

Sector Report

Italian Corporate Bonds

The Winds of Change Are Blowing

After the positive performance recorded in 1H21, we believe that a moderate spread tightening trend could continue in 2H21 for Italian NFI corporate bonds. This should be supported by a normalisation in fundamentals expected in 2021-2022 amid a stronger-than-expected recovery in the domestic economy, fuelled by the post-COVID rebound and the effects of the National Recovery and Resilience Plan. Moreover, technical factors remain supportive, in our view, based on our expectations for the continuation of solid corporate bond purchases by the ECB as well as a slowdown in the primary market in 2H21, after the record gross issuance seen in 1H21. In this context, we confirm our **BUY** recommendation on the senior bonds issued by 2i Rete Gas, Acea, ASPI, Atlantia, ERG, Exor, IGT and Italgas and on the hybrid bonds issued by Enel and Eni.

Prevalence of NEUTRAL Credit Views, reflecting a recovery in the trend of fundamentals

We confirm our NEUTRAL Credit View on the majority of the Italian NFI corporate issuers we cover as we expect to see a generalised improvement in their operating performances in 2021 vs 2020 (except for ADR, Buzzi and Saipem), with a recovery of 2019 pre-pandemic credit metrics this year, except for ADR, ASPI, Atlantia, Eni, Leonardo, Saipem and Stellantis. We maintain a POSITIVE Credit View on Hera, based on solid financial flexibility and ample visibility on 2024 targets, given the high share of investments to be devoted to regulated activities. In contrast, we confirm our NEGATIVE Credit View on ADR and Saipem, as weak fundamentals could persist in the absence of a stabilisation in their operating environment.

Record gross issuance in 1H21, slowdown expected in 2H21

Based on the strong volumes already issued YTD in 2021 (approx EUR 25Bn), we revise upward our estimates for FY21 gross issuance from EUR 22.5Bn to EUR 30Bn (+35% yoy), implying a slowdown in 2H21 vs 2H20 (-65%, to approx EUR 6Bn).

Investment recommendations on Italian corporate bonds

Investment Grade	BUY	Chg	HOLD	Chg	SELL	Chg
	2i Rete Gas	c	A2A	c	Buzzi Unicem	c
	Acea	c	Aeroporti di Roma	c		
	Enel (hybrid)	c	CNH Industrial	c		
	Eni (hybrid)	c	Enel	c		
	ERG	c	Eni	c		
	EXOR	c	Hera	c		
	Italgas	c	Iren	c		
			Snam	c		
			Stellantis	c		
			Terna	c		
High Yield	BUY		HOLD		SELL	Chg
	Atlantia	c	Kedrion	c	Saipem	c
	Autostrade per l'Italia	c	Leonardo	c		
	IGT (Sen Sec.)	c	Sisal Group (Sen Sec.)	c		
			Telecom Italia	c		
Unrated	BUY		HOLD	Chg	SELL	Chg
			Prismian	c		

Notes: c = confirmed; d = downgraded; u = upgraded; n = new; NA = not assigned; na = no action. The table above refers to senior unsecured bonds unless otherwise indicated. Source: Intesa Sanpaolo Research elaboration

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Sector View NEUTRAL

Italy/Corporate

Investment Grade

Issuer	Credit View
2i Rete Gas	NEUTRAL
A2A	NEUTRAL
Acea	NEUTRAL
ADR	NEGATIVE
Buzzi Unicem	NEUTRAL
CNH Ind.	NEUTRAL
Enel	NEUTRAL
Eni	NEUTRAL
ERG	NEUTRAL
EXOR	NEUTRAL
Hera	POSITIVE
Iren	NEUTRAL
Italgas	NEUTRAL
Snam	NEUTRAL
Stellantis	NEUTRAL
Terna	NEUTRAL

High Yield

Issuer	Credit View
Atlantia	UNDER REVIEW
ASPI	UNDER REVIEW
IGT	NEUTRAL
Kedrion	NEUTRAL
Leonardo	NEUTRAL
Saipem	NEGATIVE
Sisal Group	NEUTRAL
Telecom Italia	NEUTRAL
Webuild	NOT ASSIGNED

Unrated

Issuer	Credit View
Prismian	NEUTRAL

Source: Intesa Sanpaolo Research elaboration

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

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Credit View: Fundamentals Back to 'Normal' by 2022

We confirm our NEUTRAL Credit View on the majority of the Italian NFI corporate issuers we cover as we expect to see a generalised improvement in their operating performances in 2021 vs 2020 (except for ADR, Buzzi and Saipem), which was severely affected by the COVID-19 outbreak, particularly in sectors most exposed to mobility restrictions. In particular, we expect to see a recovery to 2019 pre-pandemic credit metrics in 2021 for the majority of issuers we cover, except for ADR, ASPI, Atlantia, Eni, Leonardo, Saipem and Stellantis. A full normalisation of fundamentals is largely expected by 2022, except for ADR and Saipem. As a result, we confirm NEGATIVE Credit Views on ADR and Saipem. Our NEGATIVE Credit View on ADR reflects the sharp releveraging that occurred in 2020 and the still-weak outlook for 2021, as air passenger traffic looks set to decline by 70% vs the 2019 level, with a recovery to pre-COVID levels delayed to 2023-2024. We confirm our NEGATIVE Credit View on Saipem, after weaker 1Q21 results (with leverage spiking to 5.5x from 2.9x at YE20), based on our expectations for leverage to remain high, as we currently do not see any signs of an operating turnaround on the horizon. In contrast, we maintain our POSITIVE Credit View on Hera, based on solid financial flexibility and ample visibility on 2024 targets, given the high share of investments to be devoted to regulated activities (around 74% of the total). Our Credit View remains Under Review on ASPI and Atlantia, reflecting ratings upgrade potential following the signing of the agreement between Atlantia and the CDP-led consortium for the sale of the 88% stake in ASPI (close expected by March 2022), which should lead to the finalisation of the settlement agreement with the Italian government on ASPI's concession, thus removing the risk of concession termination (with associated liquidity/default risks).

