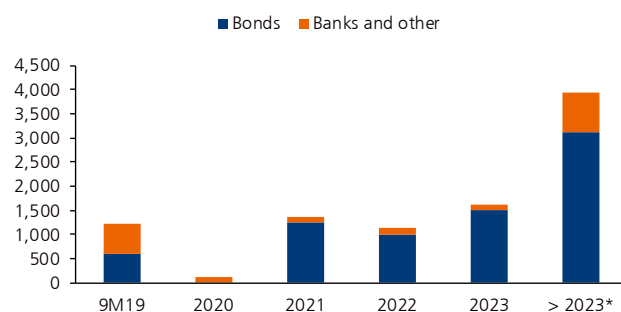
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



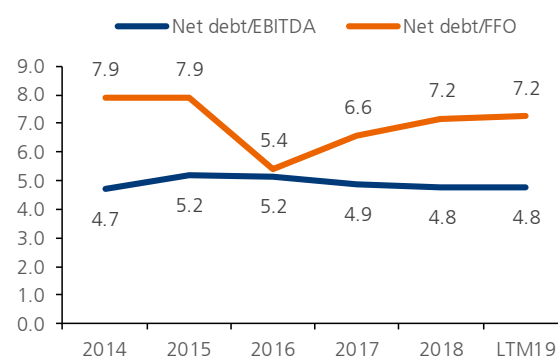
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.03.19)



Note: include EUR 500M green bond issued in April 2019. Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Terna's bonds in Appendix1 (page 70)

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Terna in Brief

Terna — Rete Elettrica Nazionale S.p.A. — transmits electricity over the high-voltage and extra-high-voltage grid in Italy. Through its subsidiaries, the company owns a substantial share of the national electricity transmission grid.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
Sales	2,163	2,197	1.6	2,211	0.6	523	537	2.7
EBITDA	1,604	1,651	2.9	1,662	0.7	409	420	2.7
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	1,077	1,097	1.8	1,100	0.3	277	280	1.1
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-89	-89	0.0	-80	-9.8	-25	-16	-35.4
Income (loss) on equity investments	4	0	-100.0	NA	NM	NA	NA	NA
Profit before tax	989	1,008	1.9	1,019	1.2	252	264	4.6
Net profit (loss)	694	712	2.5	714	0.3	184	186	1.3
Net profit (loss) attributable to the Group	688	707	2.7	710	0.5	183	186	1.8

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chq %	LTM19	Chq %	1Q18	1Q19	Chq %
FFO	1,370	1,102	-19.6	1,094	-0.8	305	297	-2.7
Net change in working capital	322	205	-36.4	67	-67.3	42	-96	NM
CFO	1,692	1,307	-22.8	1,161	-11.2	347	201	-42.1
Capex	-905	-1,049	15.9	-1,072	2.2	-142	-165	16.2
FCF	787	258	-67.2	89	-65.5	205	36	-82.4
Dividends	-418	-451	7.8	-451	0.0	0	0	NM
Discretionary FCF	-418	-193	-53.8	-362	87.3	205	36	-82.4
RCF	391	-583	NM	-776	33.1	175	-18	-110.4
Change in equity	-3	2	-160.0	NA	NA	NA	NA	NA
Change in debt	466	-79	-116.9	NA	NA	NA	NA	NA
CFF	463	-77	-116.6	NA	NA	NA	NA	NA
RCF + CFF	854	-660	-177.3	NA	NA	NA	NA	NA
Change in liquidity	854	-660	-177.3	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)							
	30.06.18	30.09.18	Chq %	31.12.18	Chq %	31.03.19	Chq %
Intangible assets	501	272	-45.7	519	91.0	511	-1.6
Property, plant & equipment	12,840	12,910	0.5	13,245	2.6	13,268	0.2
Financial and equity investments	242	NA	NA	308	NA	NA	NA
Total non-current assets	13,597	NA	NA	14,087	NA	14,112	0.2
Inventory	16	NA	NA	15	NA	NA	NA
Trade receivables	1,321	NA	NA	1,190	NA	NA	NA
Cash and current financial assets	1,066	2,318	117.4	1,733	-25.2	1,421	-18.0
Total current assets	2,523	NA	NA	3,044	NA	NA	NA
Total assets	16,120	NA	NA	17,131	NA	NA	NA
Long-term debt	8,194	NA	NA	8,228	NA	NA	NA
Provisions for risks and charges	247	NA	NA	241	NA	NA	NA
Total non-current liabilities	8,831	NA	NA	8,971	NA	NA	NA
Short-term debt	649	NA	NA	1,256	NA	NA	NA
Trade payables	2,418	NA	NA	2,514	NA	NA	NA
Total current liabilities	3,414	NA	NA	4,105	NA	NA	NA
Minorities	32	33	3.4	35	6.1	35	0.0
Shareholders' equity	3,843	4,034	5.0	4,019	-0.4	4,163	3.6
Total equity	3,875	4,067	5.0	4,054	-0.3	4,198	3.5
Total liabilities and equity	16,120	NA	NA	17,131	NA	NA	NA
Net debt	7,986	7,592	-4.9	7,899	4.0	7,919	0.2
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
Profitability and coverage ratio (%)	2017	2018	LTM19	1Q18	1Q19
EBITDA margin	71.3	75.1	75.2	78.2	78.2
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	49.8	49.9	49.7	52.9	52.1
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	18.1	18.6	20.7	16.6	26.4
EBIT/net interest expense (x)	12.1	12.3	13.7	11.3	17.6
Leverage ratio (x)	30.06.18	30.09.18	31.12.18	31.03.19	
Net debt/EBITDA	4.9	4.7	4.8	4.8	
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	
Net debt/FFO	5.6	5.4	7.2	7.2	
Net debt/equity	2.1	1.9	1.9	1.9	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Wind Tre: Credit View UNDER REVIEW

(Moody's B1/Stable, Fitch BB-/Stable)

	Sen Secured	Sen Unsec	Sub	Hybrid
IG	-	-	-	-
HY	HOLD	-	-	-
Unrated	-	-	-	-

Key Credit Drivers

- 1Q19 results evidenced a yoy improvement in the P&L thanks to synergies and cost efficiencies, despite continued pressure on the top line and KPI's, thanks to lower costs which permitted margin improvement. This failed to feed through to an improvement in leverage however which remained broadly unchanged on YE18.
- 2019 is expected to be a challenging year, driven by continued mobile price competition although planned synergies were increased at 1Q19 (run-rate opex synergies from EUR 490M to EUR 540M), bringing total uplifted guidance on synergies to EUR 750M.
- We are not anticipating any rating actions over the short term.
- HOLD Recommendation on Wind Tre bonds. This reflects high leverage but also raised guidance on synergies going forward. It also reflects a re-pricing of the risk following 1Q19 and more importantly the bond buy-backs by the parent CKHH (Moody's A2/Stable, Fitch A/Stable), which became Wind Tre's sole shareholder in September 2018.

Outperformer ¹ YTD – Senior secured	ASW Chg
WINTRE 2 5/8 01/20/23	-195

Underperformer ¹ YTD – Senior secured	ASW Chg
WINTRE 3 1/8 01/20/25	-125

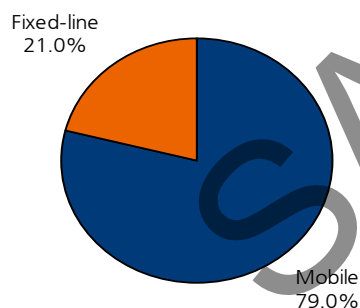
Strengths

- Top three telecom operator in Italy in both mobile and fixed segments.
- Solid credit profile of the parent CKHH which recently acquired a portion of Wind Tre's bonds on the market, thus showing a willingness to intervene to support the company.
- Low refinancing risk to 2021. EUR 450M 2020 maturity prepaid in February 2019 using cash on hand.
- 1Q19 showed some tentative signs that synergies and cost efficiencies could potentially begin to mitigate the pressure on the top line and EBITDA.

Weaknesses

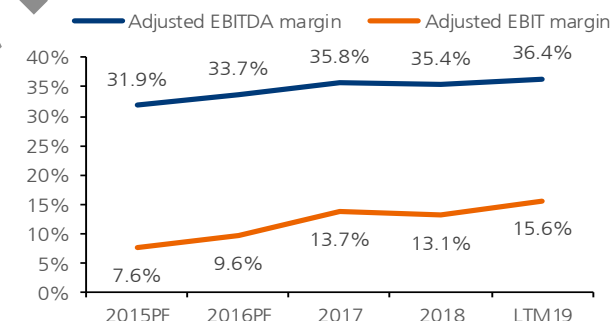
- Fully exposed to the Italian telecoms market where competition intensified after the entry of Iliad in May 2018.
- Weak positioning in the telecom market, given its lower-quality network and traditional positioning primarily in the lower-end segment.
- Highly leveraged with limited ability to deleverage organically.
- Less valuable 5G spectrum acquired at the 2018 5G spectrum auction in Italy.

Sales by geographic area (1Q19)



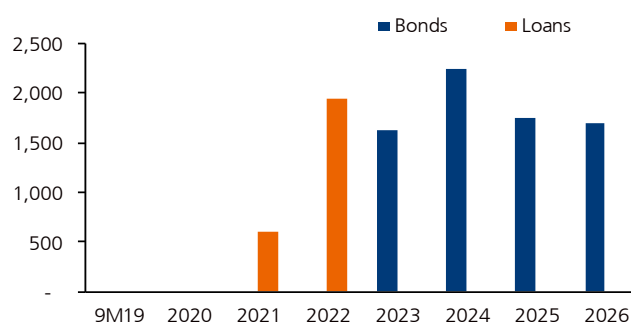
Source: Intesa Sanpaolo Research elaboration on company data

Trend in profitability



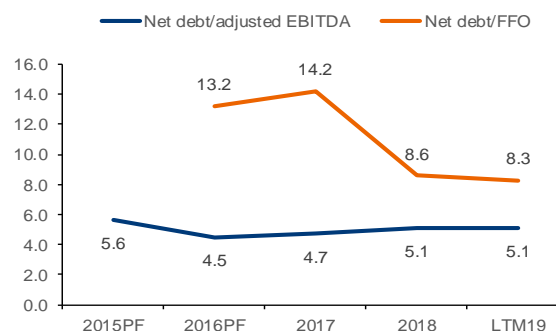
Source: Intesa Sanpaolo Research elaboration on company data

Debt maturity profile (EUR M, 31.3.19)



Source: Intesa Sanpaolo Research elaboration on company data

Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Wind Tre's bonds in Appendix 1 (page 72)

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Wind Tre in Brief

Wind S.p.A operates as a telecommunications company. It offers internet access, mobile data, messaging, mobile voice, and other telecommunications services. Wind Tre serves customers in Italy.

Consolidated Income Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
Sales	6,176	5,570	-9.8	5,509	-1.1	1,408	1,347	-4.3
EBITDA	1,945	1,871	-3.8	1,913	2.2	484	526	8.7
Adjusted EBITDA	2,211	1,972	-10.8	2,006	1.7	509	543	6.7
EBIT	-1,414	155	-111.0	476	NM	-69	252	NM
Adjusted EBIT	844	732	-13.3	860	17.5	123	251	104.1
Net interest expense	-1,298	-287	-77.9	-272	-5.2	-79	-64	-19.0
Income (loss) on equity investments	NA	NA	NA	NA	NA	NA	NA	NA
Profit before tax	-2,705	-136	-95.0	199	NM	-147	188	NM
Net profit (loss)	-2,620	-78	-97.0	250	NM	-153	175	NM
Net profit (loss) attributable to the Group	NA	NA	NA	NA	NA	NA	NA	NA

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data. Comparable data

Consolidated Cash Flow Statement - Main items (EUR M)								
	2017	2018	Chg %	LTM19	Chg %	1Q18	1Q19	Chg %
FFO	682	1,106	62.2	1,180	6.7	474	548	15.6
Net change in working capital	141	201	42.6	176	-12.4	-161	-186	15.5
CFO	823	1,307	58.8	1,356	3.7	313	362	15.7
Capex	-1,257	-1,135	-9.7	-1,123	-1.1	-224	-212	-5.4
FCF	-434	172	-139.6	233	35.5	89	150	68.5
Dividends	0	0	NM	0	NM			NM
Discretionary FCF	-434	172	-139.6	233	35.5	89	150	68.5
RCF	-264	213	-180.7	2	-99.1	89	-122	NM
Change in equity	NA	0	NA	0	NM			NM
Change in debt	273	0	-100.0	-507	NM		-507	NM
CFF	273	0	-100.0	-507	NM	0	-507	NM
RCF + CFF	9	213	NM	-505	NM	89	-629	NM
Change in liquidity	9	213	NM	-505	NM	89	-629	NM

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated Balance Sheet - Main items (EUR M)								
	30.6.18	30.9.18	Chg %	31.12.18	Chg %	31.3.19	Chg %	
Intangible assets	9,676	9,496	-1.9	9,709	2.2	11,224	15.6	
Property, plant & equipment	2,976	2,999	0.8	3,509	17.0	3,495	-0.4	
Financial and equity investments	1,172	1,179	0.6	1,261	7.0	1,303	3.3	
Total non-current assets	14,413	14,248	-1.1	15,137	6.2	16,764	10.7	
Inventory	82	83	1.2	84	1.2	91	8.3	
Trade receivables	983	991	0.8	1,006	1.5	1,080	7.4	
Cash and current financial assets	887	960	8.2	851	-11.4	246	-71.1	
Total current assets	2,500	2,568	2.7	2,510	-2.3	1,947	-22.4	
Total assets	16,913	16,816	-0.6	17,647	4.9	18,711	6.0	
Long-term debt	12,083	12,113	0.2	12,136	0.2	13,119	8.1	
Provisions for risks and charges	270	270	0.0	260	-3.7	266	2.3	
Total non-current liabilities	12,869	12,853	-0.1	13,044	1.5	14,021	7.5	
Short-term debt	143	73	-49.0	104	42.5	383	NM	
Trade payables	1,967	1,988	1.1	2,379	19.7	1,884	-20.8	
Total current liabilities	2,742	2,700	-1.5	3,065	13.5	2,976	-2.9	
Minorities	NA	NA	NA	NA	NA	NA	NA	
Shareholders' equity	1,302	1,263	-3.0	1,538	21.8	1,714	11.4	
Total equity	1,302	1,263	-3.0	1,538	21.8	1,714	11.4	
Total liabilities and equity	16,913	16,816	-0.6	17,647	4.9	18,711	6.0	
Net debt	10,173	10,053	-1.2	10,133	0.8	10,284	1.5	
Adjusted net debt	11,339	11,226	-1.0	11,389	1.5	11,581	1.7	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key Consolidated Economic Data - Financial indicators					
	2017	2018	LTM19	1Q18	1Q19
Profitability and coverage ratio (%)					
EBITDA margin	31.5	33.6	36.4	34.4	39.0
Adjusted EBITDA margin	35.8	35.4	34.7	36.2	40.3
EBIT margin	-22.9	2.8	8.6	-5.3	18.7
Adjusted EBIT margin	13.7	13.1	15.6	8.7	18.6
EBITDA/net interest expense (x)	1.7	6.9	7.0	6.1	8.0
EBIT/net interest expense (x)	0.7	2.6	3.2	1.6	3.9
Leverage ratio (x)					
Net debt/EBITDA		30.6.18	30.9.18	31.12.18	31.3.19
		4.8	5.0	5.1	5.1
Adjusted Net Debt/Adjusted EBITDA (x)		5.3	5.6	5.8	5.8
Net debt/FFO		10.4	11.5	8.6	8.3
Net debt/equity		7.8	8.0	6.6	6.0

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Banco BPM: Credit View NEUTRAL

(Moody's Ba2/Negative, Fitch -)

	CB	GGB	Sen Uns	SNP	Sub	Jun Sub	Hybrid
IG	HOLD	-	-	-	-	-	-
HY	-	-	HOLD	-	HOLD	-	HOLD
Unrated	-	-	-	-	-	-	-

Key Credit Drivers

- We see the lack of the announced revamping of commercial business activity as a major negative takeaway from Banco BPM's 1Q19 results. However, the solidity of its balance sheet was confirmed.
- For 2019, Banco BPM management reiterated the recovery in core revenues in the coming quarters. Cost-of-risk is targeted to remain at normalised levels and the capital base should remain solid.
- Banco BPM will approve its new business plan by YE19. With respect to its growth strategy, we note that Banco BPM is keen to evaluate M&A deals, the timing of which is uncertain.
- On 28 May 2019, Moody's upgraded its ratings on Banco BPM's subordinated and hybrid debt by one notch while affirming the rating on the LT Senior unsecured debt, with a Negative outlook.