Prevalence of NEUTRAL Credit Views, two NEGATIVE, one POSITIVE and two Under Review

Credit View on issuers covered

Investment grade	POSITIVE	NEUTRAL	NEGATIVE
	Hera	2i Rete Gas A2A Acea Buzzi Unicem CNH Industrial Enel Eni ERG Exor Iren Italgas Snam Stellantis Terna	Aeroporti di Roma
High Yield	POSITIVE	NEUTRAL	NEGATIVE
		IGT Kedrion Leonardo Sisal Group Telecom Italia	Saipem
Unrated	POSITIVE	NEUTRAL	NEGATIVE
		Prysmian	

Notes: Credit View Under Review on ASPI and Atlantia; Not Assigned on Webuild. Source: Intesa Sanpaolo Research

We highlight that some encouraging signs of a recovery in fundamentals were already visible during the 1Q21 reporting season. Results for 1Q21 were above Bloomberg consensus expectations for 11 companies we cover, in line with estimates for five utility issuers, but below consensus for Eni, Saipem and Telecom Italia. The recovery in operating performances was widespread in 1Q21 for covered companies, which recorded improving fundamentals vs 1Q20. In contrast, the 1Q21 results for ASPI, Atlantia and Saipem deteriorated further while they were mixed for Eni, Leonardo, Sisal and Telecom Italia.

Signs of recovery in fundamentals already visible in 1Q21

In the table below, we show the results of a peer analysis that we did for the companies we cover. We conclude that in the last 12 months ending 31 March 2021 (LTM21), the issuers we cover, in both the IG and the HY and not rated (NR) segments, have shown, on average, a slight improvement in operating margins, both in terms of EBITDA margins (31.6%, on average, in LTM21 from 31.4% in 2019) and especially in terms of EBIT margins (12.8% from 12.3%). However, there were some exceptions, especially in the HY and NR segment, with ASPI and Atlantia still affected by the adverse COVID-19 impacts on motorway and airport traffic; Saipem by a further slowdown in activities and some project rephasing in E&C; and Telecom Italia by negative FX and a further contraction in domestic mobile. The net interest coverage ratio also improved – on average, to 9.7x from 8.8x in 2020 – primarily in the IG segment (14.3x from 12.8x) and to a lesser extent in the HY and NR segment (4.2x from 3.9x), with the exception of Saipem (dropping below 2x, the lowest level in our sample) and Telecom Italia (which continued to remain solid at 5.3x).

Improvement in operating margins and net interest coverage

Peer analysis of covered companies

	EBITDA Margin (%)		EBIT Margin (%)		EBITDA/NIE (x)		Net debt/EBITDA (x)		Net debt/FFO (x)		Liquid assets/TA (%)	
	2020	LTM21	2020	LTM21	2020	LTM21	2020	LTM21	2020	LTM21	31.12.20	31.03.21
A2A	17.6	17.4	8.0	8.1	14.9	16.7	2.9	2.7	3.4	3.2	8.4	6.1
Acea	34.2	34.3	15.8	15.9	13.1	13.7	3.1	3.1	3.8	3.8	10.6	16.2
CNHI	9.2	12.2	4.4	7.8	3.3	4.9	-0.4	-0.2	-0.6	-0.3	19.8	17.1
Enel	25.9	26.1	12.9	12.5	10.6	11.7	2.7	2.8	3.5	3.5	3.6	3.1
Eni	17.1	22.2	4.3	4.3	7.2	12.2	1.3	1.4	3.4	2.5	13.8	12.8
ERG	48.2	48.8	18.4	19.6	10.2	11.7	3.0	2.7	4.4	3.9	16.3	16.2
Hera	14.9	14.6	7.3	7.3	9.0	9.1	2.9	2.7	3.9	3.7	9.2	10.7
Iren	24.9	25.5	11.2	12.0	16.9	23.6	3.2	3.0	4.4	4.2	10.3	10.0
Italgas	71.3	71.5	41.8	42.1	21.0	18.5	4.9	4.7	5.3	5.1	7.3	na
Snam	77.7	76.7	49.8	48.6	13.6	14.5	5.9	6.2	7.0	7.4	12.4	na
Terna	72.8	72.0	47.2	46.5	20.6	20.3	5.0	5.0	7.8	7.7	16.1	na
IG average	37.6	38.3	20.1	20.4	12.8	14.3	3.1	3.1	4.2	4.1	11.6	11.5
ASPI	31.3	29.0	-1.4	-3.9	2.0	2.1	9.4	10.6	16.6	26.2	9.2	8.6
Atlantia	47.9	46.3	-5.9	-8.6	2.4	2.4	9.9	10.2	17.3	18.6	9.7	8.5
IGT	32.4	36.1	-3.4	11.2	2.5	3.1	7.3	5.9	15.6	10.9	7.0	6.0
Kedrion	13.8	15.4	7.2	8.4	4.2	4.4	6.2	5.6	9.7	8.5	7.3	10.9
Leonardo	10.9	11.0	6.8	7.1	5.5	6.6	2.3	3.1	3.6	na	8.2	na
Prysmian	8.2	8.1	5.1	5.2	7.2	9.0	2.7	3.0	5.5	5.7	12.0	10.6
Saipem	8.4	6.8	0.3	-1.4	2.6	1.9	2.9	5.5	6.3	na	15.0	na
Sisal	31.0	31.9	3.7	3.7	2.9	2.9	1.5	1.5	1.4	1.4	8.1	6.5
Telecom Italia	42.6	39.6	13.3	10.4	5.7	5.3	3.3	3.0	5.2	4.9	6.6	5.9
HY average	25.1	24.9	2.9	3.6	3.9	4.2	5.0	5.4	9.0	10.9	9.2	8.2
Total average	32.0	32.3	12.3	12.8	8.8	9.7	4.0	4.1	6.4	6.7	10.4	9.8

Notes: LTM21 = last 12 months ending at 31.03.21; NIE = net interest expense; liquid assets = cash and marketable securities; TA = total assets. Source: Intesa Sanpaolo Research elaboration on Company data

The picture in terms of leverage ratios was more mixed, with a slight increase both in terms of net debt/EBITDA ratios (up to 4.1x from 4x at YE20, on average) and net debt/FFO ratios (up to 6.7x from 6.4x), primarily driven by HY and NR issuers; they remained almost stable in the IG segment. In particular, Saipem, ASPI and Leonardo recorded a deterioration in leverage ratios, driven by negative FCF due to NWC outflow and higher capex.

Slight increase in leverage ratios, driven by HY and NR issuers

Liquidity held on balance sheets declined slightly at 31.03.21, though it remained solid, with the incidence of "cash and marketable securities" in total assets down to 10% from 10.3% at YE20, driven by HY and NR issuers (8.2% from 9.2%); this remained almost stable for IG issuers (11.5% from 11.6%).

Slight decline in liquidity ratios, driven by HY and NR issuers

In this respect, we note that the companies we cover were able to pre-fund 2021 debt maturities by accessing new credit facilities and/or by issuing new bonds, building a liquidity buffer to withstand the challenges posed by the COVID-19 shock, and now present low refinancing risk, on average, until 2024, in our view.

Low refinancing risk until 2024, on average

Year of potential refinancing risk by company

2022	2023	2024	2025	> 2025
Sisal Group	ADR	2i Rete Gas	Kedrion	Buzzi Unicem
	ASPI	A2A	Stellantis	Saipem
	Atlantia	Acea	Webuild	
	IGT	CNHI		
	Prysmian	Enel		
		Eni		
		Exor		
		ERG		
		Hera		
		Iren		
		Italgas		
		Leonardo		
		Snam		
		Telecom Italia		
		Terna		

Source: Intesa Sanpaolo Research estimates on Company data

NRRP might be a game-changer

We highlight that our economists have recently revised upwards their forecasts on Italian GDP growth, to 4.6% this year and 4% in 2022 (from -8.9% in 2020). The economy is projected to recover to its pre-pandemic level by end-2022 – ie, one year earlier than previously expected. This year, the strongest contribution to GDP growth will in their view come from investments (+15% in 2021 and +6.4% in 2022), led by construction. The upward revision to the economic outlook relates in the short-term to the post-COVID rebound and in the long-term to the effects of the National Recovery and Resilience Plan (NRRP), which has been “augmented” with the use of national resources, to a total EUR 235Bn up to 2026, and EUR 248Bn on a 2032 horizon. According to our economists’ estimate, the NRRP could boost the level of GDP in the final year of the plan (2026) by 2.2% compared to the base scenario (vs +1.8% in the “low” scenario, +2.7% in the “medium” scenario and +3.6% in the “high” scenario, according to Government estimates). They think the “additional” impact on GDP growth may peak in 2022-23 (0.7% in 2022, 0.5% in 2023). At this stage, they believe that risks to growth forecasts are skewed to the upside (for further detail, please refer to the Italy Macro Picture section).

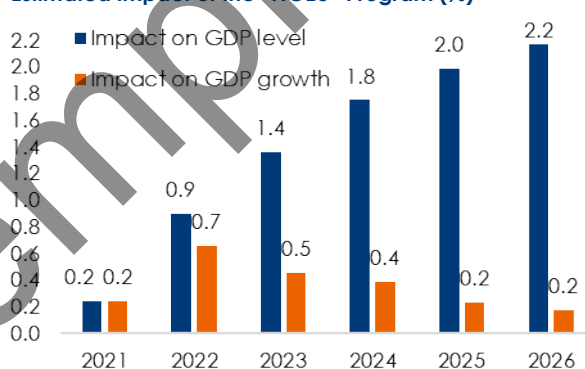
Italian GDP growth estimates upgraded to 4.6% in 2021 and 4% in 2022

The main figures of the National Recovery and Resilience Plan

	EUR Bn	% GDP 2021
RRF	191.5	11.0
React EU	13.5	0.8
RRF + React EU	205.0	11.8
Complementary fund	30.6	1.8
RRF + React EU + Complementary fund	235.6	13.5
Development and Cohesion Fund	15.5	0.9
RRF + React EU + Complementary fund + Development and Cohesion Fund	251.1	14.4
Specific works (horizon: 2032)	26.0	1.5
RRF + React EU + Complementary fund + Development and Cohesion Fund + Specific works	277.1	15.9

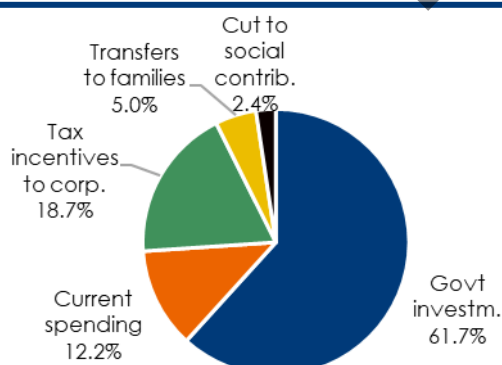
Source: Intesa Sanpaolo chart on Italian Government data

Estimated impact of the “NGEU” Program (%)



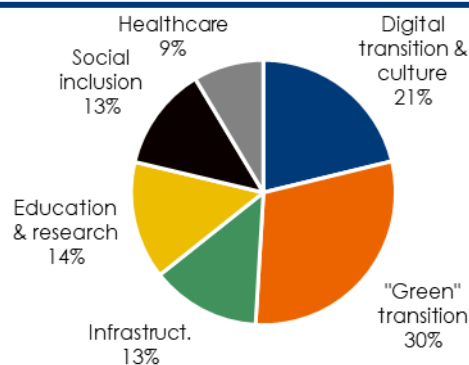
Source: Intesa Sanpaolo calculations

NRRP classification by type of expenditure increase or tax reduction (additional resources)



Source: NRRP

NRRP classification by resource allocation mission



Source: NRRP and Intesa Sanpaolo elaboration

We believe that the bulk of companies we cover will benefit both directly and indirectly from the Italian NRRP, especially those operating in the utility, infrastructure, construction and telecom sectors, as per the table below.

Benefits from NRRP

IG	
2i Rete Gas	yes
A2A	yes
Acea	yes
ADR	yes
CNH Industrial	yes
Enel	yes
Eni	yes
ERG	yes
Hera	yes
Iren	yes
Italgas	yes
Snam	yes
Stellantis	yes
Terna	yes
HY and NR	
ASPI	yes
Atlantia	yes
Kedrion	yes
IGT	no
Leonardo	yes
Prysmian	yes
Saipem	yes
Sisal Group	no
Telecom Italia	yes
Webuild	yes

Source: Intesa Sanpaolo Research elaboration based on Company data

Guidance for 2021 was confirmed by the majority of covered companies. We highlight that A2A, CNHI, Eni, ERG, IGT and Iren have even upgraded their guidance for 2021 while Buzzi has lowered it and Saipem has ceased to offer guidance. 2021 guidance points to a generalised improvement in operating performances vs 2020, except for ADR, Buzzi and Saipem. In addition, 2021 guidance points to a recovery of 2019 pre-pandemic credit metrics for the majority of covered companies, except for ADR, ASPI, Atlantia, Eni, Leonardo, Saipem and Stellantis (which, however, could upgrade its guidance with the presentation of 1H21 results in August, given the stronger-than-anticipated performance in 1H21).