Outperformer¹ YTD (based on credit spread change, price for T1/AT1)

CB	BAMIIM 0 5/8 06/23	T2 (fx)	BAMIIM 7 1/8 03/21
Senior (fx)	BAMIIM 2 3/4 7/20	T1/AT1	BAMIIM 0

Underperformer¹ YTD (based on credit spread change, price for T1/AT1)

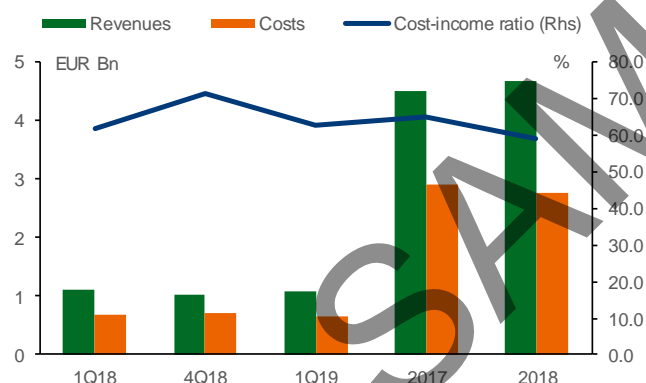
CB	BAMIIM 1 1/2 12/25	T2 (fx)	BAMIIM 6 11/20
*Senior (fx)	BAMIIM 2 3/22	T1/AT1	BAMIIM 8 3/4

Strengths

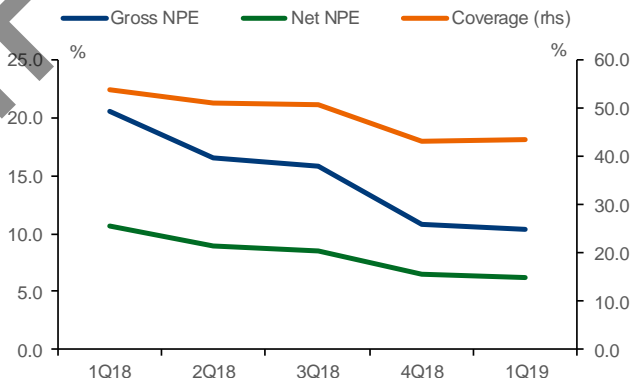
- Third-largest Italian bank by total assets, mainly rooted in the wealthiest area of northern Italy.
- Solid liquidity position.
- Capital ratios satisfactorily above regulatory requirements.

Weaknesses

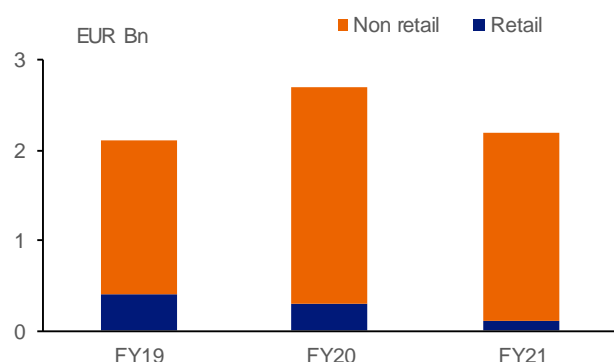
- Asset quality still weaker than that of peers, despite recent accelerated run-down.
- Sizeable exposure to Italian government bonds.
- Business mostly concentrated in Italy, with a focus on SMEs.

Cost/income ratio (trend)

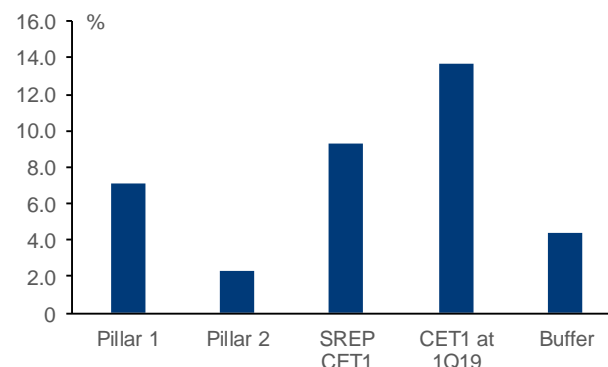
Source: Intesa Sanpaolo Research elaboration on company data

Gross and net NPE ratios and coverage ratios (trend)

Source: Intesa Sanpaolo Research elaboration on company data

Bond maturity profile, 2019-21 (FY)

Source: Intesa Sanpaolo Research elaboration on company data

CET1 ratio 1Q19 vs SREP targets for 2019 (phased-in)

Source: Intesa Sanpaolo Research elaboration on company data

1. List of Banco BPM's bonds in Appendix 2 (page 73, 74, 75, 76)

Banco BPM in Brief

Banco BPM S.p.A. operate as a bank. It offers private and corporate banking, loans, e-banking, investment, and other related services. Banco BPM serves customers in Italy.

Consolidated income statement - Main items								
EUR M	1Q18	4Q18	1Q19	qoq %	yoy %	FY17	FY18	yoy %
Net Interest Income	536	534	499	-6.6	-6.9	2,082	2,149	3.2
Net Commission/Fee Income	477	470	420	-10.6	-11.9	1,950	1,849	-5.2
Core Revenues	1,013	1,004	919	-8.5	-9.2	4,033	3,998	-0.9
Net Trading Income	29	-74	87	NM	196.2	155	82	-46.9
Total Income	1,119	1,013	1,067	5.4	-4.7	4,499	4,672	3.8
Operating Costs	693	723	668	-7.6	-3.6	2,911	2,763	-5.1
Gross Operating Profit	426	290	399	37.6	-6.4	1,588	1,909	20.2
Net loan-losses provisions (LLPs)	326	987	152	-84.6	-53.4	1,858	1,941	4.5
Pre-tax income	251	-916	248	-127.1	-1.3	-397	-220	-44.7
Net income (Loss)	223	-584	150	-125.8	-32.7	2,616	-59	-102.3
Net income (loss) adjusted¹	223	-581	150	-125.9	-32.7	558	-57	-110.1

Note: ¹ Before public cash contribution, impairment on goodwill and badwill. NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated balance sheet - Main items					
ASSETS (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %
Cash and cash equivalents	830	922	804	-12.8	-3.2
Financial assets and hedging derivatives	36,280	36,853	38,957	5.7	7.4
Due from banks	5,670	4,193	5,123	22.2	-9.7
Loans to customers	106,168	104,015	106,470	2.4	0.3
Equity investments	1,369	1,434	1,358	-5.3	-0.8
Tangible and intangible assets	4,060	4,054	4,803	18.5	18.3
Tax assets	4,852	5,012	4,944	-1.4	1.9
Other assets	3,023	3,982	3,381	-15.1	11.8
Total Assets	162,253	160,465	165,839	3.3	2.2
LIABILITIES & SHAREHOLDERS' EQUITY (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %
Due to banks	29,555	31,634	31,400	-0.7	6.2
Due to customers and debt securities in issue	107,056	105,220	109,319	3.9	2.1
Trading liabilities and hedging derivatives	8,414	7,229	8,616	19.2	2.4
Tax liabilities	663	505	512	1.3	-22.8
Other liabilities	5,435	5,572	5,429	-2.6	-0.1
Minorities	55	46	44	-3.5	-19.8
Shareholders' equity	11,074	10,259	10,519	2.5	-5.0
Total Liabilities and Shareholders' Equity	162,253	160,465	165,839	3.3	2.2

PPA effect reclassified in a single income statement item. Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key consolidated economic - financial indicators (historical trend)					
Profitability ratios (%)	2015	2016	2017	2018	1Q19
ROE Adjusted ¹	5.5	NM	6.0	NM	5.8
ROA Adjusted ¹	0.4	NM	0.3	NM	0.4
Cost/income ratio (excl. Systemic charges)	59.7	74.6	64.7	59.1	62.6
Asset Quality ratios (%)	2015	2016	2017	2018	1Q19
Net bad debt ratio	7.1	7.1	6.0	1.5	1.5
Cost of risk (bps)	103	268	172	187	57
Liquidity ratios (%)	2015	2016	2017	2018	1Q19
Loan/deposit ratio	94.2	94.7	100.2	98.9	97.4
LCR (Liquidity Coverage Ratio)	180.9	219.9	125.6	150.0	150.0
NSFR (Net Stable Funding Ratio)	NA	NA	NA	NA	NA
Capital Structure and Solvency ratios (%)	2015	2016	2017	2018	1Q19
CET1 phase-in ratio	12.4	12.3	12.4	13.5	13.7
CET1 fully-loaded	NA	11.4	11.9	11.5	11.8
SREP CET1	NA	NA	8.2	8.9	9.3
Tier 1 ratio	12.7	12.5	12.7	13.7	14.4
TC ratio	15.2	14.9	15.2	16.2	16.6
Leverage phase-in ratio	NA	NA	NA	NA	NA
Leverage fully-loaded ratio	NA	NA	NA	NA	NA
Operating structure	2015	2016	2017	2018	1Q19
Branches	2,348	2,349	2,320	1,804	1,804
of which in Italy	2,348	2,349	2,320	1,804	1,804
Employees	25,073	24,608	23,263	22,247	22,175

Note: ¹ Before public cash contribution, impairment on goodwill and badwill. NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

BPER: Credit View NEUTRAL

(Moody's Ba3/Positive, Fitch BB/Positive)

	CB	GGB	Sen Uns	SNP	Sub	Jun Sub	Hybrid
IG	HOLD	-	-	-	-	-	-
HY	-	-	-	-	HOLD	-	-
Unrated	-	-	-	-	-	-	-

Key Credit Drivers

- BPER's 1Q19 results were mixed, pointing to top-line revenues weakness, whilst the cost-of-risk was reported at a normalised level and capital was confirmed to be solid, with a healthy liquidity position as well.
- NPLs rundown was reported to be progressing on schedule with the 2019-2021 strategic plan announced in February. However, we see BPER's asset quality targets as somewhat weak and behind those of peers.
- Announced extraordinary transactions (acquisition of the minority stake of BdS and of 100% of Unipol Banca, the disposal of EUR 1Bn in bad loans, and the increase of the stake in Arca) are reported to be progressing on schedule.
- For 2019, BPER's management targets improving profitability, driven by higher NII and fees and lower operating costs. Strategy wise, we expect BPER to be part in the expected consolidation process of the Italian banking system.

Outperformer ¹YTD (based on credit spread change, price for T1/AT1)

CB	BPEIM 0 7/8 01/22	T2 (vr)	NA*
Senior (fx)	-	T1/AT1	-

Underperformer ¹YTD (based on credit spread change, price for T1/AT1)

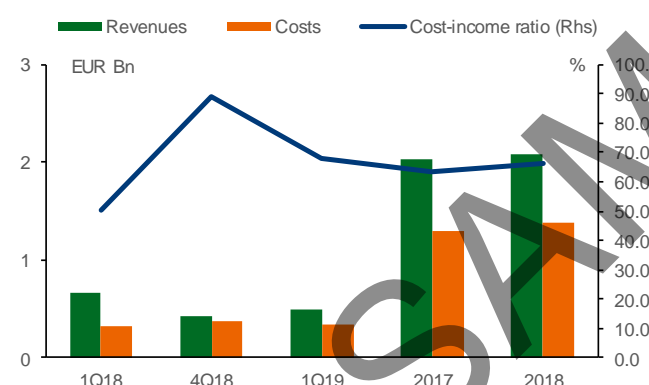
CB	BPEIM 1 1/8 4/26	T2 (vr)	NA*
Senior (fx)	-	T1/AT1	-

Strengths

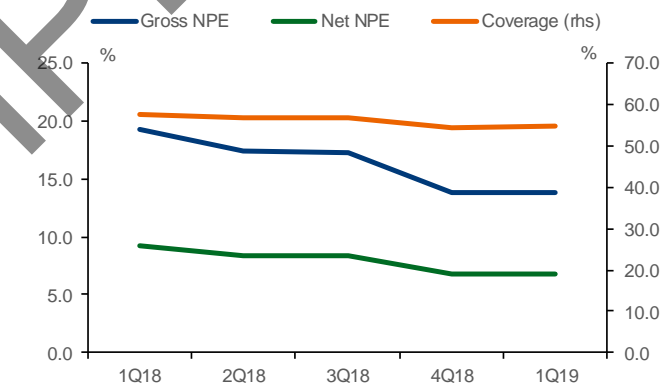
- Sixth-largest Italian bank by total assets, nationwide spread, deeply rooted in its home region of northern Italy.
- Ample liquidity, driven by retail funding.
- Sound capitalisation, well above the ECB's SREP targets.

Weaknesses

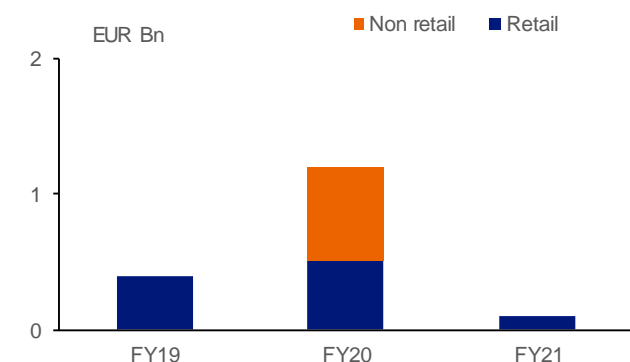
- Poor asset quality, despite accelerated NPLs run-down strategy which is ongoing.
- Costs structurally high.
- Exposure to fragile economies of Italy's southern regions.

Cost/income ratio (trend)

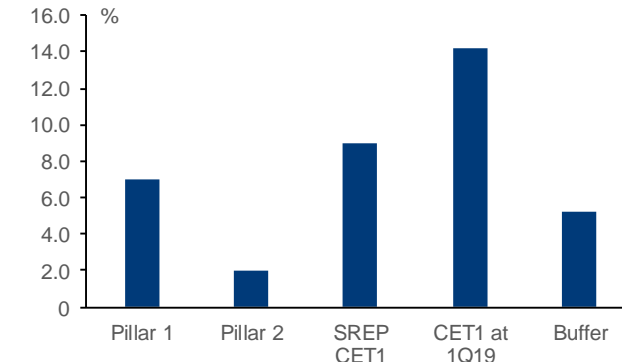
Source: Intesa Sanpaolo Research elaboration on company data

Gross and net NPE ratios and coverage ratios (trend)

Source: Intesa Sanpaolo Research elaboration on company data

Bond maturity profile, 2019-2021 (FY)

Source: Intesa Sanpaolo Research elaboration on company data

CET1 ratio 1Q19 vs SREP targets for 2019 (phased-in)

Source: Intesa Sanpaolo Research elaboration on company data

1. List of BPER's bonds in Appendix 2 (page 74, 76)

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BPER in Brief

BPER Banca S.p.A. operates as a retail and corporate bank. It offers loans, credit cards, pension plans, investment funds, insurance, asset management, and online trading services. BPER serves customers in Italy.

Consolidated income statement - Main items								
EUR M	1Q18	4Q18	1Q19	qoq %	yoy %	FY17	FY18	yoy %
Net Interest Income	293	272	274	0.6	-6.6	1,124	1,122	-0.2
Net Commission/Fee Income	198	199	193	-3.3	-2.8	741	776	4.8
Core Revenues	491	472	466	-1.1	-5.1	1,865	1,899	1.8
Net Trading Income	154	-87	22	-125.4	-85.6	103	104	0.9
Total Income	657	419	495	18.3	-24.6	2,039	2,081	2.1
Operating Costs	331	372	338	-9.2	2.0	1,297	1,383	6.7
Gross Operating Profit	326	47	158	NM	-51.6	742	698	-5.9
Net loan-losses provisions (LLPs)	26	71	72	2.7	177.3	536	226	-57.9
Pre-tax income	272	-58	63	NM	-76.8	8	346	NM
Net income (Loss)	251	44	48	9.5	-80.9	176	402	127.8
Net income (loss) adjusted¹	251	44	48	9.5	-80.9	-14	402	NM

Note: ¹ Before public cash contribution, impairment on goodwill and badwill. NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated balance sheet - Main items					
ASSETS (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %
Cash and cash equivalents	337	460	363	-21.0	7.6
Financial assets and hedging derivatives	15,200	17,191	17,405	1.2	14.5
Due from banks	3,496	1,541	2,173	41.1	-37.8
Loans to customers	45,404	47,051	46,512	-1.1	2.4
Equity investments	456	446	450	0.9	-1.3
Tangible and intangible assets	1,557	1,509	1,708	13.2	9.7
Tax assets	1,742	1,886	NA	NA	NA
Other assets	747	552	NA	NA	NA
Total Assets	68,938	70,635	71,097	0.7	3.1
LIABILITIES & SHAREHOLDERS' EQUITY (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %
Due to banks	12,626	13,126	13,034	-0.7	3.2
Due to customers and debt securities in issue	48,919	49,996	50,621	1.2	3.5
Trading liabilities and hedging derivatives	334	236	375	58.6	12.1
Tax liabilities	109	63	NA	NA	NA
Other liabilities	2,115	2,317	NA	NA	NA
Minorities	494	507	510	0.5	3.3
Shareholders' equity	4,341	4,389	4,451	1.4	2.5
Total Liabilities and Shareholders' Equity	68,938	70,635	71,097	0.7	3.1

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key consolidated economic - financial indicators (historical trend)					
Profitability ratios (%)	2015	2016	2017	2018	1Q19
ROE Adjusted ¹	4.6	0.3	NM	10.1	4.4
ROA Adjusted ¹	0.4	0.0	NM	0.6	0.3
Cost/income ratio (excl. Systemic charges)	55.1	61.3	63.6	66.4	68.2
Asset Quality ratios (%)	2015	2016	2017	2018	1Q19
Net bad debt ratio	6.8	6.6	6.1	3.1	3.1
Cost of risk (bps)	162	136	113	48	62
Liquidity ratios (%)	2015	2016	2017	2018	1Q19
Loan/deposit ratio	94.2	95.8	94.8	94.1	91.9
LCR (Liquidity Coverage Ratio)	136.0	102.0	113.7	154.3	156.0
NSFR (Net Stable Funding Ratio)	111.0	104.3	105.2	106.8	NA
Capital Structure and Solvency ratios (%)	2015	2016	2017	2018	1Q19
CET1 phase-in ratio	11.5	13.8	13.9	14.3	14.2
CET1 fully-loaded	11.2	13.3	13.7	12.0	12.2
SREP CET1	NA	NA	7.3	8.1	9.0
Tier 1 ratio	11.6	13.9	14.0	14.4	14.3
TC ratio	12.8	15.2	16.7	17.2	17.2
Leverage phase-in ratio	7.1	6.7	6.1	6.0	6.0
Leverage fully-loaded ratio	6.9	6.5	6.0	5.0	5.2
Operating structure	2015	2016	2017	2018	1Q19
Branches	1,217	1,201	1,219	1,218	1,170
of which in Italy	1,216	1,200	1,218	1,218	1,170
Employees	11,447	11,635	11,653	11,615	11,613

Note: ¹ Before public cash contribution, impairment on goodwill and badwill. NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Banca MPS: Credit View UNDER REVIEW

(Moody's Caa1/Negative, Fitch B/Stable)

	CB	GGB	Sen Uns	SNP	Sub	Jun Sub	Hybrid
IG	HOLD	HOLD	-	-	-	-	-
HY	-	-	-	-	SELL	-	-
Unrated	-	-	-	-	-	-	-

Key Credit Drivers

- Banca MPS delivered poor results for 1Q19, in our view, mainly highlighting that the operating recovery for commercial banking is lagging behind expectations. However, MPS is making good progress on its cost restructuring plan.
- Despite the strong de-risking effort already realised, we think MPS' asset quality is still weak and worse than peers while its capital position is vulnerable, also in light of lack of access to the wholesale capital markets.
- For 2019, MPS' management has revised downwards its financial operating targets compared to the 2017-2021 restructuring plan due to the worsened current and expected economic scenarios.
- Overall, we see low visibility over MPS's strategy. The Italian government is set to announce its exit strategy from MPS by the end of this year, which should be finalised by 2021.

Outperformer¹ YTD (based on credit spread change, price for T1/AT1)

CB(fx)	MONTE 2	7/8	4/21	T2 (fx)	NA*
Senior (fx)				- T1/AT1	-

Underperformer¹ YTD (based on credit spread change, price for T1/AT1)

CB(fx)	MONTE 2	1/8	11/25	T2 (fx)	NA*
Senior (fx)				- T1/AT1	-

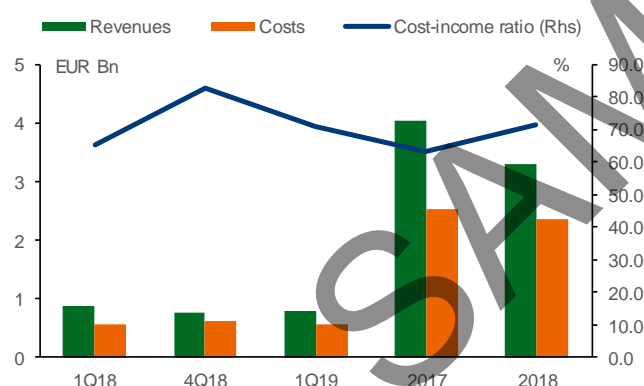
Strengths

- Fourth-largest Italian bank by total assets.
- Nationwide spread, with strong territorial roots in central Italy.

Weaknesses

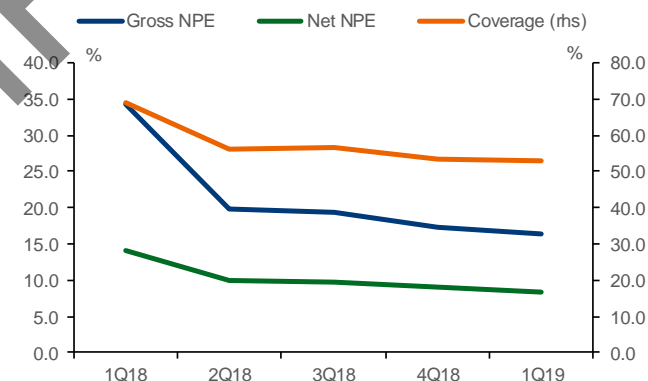
- Restructuring and recovery ongoing, but lagging behind plan targets due to a deteriorating macroeconomic scenario.
- Asset quality weak and worse than that of peers, despite the massive NPL run-down.
- Lack of access to the wholesale capital markets.

Cost/income ratio (trend)



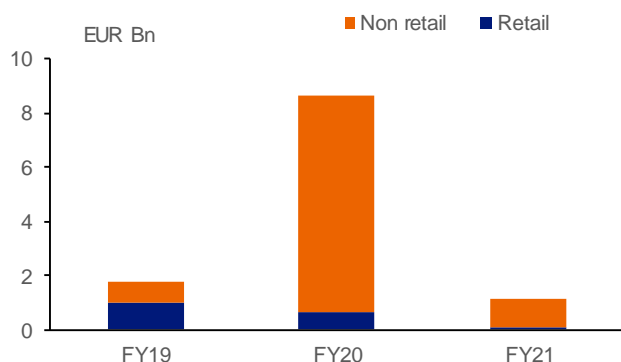
Source: Intesa Sanpaolo Research elaboration on company data

Gross and net NPE ratios and coverage ratios (trend)



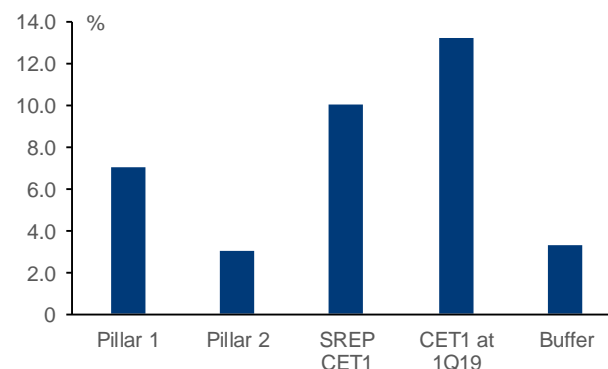
Source: Intesa Sanpaolo Research elaboration on company data

Bond maturity profile, 2019-21 (FY)



Source: Intesa Sanpaolo Research elaboration on company data

CET1 ratio 1Q19 vs SREP targets for 2019 (phased-in)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of Banca MPS's bonds in Appendix 2 (page 74, 76, 77)

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Banca MPS in Brief

Banca Monte dei Paschi di Siena S.p.A. provides credit, asset management services, insurance, mutual funds, internet banking, and investment banking services. It mainly serves customers in Italy.

Consolidated income statement - Main items								
EUR M	1Q18	4Q18	1Q19	qoq %	yoy %	FY17	FY18	yoy %
Net Interest Income	422	431	409	-5.1	-3.0	1,788	1,743	-2.5
Net Commission/Fee Income	407	360	359	-0.4	-11.7	1,577	1,523	-3.4
Core Revenues	828	791	768	-3.0	-7.3	3,365	3,266	-2.9
Net Trading Income	39	-18	27	NM	-29.6	571	-13	-102.3
Total Income	877	769	802	4.3	-8.5	4,026	3,288	-18.3
Operating Costs	573	635	569	-10.4	-0.6	2,543	2,351	-7.6
Gross Operating Profit	304	134	233	74.4	-23.3	1,483	937	-36.8
Net loan-losses provisions (LLPs)	137	267	164	-38.5	19.8	5,324	628	-88.2
Pre-tax income	111	-342	-24	-93.1	-121.1	-4,186	-109	-97.4
Net income (Loss)	188	-101	28	-127.8	-85.1	-3,502	279	-108.0
Net income (loss) adjusted¹	188	-101	28	-127.8	-85.1	-3,502	279	-108.0

PPA effects reclassified in a single income statement item. Note: ¹ Before public cash contribution, impairment on goodwill and badwill. NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated balance sheet - Main items						
ASSETS (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %	
Cash and cash equivalents	897	951	609	-35.9	-32.1	
Financial assets and hedging derivatives	25,652	20,565	20,569	0.0	-19.8	
Due from banks	6,375	12,504	11,097	-11.3	74.1	
Loans to customers	89,320	86,856	89,376	2.9	0.1	
Equity investments	1,076	923	902	-2.3	-16.2	
Tangible and intangible assets	2,831	2,727	2,978	9.2	5.2	
Tax assets	NA	3,969	NA	NA	NA	
Other assets	10,621	1,987	6,592	NM	-37.9	
Total Assets	136,772	130,481	132,122	1.3	-3.4	
LIABILITIES & SHAREHOLDERS' EQUITY (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %	
Due to banks	20,483	21,986	22,170	0.8	8.2	
Due to customers and debt securities in issue	97,857	90,472	92,686	2.4	-5.3	
Trading liabilities and hedging derivatives	3,625	3,942	2,502	-36.5	-31.0	
Tax liabilities	NA	22	NA	NA	NA	
Other liabilities	5,506	5,065	5,673	12.0	3.0	
Minorities	2	2	2	9.1	4.3	
Shareholders' equity	9,298	8,992	9,089	1.1	-2.3	
Total Liabilities and Shareholders' Equity	136,772	130,481	132,122	1.3	-3.4	

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key consolidated economic - financial indicators (historical trend)					
Profitability ratios (%)	2015	2016	2017	2018	1Q19
ROE Adjusted ¹	4.2	NM	NM	3.2	1.2
ROA Adjusted ¹	0.2	NM	NM	0.2	0.1
Cost/income ratio (excl. Systemic charges)	50.4	61.2	63.2	71.5	70.9
Asset Quality ratios (%)	2015	2016	2017	2018	1Q19
Net bad debt ratio	8.7	9.7	8.3	3.7	3.6
Cost of risk (bps)	179	419	616	72	73
Liquidity ratios (%)	2015	2016	2017	2018	1Q19
Loan/deposit ratio	93.4	102.0	88.4	96.0	96.4
LCR (Liquidity Coverage Ratio)	222.0	107.7	199.5	232.0	241.0
NSFR (Net Stable Funding Ratio)	100.8	87.6	110.0	112.0	111.0
Capital Structure and Solvency ratios (%)	2015	2016	2017	2018	1Q19
CET1 phase-in ratio	12.0	8.2	14.8	13.7	13.3
CET1 fully-loaded	11.7	6.5	14.2	11.3	11.2
SREP CET1	NA	10.8	10.8	9.4	10.0
Tier 1 ratio	12.8	8.2	14.8	13.7	13.3
TC ratio	16.0	10.4	15.0	15.2	14.7
Leverage phase-in ratio	5.2	3.2	6.0	5.5	5.6
Leverage fully-loaded ratio	NA	NA	NA	NA	NA
Operating structure	2015	2016	2017	2018	1Q19
Branches	2,133	2,032	1,745	1,529	1,529
of which in Italy	2,133	2,032	1,745	1,529	1,529
Employees	25,731	25,566	23,463	23,129	22,500

Note: ¹ Before Public cash contribution, impairment on goodwill and badwill. NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

UBI Banca: Credit View NEUTRAL

(Moody's Baa3/Negative, Fitch BBB-/Negative)

	CB	GGB	Sen Uns	SNP	Sub	Jun Sub	Hybrid
IG	HOLD	-	HOLD	-	-	-	-
HY	-	-	-	HOLD	BUY	-	-
Unrated	-	-	-	-	-	-	-

Key Credit Drivers

- UBI Banca delivered a satisfactory set of results for 1Q19, in our view, supported by commercial business (in particular NII recovery) while maintaining a focus on cost-efficiency enhancement.
- For 2019, amid a worse-than-expected macroeconomic scenario, UBI's management confirmed a rather benign outlook, including further de-risking.
- UBI is to announce its new business plan by YE19, a key point of which will be, in our view, the unveiling of its growth strategy going forward. We expect UBI to take part in the expected consolidation of the industry.

Outperformer¹ YTD (based on credit spread change, price for T1/AT1)

CB(fx)	UBIIM 1 01/23	T2 (vr)	UBIIM 4 1/4 05/26
Senior (fx)	UBIIM 0 3/4 10/22	T1/AT1	-

Underperformer¹ YTD (based on credit spread change, price for T1/AT1)

CB(fx)	UBIIM 1 09/25	T2 (vr)	UBIIM 5 7/8 03/29
Senior (fx)	UBIIM 1 1/2 04/24	T1/AT1	-

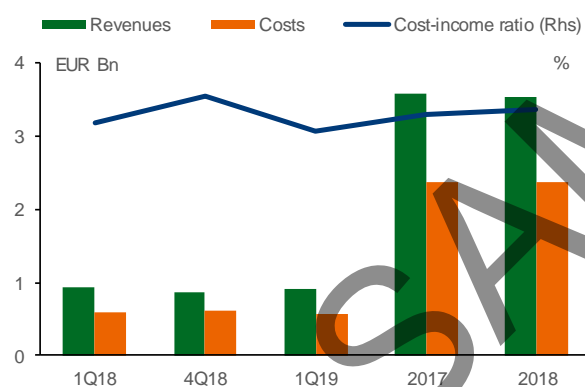
Strengths

- Fifth-largest Italian bank by total assets, with strong territorial roots in northern Italy.
- Good liquidity underpinned by a stable deposit base.
- Capital ratios satisfactorily above the SREP targets.

Weaknesses

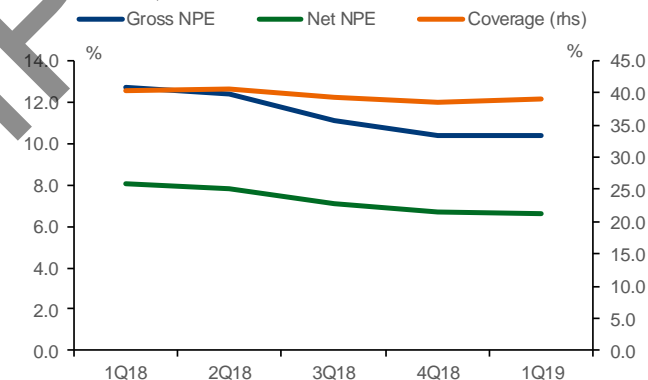
- Modest profitability, but looks to be improving.
- Operating cost structurally high, but on the downtrend.
- Business concentrated in Italy, mainly with SMEs.

Cost/income ratio (trend)



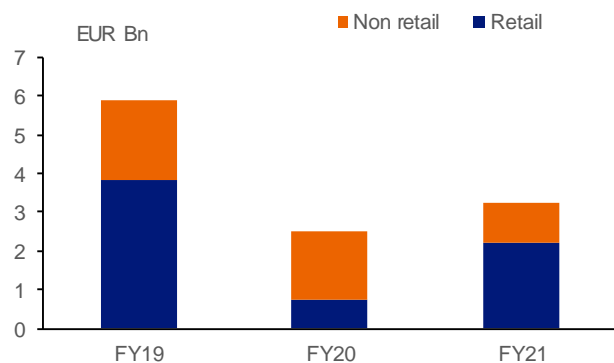
Source: Intesa Sanpaolo Research elaboration on company data

Gross and net NPE ratios and coverage ratios (trend)



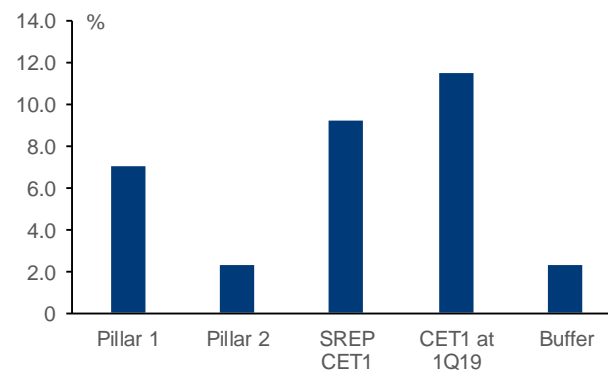
Source: Intesa Sanpaolo Research elaboration on company data

Bond maturity profile, 2019-21 (FY)



Source: Intesa Sanpaolo Research elaboration on company data

CET1 ratio 1Q19 vs SREP targets for 2019 (phased-in)



Source: Intesa Sanpaolo Research elaboration on company data

1. List of UBI Banca's bonds in Appendix 2 (page 73, 74, 76, 77)

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UBI Banca in Brief

UBI Banca attracts deposits and offers business loans, pension and investment fund management, mortgages, insurance, and online securities brokerage services and banking. UBI Banca serves customers in Italy.