2021 guidance implies a generalised improvement in credit metrics vs 2020

Our expectations in terms of credit metrics recovery in 2021 vs 2020 and 2019

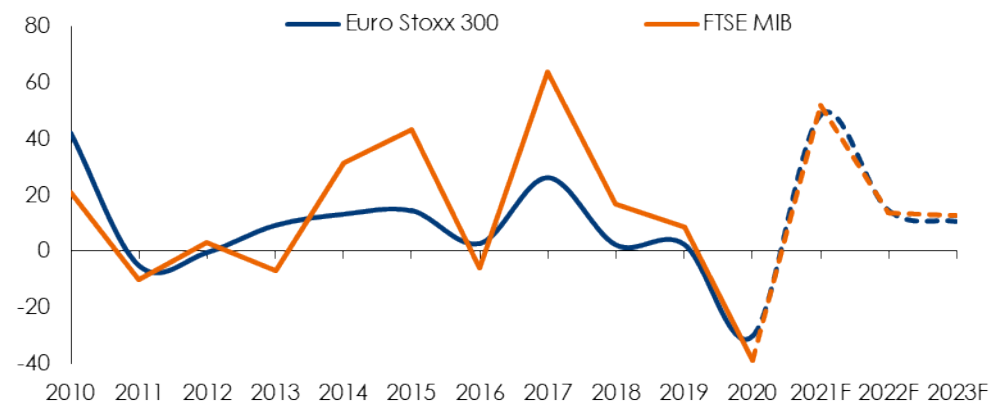
	Recovery vs 2020	Recovery vs 2019
IG		
A2A	yes	yes
Acea	yes	yes
ADR	no	no
Buzzi	no	yes
CNH Industrial	yes	yes
Enel	yes	yes
Eni	yes	no
ERG	yes	yes
Hera	yes	yes
Iren	yes	yes
Italgas	yes	yes
Snam	yes	yes
Stellantis	yes	no
Terna	yes	yes
HY and NR		
ASPI	yes	no
Atlantia	yes	no
IGT	yes	yes
Leonardo	yes	no
Prysmian	yes	yes
Saipem	no	no
Telecom Italia	yes	yes
Webuild	yes	yes

Source: Intesa Sanpaolo Research elaboration on Company data

In this respect, we note that current IBES consensus estimates regarding adjusted EPS for the FTSE MIB index point to a sharp rebound in 2021 (+52%), after the plunge in 2020 (-39%), followed by more gradual increases in 2022 (+14%) and 2023 (+13%). Also, in Europe, adjusted EPS are expected to record a strong recovery in 2021 (+48%, after -30% in 2020), followed by gradual increases in 2022 (+15%) and in 2023 (+11%). Risks to the earnings forecasts now seem more balanced in 2021, with upside risks in case of a faster rollout of vaccine distribution and improving consumer and business confidence, but downside risks coming from rising cost inflation and potential selective lockdowns in 2H21 to contain a possible resurgence in coronavirus infections due to new variants.

Strong rebound in adjusted EPS expected in Italy in 2021-2023, after the plunge in 2020

Consensus estimates on adjusted EPS growth for FTSE MIB and Euro Stoxx 300 (%)



Note: F = forecast. Source: Intesa Sanpaolo Research on FactSet data (2010-2020) and IBES estimates (2021F-2023F)

In particular, we note that after the drop recorded during last year's lockdown, commodity prices are showing a quicker-than-expected rebound, amplified by bottlenecks in some specific industries with large cross-sector spill-overs (semiconductors, for instance), where supply is struggling to keep pace with demand. Hence, rising commodity costs could in some cases dent corporates' profitability recoveries. In any case, our economists believe that upwards pressure on commodity prices should peak this year and then gradually ease, with PPI slowing to 1.7% in 2022 from 4.7% in 2021. Consumer price inflation should remain relatively contained, and below the Eurozone average, this year (1.4% on the HICP in our estimate), and remain little changed looking into 2022. Yet, admittedly, risks on these forecasts are on the upside. In any case, a persisting high output gap, and ample slack in the labour market (they see unemployment peaking on a yearly average not in 2021 but in 2022, at 11%), will continue to put downwards pressure on core inflation (projected to remain below 1% in the 2021-2022 biennium). In the next table, we recap our estimates concerning the potential impact on the outlook for company fundamentals from rising cost inflation.

Rising inflation could derail profitability recovery

Impact from rising cost inflation

IG	POSITIVE	NEUTRAL	NEGATIVE
	Eni	2i Rete Gas	ADR
	CNH Industrial	A2A	Buzzi Unicem
		Acea	Stellantis
		Enel	
		ERG	
		EXOR	
		Iren	
		Italgas	
		Snam	
		Terna	
HY & NR	POSITIVE	NEUTRAL	NEGATIVE
	Saipem	ASPI	Leonardo
		Atlantia	Prysmian
		IGT	Webuild
		Kedrion	
		Sisal	
		Telecom Italia	

Source: Intesa Sanpaolo Research estimates on Company data

Moreover, we see rising risks of M&A for the companies we cover amid the stronger-than-expected domestic economic rebound. However, we believe that in most cases, the issuers covered could maintain their current ratings unchanged, given the small size of the acquisition targets, the solid liquidity buffers built during the pandemic, and the willingness to dispose of non-core assets to preserve sound financial flexibility.

M&A risks rising

M&A risks

Company	Consolidation driver	Likelihood
A2A/Acea/Hera/Iren	Expansion into reference areas by acquiring small/medium-sized local utilities	High
Atlantia	International expansion in motorways, airports, payment systems and new mobility sectors	High
Buzzi Unicem	CHR in Brazil in progress (JV). High cash balance implies M&A risk	High
CNHI	Bolt-on acquisitions in AG. Spin-off of the On-Highway segment planned for early 2022	High
Enel	Mid-size bolt-on acquisitions	Low-Medium
EXOR	Acquisitive growth strategy	High
Leonardo	Small-size bolt-on acquisitions	High
Italgas/2i Rete Gas	Small acquisitions in gas distribution in Italy and abroad (Italgas)	Medium
Telecom Italia	Letter of Intent signed with CDP to evaluate possible forms of integration between TIM and Open Fiber's fibre optic networks	High

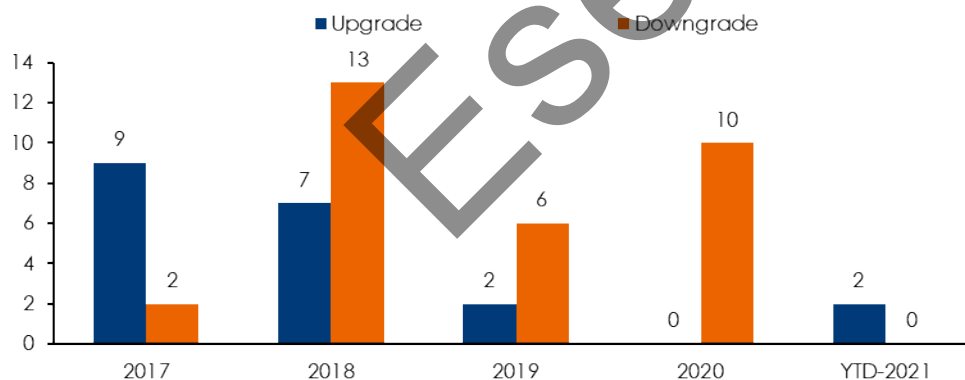
Source: Intesa Sanpaolo Research elaboration on Company data

Positive rating balance YTD in 2021

After three years of negative rating balance, we note that YTD in 2021, the rating balance for the Italian companies we cover has turned positive, with two rating upgrades (Stellantis and Enel by Moody's) and no rating downgrades, based on Moody's and Fitch actions.

Two rating upgrades, with no downgrades YTD in 2021

Rating balance on Italian issuers covered



Note: Moody's and Fitch rating actions. Source: Intesa Sanpaolo Research elaboration on Bloomberg data

We highlight that most of the companies we cover currently have Stable outlooks, according to Moody's and Fitch. However, the bias is positive, as there are three companies with rating under review for upgrade by Fitch (ADR, ASPI, and Atlantia) and three companies with Positive outlooks by Moody's (ADR, ASPI and Atlantia). In contrast, only two companies have been assigned Negative outlooks (Telecom Italia by Moody's and Leonardo by Fitch).

Prevalence of Stable outlooks, with three Positive and two Negative

Outlooks assigned by rating agencies to companies under coverage

	POSITIVE		STABLE		NEGATIVE	
	Moody's	Fitch	Moody's	Fitch	Moody's	Fitch
IG						
Zi Rete Gas			X			
A2A			X			
Acea			X	X		
ADR	X	X*				
CNH Industrial			X	X		
Enel			X	X		
Eni			X	X		
ERG				X		
Hera			X			
Iren				X		
Italgas			X	X		
Snam			X	X		
Stellantis			X	X		
Terna			X			
HY						
ASPI	X	X*				
Atlantia	X	X*				
IGT			X			
Kedrion			X			
Leonardo			X			X
Saipem			X			
Sisal Group			X			
Telecom Italia				X	X	
Webuild				X		

Note: X* = Rating on Watch. Source: Intesa Sanpaolo Research elaboration on Bloomberg data

In the table below, we highlight the companies that, in our view, are well-positioned to regain an IG rating in the next two years, generally called 'Rising Stars'. We believe that both ASPI and Atlantia are well-positioned to enter the IG indices by 2022, based on our expectations regarding a successful execution of the agreement between Atlantia and the CDP-led consortium to dispose of the former's 88% stake in ASPI by March 2022. This should support the achievement of a final settlement agreement with the Italian government on the ASPI concession, thus removing liquidity/default risks. Moreover, ASPI could be considered a government-related entity (ie, it would come under the "de facto" control of CDP) while the financial flexibility of Atlantia is expected to significantly improve after the cash-in of approx EUR 8Bn in proceeds from the ASPI sale. At present, we do not see any "Fallen Angels" among the issuers covered.

Rising Stars: ASPI and Atlantia

Potential "Rising Stars" and "Fallen Angels"

Rising Stars	Fallen Angels
ASPI	
Atlantis	

Source: Intesa Sanpaolo Research estimates on Company data

Market View: Gentle Tightening to Continue in 2H21

Positive performance of Italian NFI corporate bonds YTD in 2021

In 2021 to date, the European credit markets have posted positive performances (see Appendix 1, data as at market close on 14.07.21) in both the cash and derivatives segments. In detail, the cash segment tightened in both the IG (-13bps, iBoxx IG EUR NFI index, to 57bps) and especially the HY spaces (-44bps, iBoxx HY EUR index, to 280bps), with the latter outperforming the former in absolute terms. In the IG segment, BBB-rated bonds outperformed while A, AA and AAA-rated bonds underperformed the index. In terms of duration, maturities between one and seven years outperformed other tenors, with maturities between seven to 10 years underperforming the most. In the HY segment, BB-rated bonds underperformed the most, while CCC and lower-rated bonds outperformed the most, followed by B-rated bonds. In terms of duration, maturities between one and three years outperformed the most, followed by maturities above 10 years, while other tenors underperformed. The derivatives segment also posted a positive performance YTD in 2021, with the Crossover index outperforming the Main index in absolute terms across the maturity curve.

The Italian corporate senior bonds we cover have posted a positive performance YTD in 2021. Italian IG bonds have, on average, tightened slightly, performing almost in line or slightly below the European benchmark indices at corresponding maturities, except for ADR, CNHI, Exor and Stellantis' notes, which outperformed. They are currently slightly expensive vs. the relevant indices at corresponding maturities and ratings, on average, except for ADR and Stellantis' notes (cheap). We also note that Italian corporate IG bonds have performed almost in line with Italian BTPs at corresponding maturities YTD in 2021. They remain cheap vs. Italian BTPs, on average, except for Enel, Eni, Italgas, Snam and Terna's notes (expensive). In the HY and unrated segments, Italian bonds have, on average, posted a solid tightening (except for IGT and Sisal's notes, which widened), outperforming the European HY benchmark indices YTD in 2021, except for IGT, Prysmian, Saipem, Sisal and Telecom Italia's notes, which underperformed. They remain generally expensive, on average, compared with the European HY benchmark indices at corresponding maturities and ratings, except for IGT, Saipem, Sisal and Webuild's bonds (cheap).