Consolidated income statement - Main items								
EUR M	1Q18	4Q18	1Q19	qoq %	yoy %	FY17	FY18	yoy %
Net Interest Income	438	441	446	1.0	1.8	1,627	1,790	10.1
Net Commission/Fee Income	407	391	401	2.7	-1.6	1,546	1,579	2.1
Core Revenues	845	832	847	1.8	0.2	3,173	3,369	6.2
Net Trading Income	34	-7	37	NM	10.2	253	-5	-102.1
Total Income	925	866	921	6.3	-0.5	3,578	3,519	-1.7
Operating Costs	589	613	563	-8.3	-4.4	2,357	2,364	0.3
Gross Operating Profit	336	253	358	41.7	6.4	1,221	1,155	-5.4
Net loan-losses provisions (LLPs)	118	253	129	-49.3	9.0	728	643	-11.7
Pre-tax income	188	42	182	NM	-3.3	281	458	62.9
Net income (Loss)	118	215	82	-61.8	-30.1	691	426	-38.4
Net income (loss) adjusted¹	118	218	82	-62.3	-30.1	53	429	NM

PPA effects reported line by line in income statement. Note: ¹ Before public cash contribution, impairment on goodwill and badwill. NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated balance sheet - Main items					
ASSETS (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %
Cash and cash equivalents	613	735	606	-17.5	-1.0
Financial assets and hedging derivatives	17,276	16,076	17,822	10.9	3.2
Due from banks	8,143	10,066	11,327	12.5	39.1
Loans to customers	91,575	88,988	87,096	-2.1	-4.9
Equity investments	248	254	263	3.6	6.1
Tangible and intangible assets	3,523	3,695	4,127	11.7	17.1
Tax assets	4,018	4,210	4,121	-2.1	2.6
Other assets	1,167	1,282	1,367	6.7	17.2
Total Assets	126,563	125,306	126,729	1.1	0.1
LIABILITIES & SHAREHOLDERS' EQUITY (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %
Due to banks	17,308	17,235	17,777	3.1	2.7
Due to customers and debt securities in issue	94,212	92,211	93,633	1.5	-0.6
Trading liabilities and hedging derivatives	553	702	817	16.5	47.8
Tax liabilities	272	162	166	2.6	-38.8
Other liabilities	4,857	5,782	5,037	-12.9	3.7
Minorities	60	51	32	-36.8	-46.3
Shareholders' equity	9,300	9,163	9,267	1.1	-0.4
Total Liabilities and Shareholders' Equity	126,563	125,306	126,729	1.1	0.1

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key consolidated economic - financial indicators (historical trend)					
Profitability ratios (%)	2015	2016	2017	2018	1Q19
ROE Adjusted ¹	1.2	NM	0.6	4.9	3.6
ROA Adjusted ¹	0.1	NM	0.0	0.3	0.3
Cost/income ratio (excl. Systemic charges)	60.7	68.6	65.9	67.2	61.1
Asset Quality ratios (%)	2015	2016	2017	2018	1Q19
Net bad debt ratio	5.1	4.9	4.4	3.1	3.1
Cost of risk (bps)	95	176	79	72	59
Liquidity ratios (%)	2015	2016	2017	2018	1Q19
Loan/deposit ratio	92.4	96.1	97.8	96.5	93.0
LCR (Liquidity Coverage Ratio)	NA	NA	131.0	134.0	NA
NSFR (Net Stable Funding Ratio)	NA	NA	NA	NA	NA
Capital Structure and Solvency ratios (%)	2015	2016	2017	2018	1Q19
CET1 phase-in ratio	12.1	11.5	11.6	11.7	11.5
CET1 fully-loaded	11.6	11.2	11.4	11.3	11.5
SREP CET1	NA	NA	7.5	8.6	9.3
Tier 1 ratio	12.1	11.5	11.6	11.7	11.5
TC ratio	13.9	14.1	14.1	13.8	14.4
Leverage phase-in ratio	6.0	5.8	5.9	5.5	5.2
Leverage fully-loaded ratio	5.8	5.6	5.8	5.3	5.1
Operating structure	2015	2016	2017	2018	1Q19
Branches	1,554	1,524	1,838	1,648	1,640
of which in Italy	1,554	1,524	1,838	1,648	1,640
Employees	17,716	17,560	21,412	20,394	20,387

Note: ¹ Before public cash contribution, impairment on goodwill and badwill. NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Unicredit: Credit View NEUTRAL

(Baa1/Stable, BBB/Negative)

	CB	GGB	Sen Uns	SNP	Sub	Jun Sub	Hybrid
IG	HOLD	-	HOLD	HOLD	-	-	-
HY	-	-	-	-	HOLD	-	HOLD
Unrated	-	-	-	-	-	-	-

Key Credit Drivers

- Unicredit delivered a positive set of results for 1Q19, in our view, with profits remaining steady, mainly due to one-offs, lower operating costs and credit charges, but revenues continued to be weak.
- Unicredit expects to reach or even exceed financial targets set for 2019 and it is keen to implement financial measures to improve its guidance on the MDA buffer.
- On 3 December 2019, Unicredit is to unveil its new 2020-2023 strategic plan, a key pillar of which will be, in our view, the disclosure of its growth strategy going forward, regarding which we do not rule out M&A deals.

Outperformer¹ YTD (based on credit spread change, price for T1/AT1)

CB(fx)	UCGIM 2 3/4 1/20	T2 (fx)	UCGIM 6 1/8 04/21
Senior (fx)	UCGIM 3 1/4 1/21	T1/AT1	UCGIM 6 3/4 PERP

Underperformer¹ YTD (based on credit spread change, price for T1/AT1)

CB(fx)	UCGIM 0 3/4 4/25	T2 (fx)	UCGIM 6.95 10/22
Senior (fx)	UCGIM 2 1/8 10/26	T1/AT1	UCGIM 7 1/2 PERP

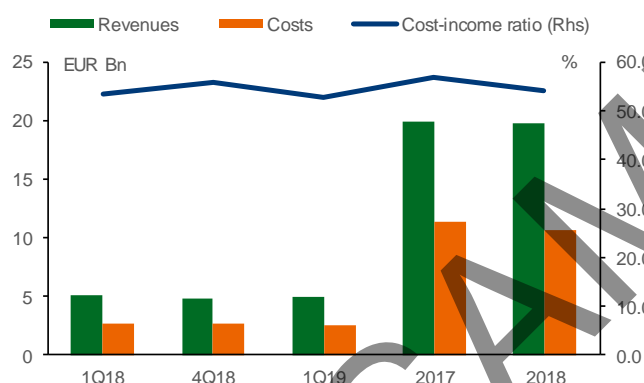
Strengths

- A leading European bank with a strong presence in 14 countries.
- High geographical and product diversification.
- Sound and diversified liquidity and flexible funding.
- Adequate capital buffers over prudential requirements.

Weaknesses

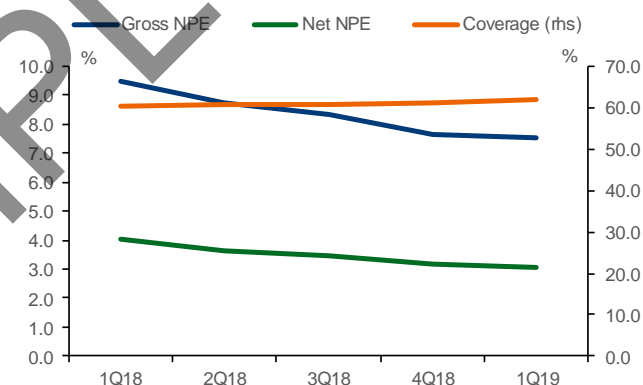
- Large, albeit markedly declining, stock of problem loans.
- High correlation with Italian domestic market, despite diversification.
- Turkey exposure hit by recession and political uncertainty.

Cost/income ratio (trend)



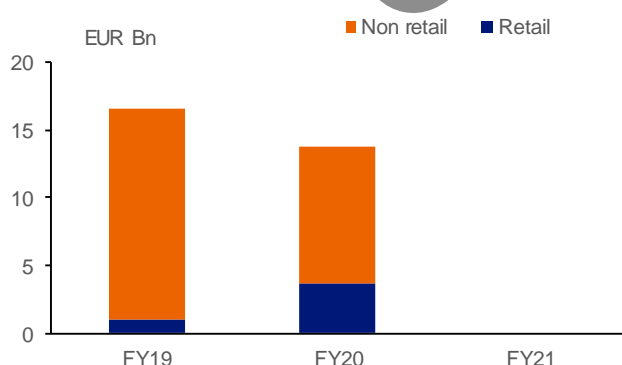
Source: Intesa Sanpaolo Research elaboration on company data

Gross and net NPE ratios and coverage ratios (trend)



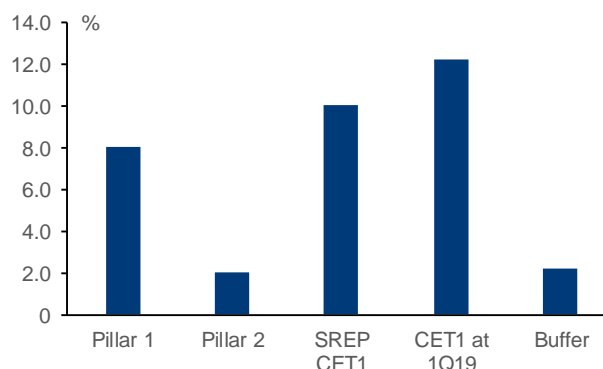
Source: Intesa Sanpaolo Research elaboration on company data

Bond maturity profile, 2019-21 (FY)



Data for FY21 are no available. Source: Intesa Sanpaolo Research elaboration on company data

CET1 ratio 1Q19 vs SREP targets for 2019 (phased-in)



2018 IFRS9 FTA impact not phased-in. Source: Intesa Sanpaolo Research elaboration on company data

1. List of Unicredit's bonds in Appendix 2 (page 73, 74, 75, 76, 77)

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Unicredit in Brief

Unicredit S.p.A. offers consumer credit, mortgages, life insurance, business loans, investment banking, asset management, and other financial services. It operates on a worldwide basis.

Consolidated income statement - Main items								
EUR M	1Q18	4Q18	1Q19	qoq %	yoy %	FY17	FY18	yoy %
Net Interest Income	2,630	2,774	2,649	-4.5	0.7	10,633	10,835	1.9
Net Commission/Fee Income	1,747	1,657	1,655	-0.2	-5.3	6,695	6,755	0.9
Core Revenues	4,377	4,431	4,303	-2.9	-1.7	17,328	17,591	1.5
Net Trading Income	478	159	448	182.6	-6.3	1,817	1,245	-31.5
Total Income	5,105	4,850	4,952	2.1	-3.0	19,941	19,703	-1.2
Operating Costs	2,728	2,712	2,613	-3.7	-4.2	11,339	10,677	-5.8
Gross Operating Profit	2,377	2,138	2,339	9.4	-1.6	8,602	9,026	4.9
Net loan-losses provisions (LLPs)	496	923	468	-49.3	-5.6	2,939	2,620	-10.9
Pre-tax income	1,390	777	2,047	163.4	47.3	4,147	3,620	-12.7
Net income (Loss)	1,112	1,727	1,387	-19.7	24.7	5,473	3,893	-28.9
Net income (loss) adjusted¹	1,112	1,727	1,387	-19.7	24.7	5,473	3,893	-28.9

PPA reclassified in a single income statement item. Note: ¹ Before public cash contribution, impairment on goodwill and badwill. Source: Intesa Sanpaolo Research elaborations on company data

Consolidated balance sheet - Main items					
ASSETS (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %
Cash and cash equivalents	49,944	30,991	31,991	3.2	-35.9
Financial assets and hedging derivatives	228,929	224,661	223,712	-0.4	-2.3
Due from banks	70,324	69,850	83,655	19.8	19.0
Loans to customers	441,783	471,839	471,653	0.0	6.8
Equity investments	NA	NA	NA	NA	NA
Tangible and intangible assets	12,471	11,916	14,217	19.3	14.0
Tax assets	12,110	13,078	13,096	0.1	8.1
Other assets	8,416	9,134	9,340	2.3	11.0
Total Assets	823,977	831,469	847,663	1.9	2.9
LIABILITIES & SHAREHOLDERS' EQUITY (EUR M)	31.03.18	31.12.18	31.03.19	YTD %	yoy %
Due to banks	125,177	125,895	136,882	8.7	9.4
Due to customers and debt securities in issue	550,328	560,141	557,797	-0.4	1.4
Trading liabilities and hedging derivatives	63,141	61,691	67,134	8.8	6.3
Tax liabilities	1,140	825	1,202	45.7	5.4
Other liabilities	26,300	26,149	25,814	-1.3	-1.8
Minorities	941	927	984	6.1	4.6
Shareholders' equity	56,950	55,841	57,851	3.6	1.6
Total Liabilities and Shareholders' Equity	823,977	831,469	847,663	1.9	2.9

Note: NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

Key consolidated economic - financial indicators (historical trend)					
Profitability ratios (%)	2015	2016	2017	2018	1Q19
ROE Adjusted ¹	3.5	NM	10.2	7.5	9.8
ROA Adjusted ¹	0.2	NM	0.7	0.5	0.7
Cost/income ratio (excl. Systemic charges)	65.0	63.6	56.9	54.2	52.8
Asset Quality ratios (%)	2015	2016	2017	2018	1Q19
Net bad debt ratio	4.4	2.5	2.2	1.2	1.2
Cost of risk (bps)	90	275	67	56	40
Liquidity ratios (%)	2015	2016	2017	2018	1Q19
Loan/deposit ratio	80.5	78.3	78.2	84.2	84.6
LCR (Liquidity Coverage Ratio)	NA	132.0	185.0	151.0	NA
NSFR (Net Stable Funding Ratio)	NA	NA	NA	NA	NA
Capital Structure and Solvency ratios (%)	2015	2016	2017	2018	1Q19
CET1 phase-in ratio	10.6	11.5	13.7	12.1	12.3
CET1 fully-loaded	10.9	11.2	13.6	12.1	12.3
SREP CET1	NA	9.8	8.8	9.2	10.1
Tier 1 ratio	11.5	12.4	15.4	13.6	13.9
TC ratio	14.2	15.0	18.1	15.8	16.4
Leverage phase-in ratio	4.7	4.9	5.7	5.1	5.0
Leverage fully-loaded ratio	4.5	4.7	5.6	4.9	5.0
Operating structure	2015	2016	2017	2018	1Q19
Branches	6,934	6,221	4,817	4,591	4,559
of which in Italy	3,873	3,524	2,663	2,466	2,446
Employees	125,510	98,304	91,952	86,786	86,232

Note: ¹ Before public cash contribution, impairment on goodwill and badwill. NA = not available, NM = not meaningful. Source: Intesa Sanpaolo Research elaborations on company data

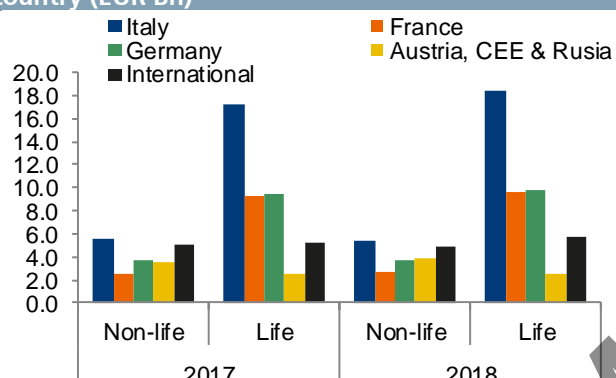
Assicurazioni Generali

(Moody's Baa1/Stable, Fitch A-/Stable)

Outperformer ¹ YTD (based on credit spread change)			
Senior	ASSGEN 5 1/8 9/24	Hybrid	NA*

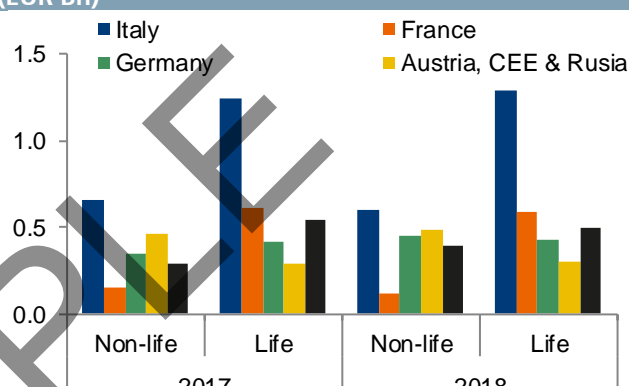
Underperformer ¹ YTD (based on credit spread change)			
Senior	ASSGEN 2 7/8 1/20	Hybrid	NA*

Gross direct premiums by business segment and by country (EUR Bn)



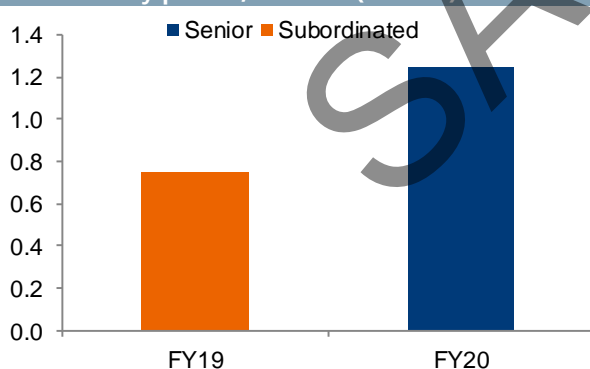
Note: ACEER = Austria, CEE & Russia. Source: Company data

Operating profit by business segment and by country (EUR Bn)



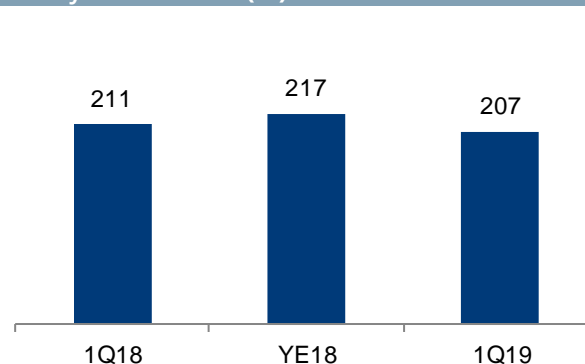
Source: Company data

Bond maturity profile, 2019-20 (EUR Bn)



Source: Company data

Solvency II ratio trend (%)



Note: Regulatory Solvency. Source: Company data

1. List of Generali's bonds in Appendix 2 (page 78)
 * NA = Not Applicable for only one benchmark bond

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Assicurazioni Generali in Brief

Assicurazioni Generali S.p.A. offers life and non-life insurance and reinsurance throughout the world. The company offers life, health, accident, automobile, marine, aviation, transport, fire, general liability, and credit insurance and reinsurance.

Consolidated Income Statement – Main items (EUR M)

EUR M	2017	2018	Chg. %	1Q18	1Q19	yoy %
GWP	64,380	66,691	4.9	17,737	18,874	6.6
Life	43,832	46,084	5.7	11,511	12,502	8.5
Non-life	20,548	20,607	3.3	6,226	6,371	3.1
Operating result	4,713	4,857	3.0	1,258	1,346	6.9
Life operating result	2,982	3,067	2.8	765	804	5.1
Non-life operating result	1,944	1,992	2.5	528	548	3.7
Asset management	261	335	28.2	68	71	4.7
Holding and other bus. op. result	-163	-70	NM	-44	-31	NM
Net profit (loss) attributable to the Group	2,110	2,309	9.4	581	744	28.1

Note: NM = Not Meaningful. Company data and Intesa Sanpaolo Research elaboration on Company data.

Consolidated Balance Sheet – Main items (EUR M)

ASSETS EUR M	30.06.2017	31.12.2017	30.06.2018	31.12.2018	Chg. %
Intangible assets	8,765	8,784	8,722	8,745	-0.4
Tangible assets	4,450	4,075	3,816	3,768	-7.5
Amounts ceded to reinsurers from insurance provisions	3,926	4,294	4,335	4,009	-6.6
Investments	479,500	471,233	417,764	412,228	-12.5
of which AFS assets	316,660	320,641	284,975	283,773	-11.5
Receivables	12,107	11,686	12,622	11,127	-4.8
Other assets	15,369	30,170	71,557	69,253	129.5
Cash and cash equivalents	6,238	6,849	5,371	6,697	-2.2
TOTAL ASSETS	530,357	537,091	524,187	515,827	-4.0
LIABILITIES EUR M	30.06.2017	31.12.2017	30.06.2018	31.12.2018	Chg. %
Insurance provisions	429,039	430,489	380,693	377,828	-12.2
Other provisions	1,781	1,950	1,838	1,816	-6.9
Financial liabilities	52,756	42,326	39,043	38,540	-8.9
of which Financial liabilities at fair value through P&L	19,692	8,935	4,431	4,159	-53.5
Payables	10,803	10,494	9,945	9,287	-11.5
Other liabilities	11,186	25,653	68,084	63,713	148.4
Sahreholders' equity	23,705	25,079	23,625	23,601	-5.9
Minority interests	1,087	1,098	960	1,042	-5.1
TOTAL LIABILITIES	530,357	537,080	524,187	515,827	-4.0

Company data and Intesa Sanpaolo Research elaboration on Company data.

Key Consolidated Economic - Financial indicators (historical trend)

Profitability and financial ratios (%)	2017	2018	1Q18	1Q19
Gross premiums life / total premiums	68.1	69.1	64.9	66.2
Net loss ratio (non-life)	65.1	65.1	-	-
Net expense ratio (non-life)	27.8	27.9	-	-
Net combined ratio (non-life)	92.9	93.0	91.6	91.5
Net loss ratio (Italy)	65.2	65.0	-	-
Net expense ratio (Italy)	24.8	25.9	-	-
Net combined ratio (Italy)	90.0	91.0	-	-
Life expense ratio	10.3	9.9	-	-
Life expense ratio (Italy)	-	-	-	-
Operating RoE	12.8	12.6	13.2	-
Solvency and leverage ratios (%)				
Solvency II ratio (internal model)	230	-	-	-
Solvency II regulatory ratio	207	217	211	207
Leverage ratio	32.4	31.9	-	-
Operating structure				
Headcount - Italy	12,970	12,926	-	-
Headcount - total	71,327	70,734	-	-

Company data and Intesa Sanpaolo Research elaboration on Company data.

Italian corporate bonds denominated in euro - Senior Unsecured															
Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
SRGIM 1 3/8 11/19/23	-	FX	263	104.4	0.4	ASW	57	-2	2	-21.9	97	38	Baa2	BBB+	BBB
SRGIM 3 1/4 01/22/24	-	FX	394	113.2	0.4	ASW	59	-3	0	-31.0	116	40	Baa2	BBB+	BBB
SRGIM 1 1/4 01/25/25	-	FX	500	103.3	0.6	ASW	76	-5	-5	-27.5	129	34	Baa2	BBB+	BBB
SRGIM 1 1/4 08/28/25 ^{1,2}	05/25	FX	500	103.2	0.7	ASW	79	-5	-6	-22.0	101	45	Baa2	BBB+	BBB
SRGIM 0 7/8 10/25/26	-	FX	1,250	99.8	0.9	ASW	86	-6	-5	-31.6	143	64	Baa2	BBB+	BBB
SRGIM 1 3/8 10/25/27 ¹	07/27	FX	650	102.1	1.1	ASW	101	-3	-3	-36.0	157	76	Baa2	BBB+	BBB
SRGIM 1 5/8 01/07/30 ^{1,2}	10/29	FX	250	102.0	1.4	ASW	114	-4	-	-5.4	125	114	Baa2	BBB+	BBB
SRGIM 0 02/21/22	-	FL	300	100.0	0.3	DISC	61	0	-6	-63.1	130	41	Baa2	BBB+	BBB
Societa Metropolitana Acque Torino SpA															
SOMTAT 1.95 04/13/24	-	FX	135	106.7	0.5	ASW	74	-2	3	-9.9	86	60	-	-	-
Terna Rete Elettrica Nazionale SpA															
TRNIM 4 7/8 10/03/19	-	FX	600	101.5	-0.1	ASW	10	-1	14	-22.9	36	-18	Baa2	BBB+	BBB
TRNIM 4 3/4 03/15/21	-	FX	1,250	108.5	-0.1	ASW	21	-2	3	-26.3	56	5	Baa2	BBB+	BBB
TRNIM 0 7/8 02/02/22	-	FX	1,000	102.3	0.0	ASW	29	-1	4	-43.3	81	7	Baa2	BBB+	BBB
TRNIM 1 07/23/23 ²	-	FX	1,000	103.3	0.2	ASW	42	-5	-4	-39.7	102	32	Baa2	BBB+	BBB
TRNIM 4.9 10/28/24	-	FX	800	124.3	0.3	ASW	53	-4	-1	-50.7	114	38	Baa2	BBB+	BBB
TRNIM 1 04/10/26	-	FX	500	101.9	0.7	ASW	73	-4	0	8.1	80	46	Baa2	BBB+	BBB
TRNIM 1 3/8 07/26/27	-	FX	1,000	104.0	0.9	ASW	78	-5	-4	-56.3	144	55	Baa2	BBB+	BBB
TRNIM 1 10/11/28	-	FX	750	99.4	1.1	ASW	86	-5	-3	-39.3	135	66	Baa2	BBB+	BBB
High Yield and Unrated															
Alerion Cleanpower SpA															
ARNIM 3 3/4 12/29/24	06/21	FX	150	101.9	3.7	ASW	349	-71	-26	9.4	420	338	-	-	-
Alitalia-Societa Aerea Italiana SpA															
ALITSA 5 1/4 07/30/20	-	-	375	6.5	1125.0	ASW	NA	-	-	-	-	-	-	-	-
Alperia SpA															
ALPERI 1.41 06/30/23	-	FX	100	104.4	0.3	ASW	57	-1	7	-6.2	66	38	-	-	-
ALPERI 1.68 06/28/24	-	FX	125	105.6	0.5	ASW	72	-1	6	-4.6	80	51	-	-	-
ALPERI 2 1/2 12/23/26	-	FX	150	110.9	1.0	ASW	101	-1	4	-2.9	108	80	-	-	-
Ansaldo Energia SpA															
ANSALD 2 7/8 04/28/20	-	FX	261	101.7	0.9	ASW	123	11	2	-325.8	450	99	-	-	-
ANSALD 2 3/4 05/31/24	-	FX	350	96.0	3.6	ASW	367	3	18	-80.3	455	260	-	-	-
Astaldi SpA															
ASTIM 7 1/8 12/01/20 ¹	07/19	FT	750	26.3	NM	ASW	NM	NM	NM	NM	NM	NM	Ca	-	DDD
Carraro International SE															
CARRAR 3 1/2 01/31/25	01/21	FX	180	101.1	3.7	ASW	341	-13	3	15.4	360	301	-	-	-
CLN-Coils Lamiere Nastri SpA															
CLNSPA 4.7 08/01/22	-	FX	100	104.5	3.2	ASW	352	0	-9	-10.6	386	347	-	-	-
Coesia SpA															
COESIA 3 10/01/21	-	FX	100	106.1	0.3	ASW	66	0	8	-0.3	68	45	-	-	-
Cooperativa Muratori & Cementisti-CMC di Ravenna SC															
CMCRAV 6 7/8 08/01/22 ¹	08/19	FT	250	5.0	NM	ASW	NM	NM	NM	NM	NM	NM	Ca	-	DDD
CMCRAV 6 02/15/23 ¹	11/19	FT	325	5.3	NM	ASW	NM	NM	NM	NM	NM	NM	Ca	-	DDD
 Davide Campari-Milano SpA															
CPRIM 4 1/2 10/25/19	-	FX	219	101.4	0.4	ASW	61	4	-2	-11.9	83	-11	-	-	-
CPRIM 2 3/4 09/30/20	-	FX	581	103.2	0.3	ASW	61	0	3	-24.4	93	35	-	-	-
CPRIM 2.165 04/05/24	-	FX	100	102.7	1.6	ASW	175	1	9	43.2	175	96	-	-	-
CPRIM 1.655 04/30/24 ²	-	FX	150	101.3	1.4	ASW	154	1	4	-6.8	167	146	-	-	-
Enav SpA															
ENAVIT 1.93 08/04/22	-	FX	180	105.0	0.3	ASW	63	-3	5	-17.5	82	50	-	-	-
Estra SpA															
ESTRAS 5 07/14/19	-	FX	50	100.3	0.6	ASW	90	-65	-	-298.8	389	90	-	-	-
ESTRAS 3 3/4 07/13/22	-	FX	100	100.3	3.6	ASW	390	8	9	-6.8	401	372	-	-	-
Ferrari NV															
RACE 0 1/4 01/16/21	-	FX	700	100.3	0.1	ASW	41	0	8	-56.4	101	30	-	-	-
RACE 1 1/2 03/16/23	-	FX	500	103.1	0.7	ASW	92	2	4	-45.3	140	84	-	-	-
Fiat Chrysler Automobiles NV															
FCAIM 3 3/4 03/29/24	-	FX	1,250	110.4	1.5	ASW	174	0	3	-84.2	264	144	Ba2	BBB-	BB+
Fiat Chrysler Finance Europe SA															
FCAIM 6 3/4 10/14/19	-	FX	1,250	102.2	-0.2	ASW	2	-23	-13	-62.0	134	2	Ba2	BBB-	BB+
FCAIM 4 3/4 03/22/21	-	FX	1,000	107.6	0.4	ASW	73	-6	1	-100.5	197	54	Ba2	BBB-	BB+
FCAIM 4 3/4 07/15/22	-	FX	1,350	112.1	0.8	ASW	112	-3	-2	-108.8	228	100	Ba2	BBB-	BB+
Immobiliare Grande Distribuzione SIQ SpA															
IGDIM 2 1/2 05/31/21 ¹	02/21	FX	300	102.6	1.0	ASW	130	23	12	-107.9	259	103	Ba1	-	BB+
Intek Group SpA															
IKGIM 5 02/20/20 ¹	07/19	FX	102	100.4	NM	ASW	NM	NM	NM	NM	NM	NM	-	-	-

Type: FX = Fixed. YTM: yield to maturity or yield to call for callable bonds. SPRD TYPE: ASW=Asset Swap. Ratings: reported in the table refer to individual issues; Rating on credit watch if *, Rating on credit watch positive if *+, Rating on credit watch negative if *- . BBG: Bloomberg Composite. NA: Not Available. NM: Not Meaningful related to YTM and Spread if Spread < 0 and > 1,000 bps whilst related to change (-1W, -1M, -YTD) when the reference data is NA. Notes: 1) YTC for callable bonds; 2) YTD from launch date for bonds issued in 2019. Source: Intesa Sanpaolo Research elaboration on Bloomberg data at 11:10.

Italian corporate bonds denominated in euro - Senior Secured

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
Societa Iniziative Autostradali e Servizi SpA															
SISIM 4 1/2 10/26/20	-	FX	500	106.1	0.0	ASW	28	-2	-1	-84.0	114	11	Baa2	BBB+	BBB
SISIM 3 3/8 02/13/24	-	FX	500	110.4	1.1	ASW	133	0	3	-73.3	207	87	Baa2	BBB+	BBB
SISIM 1 5/8 02/08/28	11/27	FX	550	96.7	2.1	ASW	184	2	19	-28.8	215	112	Baa2	BBB+	BBB
High Yield and Unrated															
Almaviva-The Italian Innovation Co SpA															
ALMAIN 7 1/4 10/15/22 ¹	10/19	FX	250	87.4	NM	ASW	NM	NM	NM	NM	NM	NM	B2	-	B
Autostrada Brescia Verona Vicenza Padova SpA															
ABVVPS 2 3/8 03/20/20	-	FX	400	101.5	0.3	ASW	60	-3	-11	-149.7	219	41	-	BB+	BB+
Bormioli Pharma Bidco SpA															
BORMPH 0 11/15/24	06/19	FL	280	92.5	369.5	DISC	540	-4	21	43.4	636	404	B2	-	B
EVOCA SpA															
NWVGLOV 7 10/15/23 ¹	10/19	FX	410	105.6	0.5	ASW	73	-49	-146	-505.9	596	70	B2	-	B
Fabric BC SpA															
FBRICC 0 11/30/24 ¹	07/19	FL	580	99.2	27.6	DISC	461	-2	4	-20.5	492	448	B2	-	B
Fire BC SpA															
FIREBC 0 09/30/24 ¹	09/19	FL	610	101.1	4.5	DISC	422	-2	0	-193.9	619	392	B3	-	B-
Gamet Group SpA															
GAMENT 0 04/27/23	07/19	FL	225	101.0	3.3	DISC	282	-18	-105	-218.0	512	281	B1	-	B+
GAMENT 0 04/27/23 ¹	07/19	FL	225	102.0	NM	DISC	NM	NM	NM	NM	NM	NM	B1	-	B+
Guala Closures SpA															
GCLIM 0 04/15/24 ¹	10/19	FL	455	101.6	1.7	DISC	201	-49	-95	-203.5	408	200	B1	-	B+
Inter Media and Communication SpA															
INTERM 4 7/8 12/31/22 ¹	12/19	FX	297	103.0	3.6	ASW	347	-	-	-	-	-	-	-	-
International Design Group SPA															
INTDGP 6 1/2 11/15/25	11/21	FX	400	99.5	8.0	ASW	653	1	-68	-77.1	736	595	B2	B+	B
INTDGP 0 11/15/25	11/19	FL	320	98.9	11.1	ASW	616	-	-	-	-	-	B2	B+	B
International Game Technology PLC															
IGT 4 1/8 02/15/20 ¹	11/19	FX	438	101.8	-0.3	ASW	1	-12	-42	-100.4	128	-297	Ba2	-	BB
IGT 3 1/2 03/05/20	-	FX	388	103.2	0.2	ASW	49	-14	-10	-67.8	138	25	Ba2	-	BB
IGT 4 3/4 02/15/23 ¹	08/22	FX	850	108.8	1.9	ASW	224	1	-2	-74.5	306	192	Ba2	-	BB
IGT 3 1/2 07/15/24 ¹	01/24	FX	500	104.0	2.6	ASW	279	4	0	-82.7	370	246	Ba2	-	BB
IGT 3 1/2 06/15/26 ^{1,2}	06/22	FX	750	100.7	3.8	ASW	347	-	-	-11.3	358	347	-	-	-
Limacorporate SpA															
LIMACO 0 08/15/23 ¹	06/19	FL	275	100.2	41.3	DISC	307	4	15	-121.6	452	-337	B2	-	B
Marcolin SpA															
MCLIM 0 02/15/23 ¹	06/19	FL	250	100.1	0.1	ASW	337	-	-	-	-	-	B2	-	B
Moby SpA															
MOBYIT 7 3/4 02/15/23 ¹	06/19	FX	300	30.0	NM	ASW	NM	NM	NM	NM	NM	NM	Caa2	-	CCC
Rekeep SpA															
MANTEN 9 06/15/22 ¹	06/20	FX	360	81.4	NM	ASW	NM	NM	NM	NM	NM	NM	B2	-	B
Rossini Sarl															
ROSINI 6 3/4 10/30/25 ¹	10/21	FX	650	107.6	4.7	ASW	522	-15	-3	-114.5	644	451	B3	-	B-
ROSINI 0 10/30/25 ¹	10/19	FL	650	102.7	1.6	DISC	196	-28	-41	-446.7	659	195	B3	-	B-
Sisal Group SpA															
SCHMAN 7 07/31/23 ¹	07/19	FX	400	101.5	23.3	ASW	650	6	29	-41.4	708	538	B1	-	B+
Superstrada Pedemontana Veneta SpA															
SPRPED 8 06/30/27	-	FX	350	111.5	6.2	ASW	640	33	41	0.3	666	545	-	-	-
TeamSystem SpA															
TITANL 0 04/15/23	07/19	FL	550	100.5	NM	DISC	NM	NM	NM	NM	NM	NM	B3	B+	B
TITANL 0 04/15/25	07/19	FL	200	100.6	NM	DISC	NM	NM	NM	NM	NM	NM	B3	B+	B
Wind Tre SpA															
WINTRE 2 5/8 01/20/23 ¹	11/19	FX	1,625	99.5	7.5	ASW	298	1	-48	-195.2	591	289	B1	BB	BB-
WINTRE 3 1/8 01/20/25 ¹	11/20	FX	1,750	99.1	5.0	ASW	336	2	-60	-125.0	555	327	B1	BB	BB-
WINTRE 0 01/20/24 ¹	07/19	FL	2,250	98.0	28.4	DISC	352	6	-68	-187.8	671	343	B1	BB	BB-

Type: FX = Fixed; FL=Floating. YTM: yield to maturity or yield to call for callable bonds. SPRD TYPE: ASW=Asset Swap. Ratings: reported in the table refer to individual issues. BBG: Bloomberg Composite. NM: Not Meaningful related to YTM and Spread if Spread < 0 and > 1,000 bps whilst related to change (-1W, -1M, -YTD) when the reference data is NA. Notes: 1) YTC for callable bonds; 2) YTD from launch date for bonds issued in 2019. Source: Intesa Sanpaolo Research elaboration on Bloomberg data at 11:10.