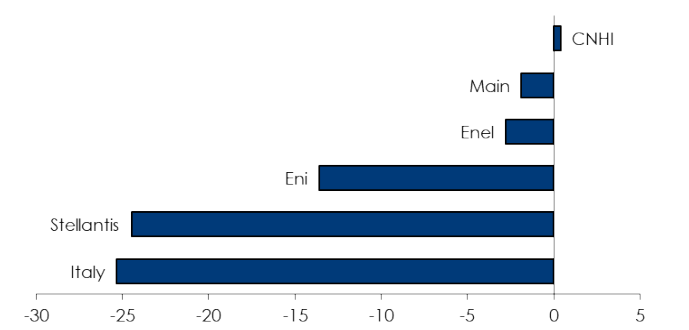
In the derivatives segment, we highlight the fact that Italian IG companies' 5Y CDS have outperformed the 5Y iTraxx Main index (-2bps, to 47bps), except for CNHI, while they all underperformed vs. Italy's 5Y CDS (-25bps, to 72bps). At present, Italian IG 5Y CDS trade above the 5Y Main index but below Italy's 5Y CDS, except CNHI and Stellantis. In the HY derivatives sector, the performances of Italian companies' 5Y CDS have been mixed YTD in 2021, with Atlantia and Leonardo outperforming the 5Y Crossover index (-18bps, to 233bps), while the others underperformed, most notably Saipem (+54bps to 345bps). We also highlight that Italian HY 5Y CDS currently trade inside the 5Y Crossover index, except for IGT and Saipem.

Positive performance YTD in 2021 in both cash and CDS markets in Europe

Italian IG and HY bonds have tightened YTD in 2021, with the former performing almost in line and the latter outperforming the corresponding European indices

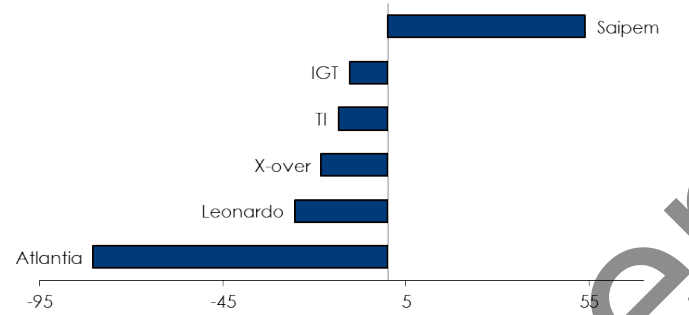
Mixed performance for Italian 5Y CDS vs. the Main and Crossover indices

IG: 5Y CDS 2021 YTD change (bps)



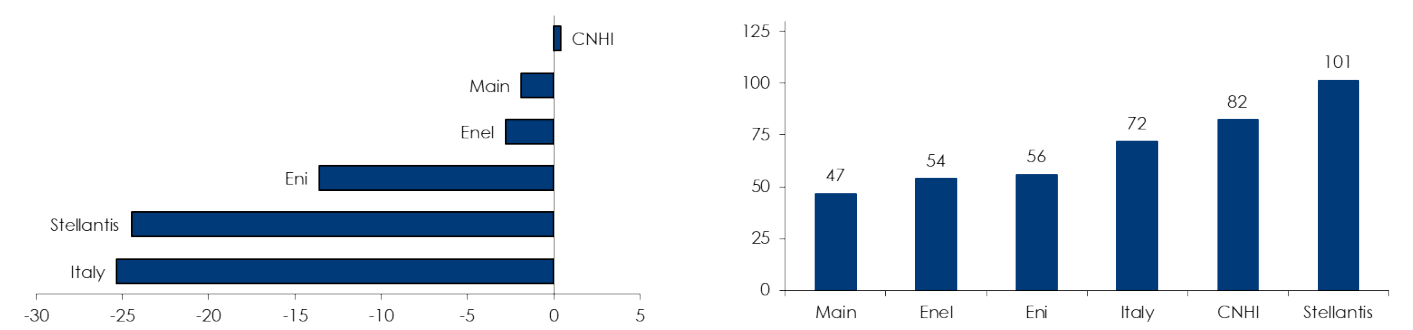
Source: Intesa Sanpaolo Research elaboration on Bloomberg data on 14.07.21

HY: 5Y CDS 2021 YTD change (bps)



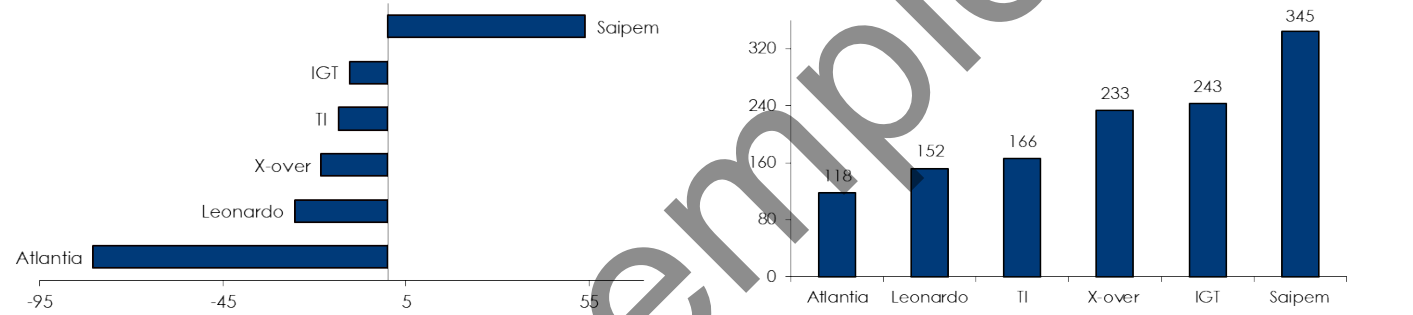
Source: Intesa Sanpaolo Research elaboration on Bloomberg data on 14.07.21

IG: 5Y CDS current level (bps)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data on 14.07.21

HY: 5Y CDS current level (bps)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data on 14.07.21

Moderate spread tightening to continue in 2H21

After the positive performance recorded in 1H21, we believe that a moderate spread tightening could continue in 2H21, based on still-supportive technical factors such as the continuation of solid corporate bond purchases by the ECB and a primary market slowdown after the record issuance in 1H21. Moreover, we expect a broad normalisation of credit metrics in 2021 and 2022 for the companies we cover, amid a stronger-than-expected recovery in the domestic economy, supported in the short term by the Covid rebound and in the long term by the Italian NRRP. However, as the credit cycle strengthens and matures, we also see some risks of a releveraging trend, led by higher investments, a working capital build-up, increased shareholders' remuneration and M&A deals.