Italian corporate bonds denominated in euro - Hybrids

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (pts)1	-1M (pts)1	YTD (pts)1 2.1.19	52-week range1		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
Enel SpA															
ENELIM 5.451 01/10/74 ²	01/24	VR	297	112.0	2.6	ASW	301	1	0	6.13	113	101	Ba1	BBB	BBB-
ENELIM 5 01/15/75 ²	01/20	VR	410	102.8	0.1	ASW	37	0	0	-0.84	106	103	Ba1	BBB	BBB-
ENELIM 2 1/2 11/24/78 ²	08/23	VR	750	99.4	2.7	ASW	284	0	2	6.96	100	90	Ba1	BBB	BBB-
ENELIM 3 1/2 05/24/80 ^{1,2}	02/25	VR	900	101.1	3.3	ASW	337	1	1	1.02	101	99	Ba1	BBB	BBB-
ENELIM 3 3/8 11/24/81 ²	08/26	VR	750	99.4	3.5	ASW	338	1	2	8.00	100	89	Ba1	BBB	BBB-

Type: VR = Variable. YTM: yield to maturity or yield to call for callable bonds. SPRD TYPE: ASW=Asset Swap. Ratings: reported in the table refer to individual issues. BBG: Bloomberg Composite. Notes: 1) Change in prices; min and max are calculated on prices; 1) YTC for callable bonds; 2) YTC for callable bonds; 2) YTD from launch date for bonds issued in 2019. Source: Intesa Sanpaolo Research elaboration on Bloomberg data at 11:10.

Appendix 2 - Italian Financials Bonds

Italian bank bonds denominated in euro (institutional) - Senior Unsecured															
Bond	First call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
Banco BPM SpA															
BAMIIM 2 1/2 06/21/24 ¹	-	FX	500	99.4	2.6	ASW	275	-	-	0.0	275	275	-	-	-
Intesa Sanpaolo SpA															
ISPIIM 4 3/8 10/15/19	-	FX	1,250	101.4	-0.1	ASW	19	-5	-3	-59.6	106	8	Baa1	BBB	BBB
ISPIIM 1 1/8 01/14/20	-	FX	1,500	100.7	0.0	ASW	26	0	-2	-60.7	137	14	Baa1	BBB	BBB
ISPIIM 2 3/4 03/20/20	-	FX	750	102.1	0.0	ASW	29	0	3	-67.5	138	14	-	BBB	BBB
ISPIIM 4 1/8 04/14/20	-	FX	1,159	103.3	0.0	ASW	34	-1	3	-62.3	154	14	Baa1	BBB	BBB
ISPIIM 2 06/18/21	-	FX	1,200	103.4	0.3	ASW	63	-2	4	-84.7	198	48	Baa1	BBB	BBB
ISPIIM 3 1/2 01/17/22	-	FX	750	107.5	0.6	ASW	90	-3	1	-91.9	227	77	Baa1	BBB	BBB
ISPIIM 1 1/8 03/04/22	-	FX	1,500	101.2	0.7	ASW	98	-2	7	-72.3	216	73	Baa1	BBB	BBB
ISPIIM 0 7/8 06/27/22	-	FX	500	100.7	0.6	ASW	93	-2	1	-78.3	211	69	Baa1	BBB	BBB
ISPIIM 2 1/8 08/30/23	-	FX	1,100	104.2	1.1	ASW	134	-6	-2	-51.6	228	110	Baa1	BBB	BBB
ISPIIM 4 10/30/23	-	FX	1,000	112.2	1.1	ASW	141	-2	7	-54.2	238	118	Baa1	BBB	BBB
ISPIIM 1 3/8 01/18/24	-	FX	1,000	100.8	1.2	ASW	137	-4	1	-49.1	227	114	Baa1	BBB	BBB
ISPIIM 1 3/4 03/20/28	-	FX	1,250	99.0	1.9	ASW	169	-4	-3	-27.9	245	151	Baa1	BBB	BBB
ISPIIM 0 06/15/20	-	FL	1,000	100.6	0.1	DISC	47	2	3	-66.5	142	38	Baa1	BBB	BBB
ISPIIM 0 04/19/22	-	FL	1,500	99.6	0.8	DISC	109	-1	4	-84.4	229	94	Baa1	BBB	BBB
Mediobanca Banca di Credito Finanziario SpA															
BACRED 0 3/4 02/17/20	-	FX	750	100.5	0.0	ASW	32	-2	1	-76.3	145	22	-	BBB	BBB
BACRED 1 5/8 01/19/21	-	FX	600	102.2	0.2	ASW	57	-3	-1	-97.5	183	50	-	BBB	BBB
BACRED 0 5/8 09/27/22	-	FX	750	99.0	0.9	ASW	120	2	16	-72.5	238	90	-	BBB	BBB
BACRED 1 5/8 01/07/25 ¹	-	FX	500	100.3	1.6	ASW	167	-2	16	23.8	172	133	Baa1	BBB	BBB
BACRED 0 05/18/22	-	FL	1,000	98.7	0.9	DISC	125	-1	4	-94.5	242	104	-	BBB	BBB
UniCredit SpA															
UCGIM 1 1/2 06/19/19	-	FX	1,000	100.0	NM	ASW	NM	NM	NM	NM	NM	NM	Baa1	BBB	BBB
UCGIM 3 1/4 01/14/21	-	FX	1,250	105.0	0.1	ASW	39	-1	5	-92.0	178	22	Baa1	BBB	BBB
UCGIM 2 03/04/23	-	FX	1,100	103.5	1.0	ASW	131	2	12	-48.2	216	98	Baa1	BBB	BBB
UCGIM 2 1/8 10/24/26	-	FX	1,000	103.4	1.6	ASW	162	0	11	-26.2	219	125	Baa1	BBB	BBB
UCGIM 0 02/19/20	-	FL	1,000	100.5	0.0	DISC	30	0	1	-61.8	102	29	Baa1	BBB	BBB
Unione di Banche Italiane SpA															
UBIIM 0 3/4 10/17/22	-	FX	750	98.0	1.4	ASW	161	2	23	-72.5	312	115	Baa3	BBB-	BBB-
UBIIM 1 1/2 04/10/24 ¹	-	FX	500	98.9	1.7	ASW	187	3	13	42.6	189	145	Baa3	BBB-	BBB-
High Yield and Unrated															
Banca IFIS SpA															
IFIM 1 3/4 05/26/20	-	FX	300	100.6	1.1	ASW	140	2	-2	-193.4	379	104	-	-	-
IFIM 2 04/24/23	-	FX	300	95.8	3.2	ASW	328	-1	1	-46.6	402	258	-	BB+	-
Banca Popolare di Sondrio SCPA															
BPSOIM 2 3/8 04/03/24 ¹	-	FX	500	98.5	2.7	ASW	282	5	37	48.2	282	232	-	BB+	-
Banca Sistema SpA															
BANCSS 1 3/4 10/13/20	-	FX	175	99.9	1.8	ASW	209	1	-58	-61.7	271	208	-	-	-
Banco BPM SpA															
BAMIIM 2 3/4 07/27/20	-	FX	1,000	102.5	0.5	ASW	80	1	5	-136.5	292	61	Ba2	-	BB+
BAMIIM 2 03/08/22 ¹	-	FX	750	100.4	1.8	ASW	213	-1	4	10.4	224	180	Ba2	-	BB+
BAMIIM 1 3/4 04/24/23	-	FX	500	98.7	2.1	ASW	231	-3	14	-49.7	360	181	Ba2	-	BB+
Iccrea Banca SpA															
ICCREA 1 7/8 11/25/19	-	FX	500	100.7	0.3	ASW	57	-2	0	-137.4	244	39	-	BB	BB
ICCREA 1 1/2 02/21/20	-	FX	600	100.6	0.6	ASW	92	3	19	-106.9	297	49	-	BB	BB
ICCREA 1 1/2 10/11/22	-	FX	600	100.4	1.4	ASW	163	2	3	-128.0	313	147	-	BB	BB
ICCREA 0 02/01/21	-	FL	400	99.5	1.0	DISC	131	-5	5	-252.7	393	108	-	BB	BB

TYPE: FX=Fixed; FL=Floating. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity. Ratings: reported in the table refer to individual issues. BBG: Bloomberg Composite. NM: Not Meaningful related to YTM and Spread if Spread < 0 and > 1,000 bps whilst related to change (-1W, -1M, -YTD) when the reference data is NA. Notes: 1) YTD from launch date for bonds issued in 2019; 1)YTD from launch date for bonds issued in 2019. Source: Intesa Sanpaolo Research elaboration on Bloomberg data at 11:10.

Italian bank bonds denominated in euro (institutional) - Senior non-Preferred															
Bond	First call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
UniCredit SpA															
UCGIM 1 01/18/23	-	FX	1,500	97.9	1.6	ASW	183	-2	-5	-65.9	335	143	Baa3	BBB	BBB-
Unione di Banche Italiane SpA															
UBIIM 2 5/8 06/20/24 ¹	-	FX	500	99.7	2.7	ASW	282	-	-	-2.4	284	282	-	-	-
High Yield and Unrated															
UBIIM 1 3/4 04/12/23															
UBIIM 1 3/4 04/12/23	-	FX	500	98.2	2.3	ASW	244	0	24	-65.7	394	186	Ba3	BBB-	BB+

TYPE: FX=Fixed; FL=Floating. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity. Ratings: reported in the table refer to individual issues. BBG: Bloomberg Composite. Notes: 1) YTD from launch date for bonds issued in 2019. Source: Intesa Sanpaolo Research elaboration on Bloomberg data at 11:10.

Italian bank bonds denominated in euro (institutional) - Subordinated (T2 and LT2)

Bond	First call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
Credito Emiliano SpA															
CRDEM 3 1/8 03/13/25 ¹	03/20	VR	200	99.2	4.2	Z-SPR	447	9	36	-240.6	711	254	-	BBB-	-
CRDEM 3 5/8 07/10/27 ¹	07/22	VR	100	99.4	3.8	Z-SPR	413	6	7	-38.7	462	251	-	BBB-	-
High Yield and Unrated															
Banca IFIS SpA															
IFIM 4 1/2 10/17/27 ¹	10/22	VR	400	83.8	NM	Z-SPR	NM	NM	NM	NM	NM	NM	-	BB	-
Banca Monte dei Paschi di Siena SpA															
MONTE 5 3/8 01/18/28 ¹	01/23	VR	750	55.1	NM	Z-SPR	NM	NM	NM	NM	NM	NM	Caa2	CCC+	CCC
Banca Popolare dell'Alto Adige SpA															
BPOAA 5 5/8 10/06/27 ¹	10/22	VR	100	92.3	8.4	Z-SPR	866	1	7	-214.9	1,174	624	-	BB	BB
Banca Sella SpA															
BNSELL 5 1/2 09/22/27 ¹	09/22	VR	100	101.7	4.9	Z-SPR	521	2	38	-94.8	695	437	-	-	-
Banco BPM SpA															
BAMIIM 6 11/05/20	-	FX	710	105.1	2.2	Z-SPR	250	-2	-25	-142.8	598	218	B1	-	-
BAMIIM 7 1/8 03/01/21	-	FX	448	107.9	2.3	Z-SPR	264	0	-19	-149.2	646	232	B1	-	BB-
BAMIIM 6 3/8 05/31/21	-	FX	318	107.5	2.4	Z-SPR	273	1	-17	-148.6	603	260	B1	-	-
BAMIIM 4 3/8 09/21/27 ¹	09/22	VR	500	96.0	5.8	Z-SPR	604	-1	30	-70.5	883	442	B1	-	BB-
BPER Banca															
BPEIM 5 1/8 05/31/27 ¹	05/22	VR	500	101.9	4.4	Z-SPR	473	4	25	-213.6	798	411	B1	BB-	B+
Credito Emiliano SpA															
CRDEM 4.191 10/21/26 ¹	10/21	VR	50	100.5	3.9	Z-SPR	425	-	-	-	-	-	Ba1	BBB-	BB+
Credito Valtellinese SpA															
CVALIM 8 1/4 04/12/27 ¹	04/22	VR	150	101.3	7.7	Z-SPR	798	5	36	-237.1	1,045	653	-	-	-
Intesa Sanpaolo SpA															
ISPIM 5 09/23/19	-	FX	1,051	101.2	0.3	Z-SPR	53	-4	-13	-65.9	263	29	Ba1	BBB-	BB+
ISPIM 5.15 07/16/20	-	FX	922	105.3	0.2	Z-SPR	55	-1	-17	-71.2	247	52	Ba1	BBB-	BB+
ISPIM 5 10/17/20	-	FX	335	103.4	NM	Z-SPR	NM	NM	NM	NM	NM	NM	-	-	-
ISPIM 2.855 04/23/25	-	FX	500	100.7	2.7	Z-SPR	283	-2	0	-21.9	430	235	Ba1	BBB-	BB+
ISPIM 3.928 09/15/26	-	FX	1,000	104.1	3.3	Z-SPR	328	1	-3	-12.6	441	260	Ba1	BBB-	BB+
ISPIM 0 09/26/24	-	FL	724	94.8	2.6	DISC	296	-6	-6	-64.5	393	221	-	-	-
Mediobanca Banca di Credito Finanziario SpA															
BACRED 5 11/15/20	-	FX	616	105.7	0.9	Z-SPR	119	0	4	-134.6	358	91	-	-	-
BACRED 5 3/4 04/18/23	-	FX	497	112.6	2.3	Z-SPR	254	-2	17	-59.4	392	218	-	-	-
UniCredit SpA															
UCGIM 6 1/8 04/19/21	-	FX	579	109.0	1.1	Z-SPR	147	-5	-13	-183.2	407	135	Ba1	BBB-	BB+
UCGIM 6.95 10/31/22	-	FX	1,500	115.3	2.2	Z-SPR	245	-5	-13	-100.9	476	214	Ba1	BBB-	BB+
UCGIM 5 3/4 10/28/25 ¹	10/20	VR	1,000	104.7	2.2	Z-SPR	254	-3	-16	-153.2	522	230	Ba1	BBB-	BB+
UCGIM 4 3/8 01/03/27 ¹	01/22	VR	750	103.2	3.1	Z-SPR	337	-6	-10	-104.7	574	277	Ba1	BBB-	BB+
UCGIM 4 7/8 02/20/29 ^{1,2}	02/24	VR	1,000	102.9	4.2	Z-SPR	437	-4	-2	-36.9	474	382	Ba1	BBB-	BB+
Unione di Banche Italiane SpA															
UBIIM 4 1/4 05/05/26 ¹	05/21	VR	750	100.6	3.9	Z-SPR	425	-9	-52	-107.6	806	350	Ba3	BB+	BB
UBIIM 4.45 09/15/27 ¹	09/22	VR	500	100.5	4.3	Z-SPR	455	-16	-38	-79.6	727	375	Ba3	BB+	BB
UBIIM 5 7/8 03/04/29 ^{1,2}	03/24	VR	500	101.5	5.5	Z-SPR	570	-3	-7	1.3	603	516	Ba3	BB+	BB

TYPE: FX = Fixed; FL = Floating; VR = Variable; FT = Flat Trading. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds" SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues. BBG: Bloomberg Composite. NM: Not Meaningful related to YTM and Spread if Spread < 0 and > 1,000 bps whilst related to change (-1W, -1M, -YTD) when the reference data is NA. Notes: 1) YTC for callable bonds; 2) YTD from launch date for bonds issued in 2019. Source: Intesa Sanpaolo Research elaboration on Bloomberg data at 11:10.

Italian bank bonds denominated in euro (institutional) - Junior subordinated (UT2)

Bond	First call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
High Yield and Unrated															
Intesa Sanpaolo SpA															
ISPIM 6 5/8 09/13/23	-	FX	1,446	116.7	2.4	Z-SPR	267	-1	2	-62	458	204	Ba1	BBB-	BB+

TYPE: FX = Fixed; FL = Floating; VR = Variable; FT = Flat Trading. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds" SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues. BBG: Bloomberg Composite. Source: Intesa Sanpaolo Research elaboration on Bloomberg data at 11:10.

Italian bank bonds denominated in euro (institutional) - Hybrids (T1 and AT1)															
Bond	First call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (pts)1	-1M (pts)1	YTD (pts)1 2.1.19	52-week range1		Ratings		
											max	min	Mdy	Fitch	BBG
High Yield and Unrated															
Banco BPM SpA															
BAMIIM 0 PERP ⁴	06/17	VR	105	72.9	2.2	Z-SPR	324	0	0	-2.0	84	72	B3	-	-
BAMIIM 8 3/4 PERP ³	06/24	VR	300	97.0	9.5	Z-SPR	970	0	0	-3.6	101	94	B3	-	-
Intesa Sanpaolo SpA															
ISPIM 8 3/8 PERP	10/19	VR	742	102.6	0.3	Z-SPR	52	0	-1	-1.9	107	103	Ba3	BB-	BB-
ISPIM 7 PERP	01/21	VR	1,250	104.2	4.2	Z-SPR	455	0	2	3.3	107	99	Ba3	B+	B+
ISPIM 7 3/4 PERP	01/27	VR	1,250	110.3	6.0	Z-SPR	604	0	0	5.8	113	99	Ba3	B+	B+
ISPIM 6 1/4 PERP	05/24	VR	750	100.0	6.2	Z-SPR	643	0	1	5.0	103	91	Ba3	B+	B+
UniCredit International Bank Luxembourg SA															
UCGIM 8 1/8 PERP	12/19	VR	469	103.8	0.1	Z-SPR	37	0	0	-0.4	108	104	B1	-	B+
UniCredit SpA															
UCGIM 9 3/8 PERP	07/20	VR	246	107.7	2.1	Z-SPR	242	0	0	0.6	112	107	B1	BB-	B+
UCGIM 6 3/4 PERP	09/21	VR	1,000	98.6	7.4	Z-SPR	773	0	1	3.9	105	91	-	B+	-
UCGIM 9 1/4 PERP	06/22	VR	500	110.3	5.4	Z-SPR	574	0	1	2.8	116	103	-	B+	-
UCGIM 6 5/8 PERP	06/23	VR	1,250	97.1	7.5	Z-SPR	773	0	0	3.6	103	88	B1u	B+	-
UCGIM 5 3/8 PERP	06/25	VR	1,000	86.3	8.3	Z-SPR	845	0	1	3.2	94	80	B1u	B+	-
UCGIM 7 1/2 PERP ³	06/26	VR	1,000	102.2	7.1	Z-SPR	714	0	0	0.2	106	100	B1	B+	B+

TYPE: FX = Fixed; FL = Floating; VR = Variable; FT = Flat Trading. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues. BBG: Bloomberg Composite. Notes: 1) change in prices; 3) YTD from launch date for bonds issued in 2019; 4) Bond not called. Source: Intesa Sanpaolo Research elaboration on Bloomberg data at 11:10.