Moderate tightening trend to continue in 2H21, driven by supportive technical factors and a normalisation of fundamentals

Fundamental factors

- Stronger domestic economic rebound expected in 2021-22, after a deep recession in 2020;
- Normalisation of fundamentals expected in 2021-22. However, some risks of releveraging possible from 2022 on, driven by higher investments, M&A and increased shareholders' remuneration; and
- Positive rating balance and outlook stabilisation expected in 2021-22, after the negative rating balance in 2018-2020.

Technical factors

- Solid support from the ECB's CSPP and PEPP in 2021, though QE tapering could start in 2022;
- Strong primary market in 2021, though slowdown expected in 2H21 after boom in 1H21;
- Expensive valuations, on average, vs. European indices but cheap vs. Italian BTPs; and
- Market volatility and low trading liquidity in the secondary market.

Amid investors' ongoing hunt for yield, we believe that riskier bonds could outperform safer ones (i.e., HY vs. IG bonds, hybrid vs. senior, cyclical vs. defensive issuers). As a result, in the IG segment, we confirm our BUY recommendations on the hybrid bonds issued by Enel and Eni. We also maintain a BUY recommendation on the senior bonds issued by 2i Rete Gas, Acea, ERG, Exor and Italgas, which still offer a spread pick-up in relative terms vs. other comparable issuers and/or Italian BTPs. In contrast, we maintain a SELL recommendation on Buzzi's bonds, as we believe they could underperform given their expensive valuations and the softer outlook in 2021, driven by cost inflation, higher capex and the potential risks of M&A or share buybacks. We confirm a HOLD recommendation on the remaining IG bonds we cover, as we believe that they will continue to be supported by the ECB's corporate purchases under the CSPP and PEPP, though spreads are now generally expensive compared with the European benchmark indices. However, they are cheap compared with Italian BTPs, except for Enel, Eni, Italgas, Snam and Terna's notes.

IG segment: BUY 2i Rete Gas, Acea, ERG, Exor and Italgas senior bonds. BUY Enel and Eni hybrid bonds. SELL Buzzi bonds

In the HY and unrated segment, we confirm our BUY recommendations on ASPI, Atlantia and IGT bonds. We have a BUY recommendation on ASPI and Atlantia bonds based on our expectations of rating upgrades following the agreement signed between Atlantia and the CDP-led consortium for the sale of an 88% stake in ASPI. We maintain a BUY recommendation on IGT's bonds, based on cheap valuations coupled with upgraded guidance pointing to achieving pre-pandemic leverage ratios by YE21 (vs. 2022 previously). In contrast, we confirm our SELL recommendation on Saipem bonds, as we believe they could continue to underperform given the weakening trend in fundamentals, with potential ratings pressures if the operating environment does not stabilise over the next 12-18 months. We maintain a HOLD recommendation on the other HY bonds covered as we believe they are currently fairly priced.

HY and unrated segment: BUY ASPI, Atlantia and IGT bonds. SELL Saipem notes

Investment recommendations on Italian non-financial corporate bonds

Investment Grade	BUY	HOLD	SELL
	2i Rete Gas	A2A	Buzzi Unicem
	Acea	Aeroporti di Roma	
	Enel (hybrid)	CNH Industrial	
	Eni (hybrid)	Enel	
	ERG	Eni	
	EXOR	Hera	
	Italgas	Iren	
		Snam	
		Stellantis	
		Terna	
High Yield	BUY	HOLD	SELL
	Atlantia	Kedrion	Saipem
	Autostrade per l'Italia	Leonardo	
	IGT (Sen Sec.)	Sisal Group (Sen Sec.)	
		Telecom Italia	
Unrated	BUY	HOLD	SELL
		Prysmian	

Note: the table above refers to senior unsecured bonds unless otherwise indicated. Investment recommendation on Webuild Not Assigned. Source: Intesa Sanpaolo Research

Solid corporate bond purchases to continue in 2H21, QE tapering possible from 2022

We believe that Italian CSPP-eligible bonds will continue to be technically supported by the ECB's CSPP and PEPP in 2H21. We estimate approx. EUR 6-8Bn/month in net purchases of corporate bonds under the CSPP and the PEPP in Europe, of which historically a 10% share has been allocated to Italy country risk. We note that in 1H21, the ECB's net purchases of corporate bonds under the CSPP amounted to approx. EUR 32Bn in Europe (accounting for 20% of APP), with a monthly average of about EUR 5.3Bn. In addition, the ECB purchased a total of EUR 10Bn in corporate bonds under the PEPP in Dec-May 2021 (accounting for about 3% of total PEPP), with a monthly average of about EUR 1.7Bn. Finally, we highlight that the ECB plans to reinvest about EUR 1.4Bn of bond redemptions, on average, per month in 2021, with total gross purchases of corporate bonds estimated at EUR 7-9Bn per month in Europe.

Approx EUR 8Bn/month in corporate bonds purchases by the ECB in Europe, of which around 10% could be allocated to Italian bonds

ECB's APP net purchases breakdown by asset class (EUR M)

	ABS	Covered Bonds	Corporate Bonds	Public Sector Securities	Total APP
Jan-20	-328	3,684	4,611	12,427	20,394
Feb-20	221	3,334	5,738	14,137	23,430
Mar-20	2923	3,931	6,965	37,323	51,142
Apr-20	-325	3,582	5,560	29,624	38,441
May-20	-14	3,785	5,438	28,961	38,170
Jun-20	-255	1,731	7,515	29,779	38,770
Jul-20	-541	1,198	4,502	16,370	21,529
Aug-20	-527	500	4,004	15,150	19,127
Sep-20	-423	2,839	8,496	23,102	34,014
Oct-20	225	-1041	6,983	19,182	25,349
Nov-20	824	646	5,009	21,241	27,720
Dec-20	-800	1529	2,378	17,822	20,929
Jan-21	-807	74	4,924	13,655	17,846
Feb-21	183	1539	4,064	15,129	20,915
Mar-21	-7	684	6,929	14,955	22,561
Apr-21	-278	-5	5,015	14,186	18,918
May-21	88	686	5,394	13,973	20,141
Jun-21	-314	2037	5,602	13,320	20,645
Average	23	1,868	5,541	20,590	28,022
Share	0.1%	6.7%	19.8%	73.5%	100.0%