SAMPLE

Italian bank bonds denominated in euro (institutional) - Covered															
Bond	Type	Outst. EUR M	Price	YTM %	Spread over ASW (bps) BTP	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range max min		Ratings Mdy Fitch BBG		
Investment Grade															
Banca Carige SpA															
BANCAR 1 1/4 01/28/21	FX	500	100.7	0.8	49	ASW	110	-2	-1	-41.2	157	95	Baa3 *	BBB *	BBB-
Banca Monte dei Paschi di Siena SpA															
MONTE 2 7/8 04/16/21	FX	1,000	104.5	0.4	9	ASW	72	-1	-1	-50.9	127	55	A1	A+	A+
MONTE 1 1/4 01/20/22	FX	750	101.7	0.6	-67	ASW	88	-2	0	-36.3	136	59	A1	A+	A+
MONTE 2 01/29/24 ²	FX	1,000	102.8	1.4	-100	ASW	156	0	4	-15.4	172	151	A1	A+	A+
MONTE 2 7/8 07/16/24	FX	1,500	107.4	1.3	-26	ASW	155	0	2	-5.4	177	82	A1	A+	A+
MONTE 2 1/8 11/26/25	FX	1,000	103.6	1.5	-23	ASW	160	0	-1	0.1	179	88	A1	A+	A+
Banca Popolare di Milano Scarl															
BAMIIM 0 7/8 09/14/22	FX	1,000	101.6	0.4	-69	ASW	65	-1	2	-33.2	103	49	Aa3	-	-
BAMIIM 0 5/8 06/08/23	FX	750	100.5	0.5	-71	ASW	72	-1	4	-34.7	110	54	Aa3	-	-
BAMIIM 1 1/2 12/02/25	FX	750	103.5	0.9	-83	ASW	99	-1	3	-18.1	123	68	Aa3	-	-
Banca Popolare di Sondrio SCPA															
BPSOIM 1 3/8 08/05/19	FX	500	100.2	-0.2	2	ASW	4	2	1	-24.5	50	-2	-	AA	-
BPSOIM 0 3/4 04/04/23	FX	500	101.1	0.4	-81	ASW	69	-1	3	-10.8	86	50	-	AA	-
Banco BPM SpA															
BAMIIM 0 3/4 03/31/22	FX	1,000	101.1	0.3	-51	ASW	63	-1	3	-30.2	98	49	Aa3	-	A+
BAMIIM 1 1/8 09/25/23	FX	500	102.4	0.6	-71	ASW	78	0	3	-27.9	110	75	Aa3	-	-
BAMIIM 1 01/23/25	FX	750	100.7	0.9	-82	ASW	98	-1	3	-19.3	125	67	Aa3	-	-
Banco di Desio e della Brianza SpA															
BANDES 0 7/8 09/12/24	FX	575	102.6	0.4	-124	ASW	52	-1	0	-11.4	73	38	-	AA	-
BPER Banca															
BPEIM 0 1/2 07/22/20	FX	750	100.7	-0.1	-14	ASW	16	-1	0	-33.1	51	14	Aa3	-	-
BPEIM 0 7/8 01/22/22	FX	750	102.2	0.0	-82	ASW	33	0	1	-48.6	87	31	Aa3	-	-
BPEIM 1 07/22/23	FX	500	102.8	0.3	-100	ASW	53	-1	1	-40.0	98	52	Aa3	-	-
BPEIM 1 1/8 04/22/26 ¹	FX	600	102.8	0.7	-112	ASW	73	0	3	-0.3	73	69	Aa3	-	-
Credit Agricole Italia SpA															
CARPP 0 7/8 01/31/22	FX	1,000	102.5	-0.1	-94	ASW	21	0	2	-38.5	61	17	Aa3	-	-
CARPP 0 7/8 06/16/23	FX	1,000	103.2	0.1	-120	ASW	30	0	7	-31.1	65	22	Aa3	-	-
CARPP 0 1/4 09/30/24	FX	750	100.3	0.2	-142	ASW	33	0	6	-29.1	67	26	Aa3	-	-
CARPP 1 1/8 03/21/25	FX	750	104.7	0.3	-140	ASW	42	0	7	-34.2	78	34	Aa3	-	-
CARPP 0 5/8 01/13/26	FX	750	101.0	0.5	-136	ASW	51	0	8	-32.7	89	42	Aa3	-	-
CARPP 1 03/25/27 ¹	FX	750	102.4	0.7	-128	ASW	62	-1	7	6.6	63	53	Aa3	-	-
CARPP 1 5/8 03/21/29	FX	750	108.0	0.8	-130	ASW	56	0	7	-31.7	91	49	Aa3	-	-
CARPP 1 09/30/31	FX	750	100.3	1.0	-152	ASW	55	0	5	-29.5	87	49	Aa3	-	-
CARPP 1 3/4 01/15/38	FX	500	108.4	1.2	-182	ASW	58	0	7	-31.3	91	50	Aa3	-	-
Credito Emiliano SpA															
CRDEM 3 1/4 07/09/20	FX	500	103.6	-0.2	-28	ASW	10	-2	1	-27.0	40	8	Aa3	AA	AA-
CRDEM 0 7/8 11/05/21	FX	750	102.5	-0.2	-78	ASW	15	-1	2	-52.4	73	13	Aa3	AA	AA-
CRDEM 1 1/8 01/17/24 ¹	FX	750	104.0	0.3	-131	ASW	45	-1	5	-49.4	94	40	Aa3	AA	AA-
Intesa Sanpaolo SpA															
ISPIM 3 3/4 09/25/19	FX	1,000	101.1	-0.3	-11	ASW	-5	3	-3	-31.7	33	-8	Aa3	-	-
ISPIM 5 01/27/21	FX	158	107.8	0.1	-19	ASW	45	-2	-1	-44.5	93	45	A2	-	-
ISPIM 5 01/27/21	FX	1,353	108.5	-0.2	-55	ASW	8	0	1	-30.8	41	7	Aa3	-	-
ISPIM 0 5/8 01/20/22	FX	1,000	102.2	-0.2	-106	ASW	9	0	1	-34.9	45	6	Aa3	-	-
ISPIM 3 5/8 12/05/22	FX	1,250	113.1	-0.1	-121	ASW	13	0	0	-33.5	50	13	Aa3	-	-
ISPIM 0 5/8 03/23/23	FX	1,250	102.7	-0.1	-136	ASW	15	0	1	-35.4	53	14	Aa3	-	-
ISPIM 0 1/2 03/05/24 ¹	FX	1,000	102.0	0.1	-137	ASW	27	1	4	-13.0	40	23	Aa3	-	-
ISPIM 3 3/8 01/24/25	FX	1,000	118.3	0.1	-160	ASW	25	-1	2	-38.8	66	22	Aa3	-	-
ISPIM 1 3/8 12/18/25	FX	1,250	107.5	0.2	-155	ASW	27	0	2	-40.6	70	24	Aa3	-	-
ISPIM 3 1/4 02/10/26	FX	1,250	120.1	0.2	-163	ASW	27	0	1	-49.1	78	26	Aa3	-	-
ISPIM 1 1/8 06/16/27	FX	1,000	105.8	0.4	-157	ASW	32	-1	0	-32.5	67	31	Aa3	-	-
Mediobanca Banca di Credito Finanziario SpA															
BACRED 1 1/8 06/17/19	FX	750	100.0	0.4	61	ASW	63	125	70	39.6	63	-172	-	-	-
BACRED 3 5/8 10/17/23	FX	750	115.4	0.1	-123	ASW	31	-1	0	-29.5	63	31	-	AA	-
BACRED 1 1/8 08/12/24	FX	750	104.1	0.3	-129	ASW	48	-1	3	-27.7	79	45	-	AA	-
BACRED 1 3/8 11/10/25	FX	750	105.9	0.4	-132	ASW	51	-1	1	-35.5	88	49	-	AA	-
BACRED 1 1/4 11/24/29	FX	750	104.3	0.8	-154	ASW	54	0	2	-32.0	90	52	-	AA	-
UniCredit SpA															
UCGIM 2 3/4 01/31/20	FX	1,000	101.9	-0.3	-23	ASW	-5	-2	-4	-43.3	40	-5	Aa3	AA	AA-
UCGIM 2 5/8 10/31/20	FX	1,000	104.0	-0.3	-40	ASW	-2	-2	-1	-38.0	39	-2	Aa3	AA	AA-
UCGIM 5 10/31/21	FX	1,000	112.4	-0.2	-83	ASW	10	-1	0	-34.5	49	10	Aa3	AA	AA-
UCGIM 4 3/8 01/31/22	FX	1,000	112.0	-0.2	-73	ASW	13	-1	-1	-41.4	57	13	Aa3	AA	AA-
UCGIM 5 1/4 04/30/23	FX	1,250	120.2	0.0	-128	ASW	30	-1	-1	-26.6	60	30	Aa3	AA	AA-

TYPE: FX = Fixed; FL = Floating; VR = Variable; FT = Flat Trading. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues; Rating on credit watch if *, Rating on credit watch positive if *+, Rating on credit watch negative if *- BBG: Bloomberg Composite. Notes: 1) YTD from launch date for bonds issued in 2019; 2) YTD from launch date for bonds issued in 2019. Source: Bloomberg BGN data on 17/06/19 at 11:10.

Italian bank bonds denominated in euro (institutional) - Covered															
Bond	Type	Outst. EUR M	Price	YTM %	Spread over ASW (bps) BTP	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
UCGIM 3 01/31/24	FX	1,000	113.3	0.1	-138	ASW	33	-1	-1	-26.7	63	33	Aa3	AA	AA-
UCGIM 0 3/4 04/30/25	FX	1,000	102.1	0.4	-132	ASW	47	0	1	-23.9	74	46	Aa3	-	-
UCGIM 0 3/8 10/31/26	FX	1,000	99.0	0.5	-128	ASW	47	-1	0	-25.4	76	47	Aa3	-	-
UCGIM 0 10/31/20	FL	500	99.9	0.1	-	DISC	41	-3	1	-7.1	52	36	Aa3	-	-
Unione di Banche Italiane SpA															
UBIIM 4 12/16/19	FX	1,000	102.1	-0.3	-8	ASW	0	1	3	-27.1	37	-4	Aa3	-	AA-
UBIIM 3 1/8 10/14/20	FX	1,500	104.5	-0.3	-35	ASW	4	-2	1	-25.9	33	3	Aa3	-	AA-
UBIIM 5 1/4 01/28/21	FX	1,000	108.8	-0.2	-49	ASW	14	-1	3	-31.6	48	9	Aa3	-	AA-
UBIIM 1 01/27/23	FX	1,250	103.6	0.0	-131	ASW	26	-1	8	-45.5	74	17	Aa3	-	AA-
UBIIM 3 1/8 02/05/24	FX	1,000	114.3	0.0	-146	ASW	24	0	3	-43.4	72	20	Aa3	-	AA-
UBIIM 0 1/2 07/15/24	FX	750	101.6	0.2	-142	ASW	34	1	5	-35.7	73	28	Aa3	-	AA-
UBIIM 1 1/4 02/07/25	FX	1,000	105.7	0.2	-139	ASW	35	1	4	-36.5	75	29	Aa3	-	AA-
UBIIM 1 09/25/25 ¹	FX	500	104.1	0.3	-145	ASW	41	0	5	-17.3	59	37	Aa3	-	AA-
UBIIM 0 3/8 09/14/26	FX	1,000	99.4	0.5	-133	ASW	44	0	3	-32.2	81	41	Aa3	-	AA-
UBIIM 1 1/8 10/04/27	FX	1,250	104.3	0.6	-147	ASW	50	0	6	-28.3	81	43	Aa3	-	AA-
UBIIM 1 1/4 01/15/30	FX	500	104.5	0.8	-160	ASW	52	0	3	-27.6	83	48	Aa3	-	AA-

TYPE: FX = Fixed; FL = Floating; VR = Variable; FT = Flat Trading. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues; Rating on credit watch if *, Rating on credit watch positive if +, Rating on credit watch negative if -. BBG: Bloomberg Composite. Notes: 1) YTD from launch date for bonds issued in 2019. Source: Bloomberg BGN data on 17/06/19 at 11:10.

Italian bank bonds denominated in euro (institutional) - Senior Government Guaranteed															
Bond	Type	Outst. EUR M	Price	YTM %	Spread over ASW (bps) BTP	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
Banca Carige SpA															
BANCAR 0 1/2 01/25/20 ¹	FX	1,000	100.2	0.2	30	ASW	50	0	-14	-33.9	105	48	Baa3	-	-
BANCAR 0 3/4 07/26/20 ¹	FX	1,000	100.3	0.5	39	ASW	79	1	-10	-6.9	117	73	-	-	-
Banca Monte dei Paschi di Siena SpA															
MONTE 0 3/4 01/25/20	FX	4,000	100.4	0.1	22	ASW	41	-2	-11	-57.8	192	39	-	BBB	BBB
MONTE 0 3/4 03/15/20	FX	4,000	100.4	0.2	22	ASW	45	-2	-10	-55.3	198	43	-	BBB	BBB
Intesa Sanpaolo SpA															
ISPIM 0 1/2 02/02/20	FX	361	100.3	0.1	18	ASW	37	-3	-8	-43.4	184	37	-	BBB	BBB
ISPIM 0 1/2 02/03/20	FX	393	100.2	0.2	27	ASW	46	0	-2	-41.5	184	40	-	BBB	BBB
ISPIM 0 1/2 05/31/20	FX	700	100.3	0.2	15	ASW	44	0	-22	-18.8	72	39	-	-	-
ISPIM 0 1/2 06/01/20	FX	2,200	100.3	0.2	17	ASW	48	0	-16	-20.4	72	42	-	-	-

Note: 1) The bonds were originally issued by BP Vicenza and Veneto Banca. ISP completed a buy-back respect to a total EUR 9.3Bn of these bonds, whilst it will renounce to the government guarantee as it may proceed with their annulment. Only EUR 0.8Bn of bonds are still outstanding after the buy-back, which will retain government guarantee. TYPE: FX=Fixed; FL=Floating. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity. Ratings: reported in the table refer to individual issues. BBG: Bloomberg Composite. Notes: 1) YTD from launch date for bonds issued in 2019. Source: Intesa Sanpaolo Research elaboration on Bloomberg data at 11:10.

Italian insurance bonds

Italian insurance bonds denominated in euro - Senior Unsecured															
Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
Assicurazioni Generali SpA															
ASSGEN 2 7/8 01/14/20	-	FX	1,250	101.7	-0.1	ASW	18	-2	-6	-32	70	13	Baa2	A-	BBB+
ASSGEN 5 1/8 09/16/24	-	FX	1,750	123.5	0.6	ASW	81	2	9	-75	168	66	Baa2	A-	BBB+
High Yield and Unrated															
Unipol Gruppo SpA															
UNIIM 4 3/8 03/05/21	-	FX	317	106.5	0.6	ASW	93	-6	-10	-158	278	84	Ba2	BBB-	BB+
UNIIM 3 03/18/25	-	FX	1,000	101.0	2.8	ASW	290	3	11	-32	344	250	Ba2	BBB-	BB+
UNIIM 3 1/2 11/29/27 ¹	08/27	FX	500	100.2	3.5	ASW	330	2	11	-51	399	300	Ba2	BBB-	BB+

TYPE: FX=Fixed; YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues. BBG: Bloomberg Composite. Notes: 1) YTC for callable bonds. Source: Intesa Sanpaolo research elaboration on Bloomberg data at 11:10

Italian insurance bonds denominated in euro - Senior subordinated															
Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
Assicurazioni Generali SpA															
ASSGEN 3 7/8 01/29/29 ²	-	FX	500	105.2	3.2	ASW	307	2	-1	-1	327	275	Baa3	BBB	BBB-
ASSGEN 4.596 PERP ¹	11/25	VR	1,500	103.0	4.0	Z-SPR	412	11	3	-61	537	348	Ba1	BBB	BBB-
ASSGEN 10 1/8 07/10/42 ¹	07/22	VR	750	125.1	1.6	Z-SPR	194	12	-16	-107	395	158	Baa3	BBB	BBB-
ASSGEN 7 3/4 12/12/42 ¹	12/22	VR	1,250	119.2	2.0	Z-SPR	227	6	-28	-100	426	189	Baa3	BBB	BBB-
Vittoria Assicurazioni SpA															
VITTAS 5 3/4 07/11/28	-	FX	250	106.7	4.8	ASW	477	2	17	-8	493	429	-	BBB-	-
High Yield and Unrated															
Societa Cattolica di Assicurazioni SC															
CASSIM 7 1/4 12/17/43	12/23	VR	100	116.7	3.2	Z-SPR	341	2	3	-48	425	243	-	-	-
CASSIM 4 1/4 12/14/47 ¹	12/27	VR	500	95.4	4.9	Z-SPR	483	-2	11	-70	606	343	-	-	-
UnipolSai Assicurazioni SpA															
USIMIT 3 7/8 03/01/28	-	FX	500	93.6	4.8	ASW	440	3	11	-85	536	377	Ba2	BB+	BB
USIMIT 0 06/15/21 ¹	09/19	VR	300	100.1	2.1	Z-SPR	214	-	-	-	-	-	Ba2u	BBB-	-
USIMIT 0 07/28/23 ¹	07/19	VR	300	98.5	2.6	Z-SPR	280	-	-	-	-	-	Ba2	BBB-	BB+

TYPE: FX=Fixed; VR=Variable; YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues. BBG: Bloomberg Composite. Notes: 1) YTC for callable bonds; 2) YTD from launch date for bonds issued in 2019. Source: Intesa Sanpaolo research elaboration on Bloomberg data at 11:10

Italian insurance bonds denominated in euro - Hybrids															
Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
Assicurazioni Generali SpA															
ASSGEN 5 1/2 10/27/47 ¹	10/27	VR	1,250	112.2	3.8	Z-SPR	370	0	1	8	114	98	Baa3	BBB	BBB-
High Yield and Unrated															
Intesa Sanpaolo Vita SpA															
ISPVIT 4 3/4 PERP ¹	12/24	VR	750	101.1	4.5	Z-SPR	465	0	1	7	104	92	-	BB+	-
UnipolSai Assicurazioni SpA															
USIMIT 5 3/4 PERP ¹	06/24	VR	750	98.8	6.0	Z-SPR	621	0	1	12	122	85	Ba3	BB+	BB

TYPE: VR=Variable; YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues. BBG: Bloomberg Composite. Notes: 1) YTC for callable bonds. Source: Intesa Sanpaolo research elaboration on Bloomberg data at 11:10

Italian other financial institutions bond

Italian other financial institutions bond denominated in euro - Senior Unsecured															
Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
Investment Grade															
Agenzia Nazionale per l'Attrazione degli Investimenti e lo Sviluppo d'Impresa															
INVITA 1 3/8 07/20/22	-	FX	350	99.2	1.6	ASW	190	-	-17	-90	320	162	Baa3	-	-
Azimut Holding SpA															
AZMIM 2 03/28/22	-	FX	350	100.6	1.8	ASW	205	-2	18	-31	305	146	-	BBB	-
Cassa Depositi e Prestiti SpA															
CDEP 4 3/4 06/18/19	-	FX	300	100.0	0.7	ASW	97	36	40	28	180	47	Baa3	BBB	BBB-
CDEP 3.093 12/23/19	-	FX	350	101.3	0.5	ASW	76	5	-8	-15	91	71	Baa3	BBB	BBB-
CDEP 3 3/4 10/15/20	-	FX	750	104.5	0.3	ASW	63	-1	-14	-26	218	58	Baa3	BBB	BBB-
CDEP 4.71 11/23/20	-	FX	230	105.4	0.9	ASW	127	3	-21	6	155	119	Baa3	BBB	BBB-
CDEP 2 3/4 05/31/21	-	FX	750	104.4	0.5	ASW	80	-10	-29	-32	251	73	Baa3	BBB	BBB-
CDEP 5.242 03/23/22	-	FX	340	110.5	1.3	ASW	173	-18	-23	2	208	153	Baa3	BBB	BBB-
CDEP 2 1/8 09/27/23	-	FX	500	102.1	1.6	ASW	182	-5	-16	-11	281	163	Baa3	BBB	BBB-
CDEP 4 1/8 11/08/23	-	FX	250	110.5	1.6	ASW	194	-5	-17	-6	222	179	Baa3	BBB	BBB-
CDEP 4 1/8 11/15/23	-	FX	250	110.1	1.7	ASW	203	-8	-21	-1	233	185	Baa3	BBB	BBB-
CDEP 4.164 12/27/23	-	FX	305	110.6	1.7	ASW	201	-3	-18	4	228	182	Baa3	BBB	BBB-
CDEP 1 1/2 06/21/24	-	FX	1,000	98.5	1.8	ASW	194	-9	-16	-5	272	159	Baa3	BBB	BBB-
CDEP 1 1/2 04/09/25	-	FX	750	97.4	2.0	ASW	202	-8	-15	-2	271	168	Baa3	BBB	BBB-
CDEP 1 7/8 02/07/26	-	FX	750	98.7	2.1	ASW	207	-9	-14	1	271	172	Baa3	BBB	BBB-
CDEP 2 1/8 03/21/26	-	FX	750	101.0	2.0	ASW	197	-8	-6	3	214	188	Baa3	BBB	BBB-
CDEP 4 1/2 12/11/28	-	FX	200	115.6	2.6	ASW	261	-4	-16	-11	285	250	Baa3	BBB	BBB-
CDEP 0 07/26/22	-	FL	250	97.5	1.3	DISC	155	-5	-8	-44	275	139	Baa3	BBB	BBB-
CDEP 0 03/09/23	-	FL	300	97.8	1.5	DISC	176	-4	-6	-35	240	156	Baa3	-	BBB-
CDEP 0 03/25/24	-	FL	400	95.9	1.7	DISC	97	-	-	-	-	-	Baa3	BBB	BBB-
CDEP 0 03/20/22	-	VR	1,500	97.4	1.2	DISC	147	-4	3	-41	308	126	-	BBB	-
CDEP 2 1/2 03/13/27	-	VR	150	90.0	2.1	DISC	187	-	-	-	-	-	Baa3	BBB	BBB-
FCA Bank SpA/Ireland															
FCABNK 2 10/23/19	-	FX	750	100.7	-0.1	ASW	10	-1	-6	-41	54	3	Baa1	BBB+	BBB
FCABNK 1 3/8 04/17/20	-	FX	700	101.2	0.0	ASW	27	-1	2	-66	96	13	Baa1	BBB+	BBB
FCABNK 1 1/4 09/23/20	-	FX	500	101.4	0.1	ASW	43	-1	2	-67	112	30	Baa1	BBB+	BBB
FCABNK 0 1/4 10/12/20	-	FX	800	100.2	0.1	ASW	41	-3	3	-81	126	21	Baa1	BBB+	BBB
FCABNK 1 1/4 01/21/21	-	FX	500	101.8	0.1	ASW	45	-2	6	-90	142	19	Baa1	BBB+	BBB
FCABNK 1 11/15/21	-	FX	800	101.7	0.3	ASW	58	-3	5	-88	149	30	Baa1	BBB+	BBB
FCABNK 1 02/21/22 ¹	01/22	FX	600	101.3	0.5	ASW	79	-2	8	-67	149	47	Baa1	BBB+	BBB
FCABNK 1 1/4 06/21/22 ^{1,2}	05/22	FX	650	102.1	0.5	ASW	84	-1	7	-36	121	60	Baa1	BBB+	BBB
FCABNK 0 5/8 11/24/22 ^{1,2}	10/22	FX	800	99.9	0.6	ASW	90	0	9	9	91	82	Baa1	BBB+	BBB
FCABNK 0 07/03/19	-	FL	240	100.1	NM	DISC	NM	NM	NM	NM	NM	NM	Baa1	-	-
FCABNK 0 06/17/21	-	FL	850	99.3	0.4	DISC	69	-3	-3	-100	179	65	Baa1	BBB+	BBB
Societa' Per LA Gestione DI Attivita' SpA															
SGASPA 2 5/8 02/13/24 ²	-	FX	250	100.6	2.5	ASW	264	3	-3	6	271	253	-	BBB-	-
High Yield and Unrated															
Banca Farmaceutica SpA															
FARMIT 1 1/4 06/21/21	-	FX	150	96.5	3.1	ASW	328	0	50	-24	355	259	-	-	-
FARMIT 2 06/29/22	-	FX	200	98.0	2.7	ASW	291	3	11	-94	400	213	-	-	-
FARMIT 0 06/05/20	-	FL	200	99.9	1.2	DISC	156	6	3	-276	457	134	-	-	-

TYPE: FX=Fixed. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues. BBG: Bloomberg Composite. NM: Not Meaningful related to YTM and Spread if Spread < 0 and > 1,000 bps whilst related to change (-1W, -1M, -YTD) when the reference data is NA. Notes: 1) YTC for callable bonds; 2) YTD from launch date for bonds issued in 2019. Source: Intesa Sanpaolo research elaboration on Bloomberg BGN data at 11:10.

Italian other financial institutions bond denominated in euro - Senior Secured															
Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
High Yield and Unrated															
Nexi Capital SpA															
NEXICP 4 1/8 11/01/23	11/19	FX	825	104.0	-0.1	ASW	11	-16	-109	-400	418	-1918	Ba3	BB- *+	BB-

TYPE: FX=Fixed. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues; Rating on credit watch if *, Rating on credit watch positive if +, Rating on credit watch negative if -. BBG: Bloomberg Composite. Source: Intesa Sanpaolo research elaboration on Bloomberg BGN data at 11:10.

Italian other financial institutions bond denominated in euro - Subordinated (T2 and Lt2)															
Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD 17.6.19	-1W (bps)	-1M (bps)	YTD (bps) 2.1.19	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
High Yield and Unrated															
Banca Farmaceutica SpA															
FARMIT 5 7/8 03/02/27	03/22	VR	100	94.5	8.2	Z-SPR	853	-12	22	-87	956	612	-	-	-

TYPE: FX=Fixed. YTM: yield to maturity or yield to call for callable bonds excluding "not called bonds". SPRD TYPE: ASW=Asset Swap, DISC=Discount Margin, Z-SPR=Z-Spread. SPRD: spread to maturity or spread to first call date for callable bonds. Ratings reported in the table on individual issues. BBG: Bloomberg Composite. Source: Intesa Sanpaolo research elaboration on Bloomberg BGN data at 11:10.

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Credit rating key	
Credit view	Definition
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NEUTRAL	We expect substantially stable fundamentals over the next six months
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Historical Credit View Changes

2i Rete Gas - Historical Credit Views (-1Y)		A2A - Historical Credit Views (-1Y)	
Date	Credit View	Date	Credit View
		30/04/2019	Neutral
ACEA - Historical Credit Views (-1Y)		ADR - Historical Credit Views (-1Y)	
Date	Credit View	Date	Credit View
Atlantia- Historical Credit Views (-1Y)		ASPI- Historical Credit Views (-1Y)	
Date	Credit View	Date	Credit View
03/05/2019	Negative	03/05/2019	Negative
16/08/2018	Under Review	16/08/2018	Under Review
Buzzi Unicem- Historical Credit Views (-1Y)			
Date	Credit View		
19/10/2018	Under Review		
CNHI- Historical Credit Views (-1Y)		Enel- Historical Credit Views (-1Y)	
Date	Credit View	Date	Credit View
ENI- Historical Credit Views (-1Y)		EXOR - Historical Credit Views (-1Y)	
Date	Credit View	Date	Credit View
FCA - Historical Credit Views (-1Y)		Hera- Historical Credit Views (-1Y)	
Date	Credit View	Date	Credit View
27/05/2019	Under Review	17/01/2019	Positive
06/03/2019	Neutral		
11/02/2019	Under Review		
Iren - Historical Credit Views (-1Y)		IGT - Historical Credit Views (-1Y)	
Date	Credit View	Date	Credit View
Italgas - Historical Credit Views (-1Y)		Leonardo - Historical Credit Views (-1Y)	
Date	Credit View	Date	Credit View

Moby - Historical Credit Views (-1Y)	
Date	Credit View

Prysmian - Historical Credit Views (-1Y)	
Date	Credit View
06/03/2019	Under Review

Salini Impregilo - Historical Credit Views (-1Y)	
Date	Credit View
18/03/2019	Under Review
11/10/2018	Neutral
26/07/2018	Under Review

Telecom IT- Historical Credit Views (-1Y)	
Date	Credit View
23/05/2019	Under Review
17/10/2018	Negative

Wind Tre - Historical Credit Views (-1Y)	
Date	Credit View
Note: Wind Telecomunicazioni SpA up to 30.12.16	

Banco BPM - Historical Credit Views (-1Y)	
Date	Credit View

BPER - Historical Credit Views (-1Y)	
Date	Credit View

UBI - Historical Credit Views (-1Y)	
Date	Credit View

Saipem - Historical Credit Views (-1Y)	
Date	Credit View
28/02/2019	Positive

Snam - Historical Credit Views (-1Y)	
Date	Credit View

Terna - Historical Credit Views (-1Y)	
Date	Credit View

MPS - Historical Credit Views (-1Y)	
Date	Credit View
14/01/2019	Under Review

Unicredit - Historical Credit Views (-1Y)	
Date	Credit View
15/04/2019	Neutral
09/11/2018	Under Review

Historical Credit Investment Recommendation Changes

Zi Rete Gas - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured

ACEA - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured
17/05/2019	Buy

Atlantia - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured

Buzzi Unicem - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured
19/10/2018	Hold
12/09/2018	Buy

CNHI - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured
08/05/2019	Hold

Enel - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured
03/12/2018	Buy

A2A - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured
30/04/2019	Sell

ADR - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured

ASPI - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured

Enel - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Hybrids
08/11/2018	Buy

ENI - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured

FCA - Historical Investment Recommendation (-1Y)	
Date	High Yield Senior Unsecured
27/05/2019	Buy
11/02/2019	Hold

IGT - Historical Investment Recommendation (-1Y)	
Date	High Yield Senior Secured

Italgas - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured
08/04/2019	Hold
24/10/2018	Buy
05/10/2018	Hold
27/06/2018	Buy

Moby - Historical Investment Recommendation (-1Y)	
Date	High Yield Senior Secured
16/05/2018	Sell

Prysmian - Historical Investment Recommendation (-1Y)	
Date	Unrated Senior Unsecured
11/04/2019	Sell
19/09/2018	Hold

Salini Impregilo - Historical Investment Recommendation (-1Y)	
Date	High Yield Senior Unsecured
26/07/2018	Hold

Telecom Italia - Historical Investment Recommendation (-1Y)	
Date	High Yield Senior Unsecured

Wind Tre - Historical Investment Recommendation (-1Y)	
Date	High Yield Senior Secured
27/11/2018	Hold
03/07/2018	Buy

Banco BPM - Historical Investment Recommendation (-1Y)	
Date	Covered Bonds

Banco BPM - Historical Investment Recommendation (-1Y)	
Date	Subordinated
13/11/2018	Hold
26/10/2018	Sell

BPER - Historical Investment Recommendation (-1Y)	
Date	Covered Bonds

MPS - Historical Investment Recommendation (-1Y)	
Date	Covered Bonds
20/07/2019	Hold

EXOR - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured
25/02/2019	Buy

Hera - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured
28/03/2019	Buy

Iren - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured
12/11/2018	Buy

Leonardo - Historical Investment Recommendation (-1Y)	
Date	High Yield Senior Unsecured
26/03/2019	Buy

Saipem - Historical Investment Recommendation (-1Y)	
Date	High Yield Senior Unsecured
27/07/2018	Buy

Snam - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured

Terna - Historical Investment Recommendation (-1Y)	
Date	Investment Grade Senior Unsecured

Banco BPM - Historical Investment Recommendation (-1Y)	
Date	Senior Unsecured
13/11/2018	Hold
26/10/2018	Sell

Banco BPM - Historical Investment Recommendation (-1Y)	
Date	Hybrids
13/11/2018	Hold
26/10/2018	Sell

BPER - Historical Investment Recommendation (-1Y)	
Date	Subordinated
30/05/2018	Hold

MPS - Historical Investment Recommendation (-1Y)	
Date	Senior Unsecured

MPS - Historical Investment Recommendation (-1Y)	
Date	Sen Govt Gtd
20/07/2018	Hold

MPS - Historical Investment Recommendation (-1Y)	
Date	Subordinated
09/10/2018	Sell
20/07/2018	Hold

UBI - Historical Investment Recommendation (-1Y)	
Date	Covered Bonds

UBI - Historical Investment Recommendation (-1Y)	
Date	Senior Unsecured

UBI - Historical Investment Recommendation (-1Y)	
Date	SNP

UBI - Historical Investment Recommendation (-1Y)	
Date	Subordinated
09/05/2019	Buy

UNICREDIT - Historical Investment Recommendation (-1Y)	
Date	Covered Bonds

UNICREDIT - Historical Investment Recommendation (-1Y)	
Date	Senior Unsecured

UNICREDIT - Historical Investment Recommendation (-1Y)	
Date	Subordinated

UNICREDIT - Historical Investment Recommendation (-1Y)	
Date	Hybrids
13/05/2019	Hold
15/04/2019	Buy

UNICREDIT - Historical Investment Recommendation (-1Y)	
Date	SNP

SAMPLE

Credit view allocations

Intesa Sanpaolo Research Credit View distribution at May 2019			
Number of Companies subject to credit views: 25**	Positive	Neutral	Negative
Total Credit Research coverage - last credit view (%)	24	64	12
of which Intesa Sanpaolo's clients* (%)	67	63	67

(*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category; ** Total number of companies covered is 31.

Investment recommendations

Banca IMI's recommendations on the issuer(s) bonds or relative CDS are based on the following rating system:

Investment recommendations	
Recommendation	Definition
BUY	We expect the bond or CDS subject to the recommendation to outperform the reference index, sector or benchmark in a period up to six months
HOLD	We expect the bond or CDS subject to the recommendation to perform in line with the reference index, sector or benchmark in a period up to six months
SELL	We expect the bond or CDS subject to the recommendation to underperform the reference index, sector or benchmark in a period up to six months

Company specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (jointly also the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Modello di Organizzazione, Gestione e Controllo" pursuant to Legislative Decree 8 June, 2001 no. 231 (available at the Intesa Sanpaolo website, webpage http://www.group.intesasanpaolo.com/scripts/sir0/si09/governance/eng_wp_governance.jsp, along with a summary sheet, webpage <https://www.bancaimi.com/en/bancaimi/chiamo/documentazione/normative>), setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the FCA Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research " and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A..

At the Intesa Sanpaolo website, webpage http://www.group.intesasanpaolo.com/scripts/sir0/si09/studi/eng_archivio_conflitti_mad.jsp you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

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