Source: Intesa Sanpaolo Research elaboration on ECB data

ECB's PEPP net purchases breakdown by asset class (EUR M)

	ABS	Covered Bonds	Corporate Bonds	Commercial Paper	Public Sector	Total PEPP
Mar-May	-	2,099	10,579	35,384	186,603	234,665
Jun-Jul	-	1,031	7,043	-544	198,214	205,744
Aug-Sep	-	-	2,707	-2765	126,832	126,774
Oct-Nov	-	-	442	-7782	140,160	132,820
Dec-Jan	-	2	1,571	-7703	116,339	110,209
Feb-March	-	939	4,763	-3850	131,583	133,435
Apr-May	-	-	3,956	-8176	165,038	160,818
Total	-	4,071	31,061	4,564	1,064,769	1,104,465
Share	0.0%	0.4%	2.8%	0.4%	96.4%	100.0%

Source: Intesa Sanpaolo Research elaboration on ECB data

In our view, the ECB's CSPP and PEPP will continue to provide solid technical support for Italian corporate bonds, as eligible bonds currently amount to approx EUR 83Bn, representing about 60% of the total Italian NFI senior bonds market. We estimate

approx. EUR 8Bn of net purchases of Italian corporate bonds in FY21 and approx. EUR 33Bn in holdings at YE21 (Italian holdings represent about 10% of total CSPP holdings, according to ECB data). We note, however, that about 86% of Italian CSPP-eligible bonds are represented by bonds issued by public undertakings (approx. EUR 71Bn, according to our estimates, highlighted in red in the right table below), which face the same limitations as PSPP (purchases in the secondary market up to 33% of outstanding amount vs. 70% for private issuers; no purchases allowed in primary market).

The ECB's decision on QE tapering is expected in 4Q21, with a possible start to tapering in 2022, depending on the evolution of the data

Our estimates of ECB's net purchases of corporate bonds and holdings under both the CSPP and PEPP (EUR Bn)

	Net Purchases						Holdings					
	2016E	2017E	2018E	2019E	2020E	2021E	YE16	YE17	YE18	YE19	2020	2021E
Europe	51	81	46	6	66	80	51	132	178	185	250	330
Italy	6	9	5	1	7	8	6	14	20	18	25	33

Note: E = estimates. Source: Intesa Sanpaolo Research estimates on ECB data

CSPP: Country of risk – Eurozone

Issuer	Amount Outstanding (EUR M)	%
FR	359,792	28.6
DE	303,065	24.1
ES	96,047	7.6
NL	85,161	6.8
IT	82,924	6.6
US	68,773	5.5
CH	46,488	3.7
GB	39,646	3.1
AT	39,133	3.1
BE	36,523	2.9
FI	20,208	1.6
LU	15,872	1.3
IE	12,775	1.0
PT	9,463	0.8
SE	8,750	0.7
RU	7,150	0.6
JP	6,090	0.5
DK	5,100	0.4
CZ	3,014	0.2
MX	2,097	0.2
AU	2,050	0.2
SK	1,815	0.1
CN	1,600	0.1
RO	1,500	0.1
LT	900	0.1
PL	800	0.1
BM	750	0.1
EE	725	0.1
SG	500	0.0
LV	100	0.0
Grand Total	1,207,540	100

Source: Intesa Sanpaolo estimates on Bloomberg data on 06.07.21

CSPP: Country of risk – Italy

Issuer	Amount Outstanding (EUR M)	%
2I RETE GAS SPA	2,765	3.3
A2A SPA	2,200	2.7
ACEA SPA	4,000	4.8
AEROPORTI DI ROMA SPA	1,300	1.6
AEROPORTS DE LA COTE D'AZUR	90	0.1
ANIMA HOLDING SPA	584	0.7
ASSICURAZIONI GENERALI	1,750	2.1
AZIENDA TRASP MILANESI	70	0.1
AZIMUT HOLDING SPA	850	1.0
BUZZI UNICEM SPA	500	0.6
CDP RETI SPA	750	0.9
ENEL FINANCE INTL NV	14,836	17.9
ENEL SPA	2,055	2.5
ENI FINANCE INTL SA	795	1.0
ENI SPA	14,900	18.0
ERG SPA	1,100	1.3
FERROVIE DELLO STATO	5,110	6.2
HERA SPA	2,703	3.3
IGD	400	0.5
INFRASTRUTTURE WIRELESS	2,250	2.7
IREN SPA	2,660	3.2
ITALGAS SPA	3,994	4.8
LEONARDO SPA	2,156	2.6
METROPOLITANA ACQUE TORINO	135	0.2
RADIOTELEVISIONE ITALIANA	300	0.4
SNAM SPA	7,442	9.0
TERNA SPA	7,230	8.7
Grand Total	89,294	100.0

Note: "Public undertakings" in red. Source: Intesa Sanpaolo estimates on Bloomberg data on 06.07.21

We highlight that the ECB's meeting of 22 July will be the first to embrace the new strategy resulting from the recently completed review. We recall that on 8 July the ECB announced a revision of the monetary policy strategy, confirming the transition to a symmetrical inflation target of 2% but leaving it open to the interpretation of the Governing Council how much tolerance to express towards deviations from the central level. Our economists believe that there will be changes to forward guidance and a restructuring of the "monetary policy statement", known as the "introductory statement". Otherwise, they do not expect any changes to the monetary policy mix, as the evolution of data and financing conditions does not yet require any adjustments.

ECB's transition to symmetrical inflation target of 2%

Analysts are unanimous in their assessment that policy rates will remain unchanged, as will the volume of net APP purchases and net PEPP purchases in 3Q21. This is because the evolution of data over the past few weeks has been consistent with the materialisation of the post-pandemic rebound forecast by ECB staff, and the resurgence of infections tied to the diffusion of the Delta variant of SARS-CoV2 has not, to date, prompted any restrictive measures capable of causing a setback anytime soon. The potential evolution of the internal debate on the PEPP, with a minority already convinced that a tapering of net purchases is appropriate, will only emerge with the publication of the meeting accounts. However, our economists believe that the ECB will only decide in 4Q21 whether or not to reduce purchases.

Given its commitment to tackling climate change, on 8 July the ECB announced that it will adjust the framework that guides the allocation of corporate bond purchases to incorporate the climate change criteria and said that it "will introduce disclosure requirements for private sector assets as a new eligibility criterion or as a basis for a differentiated treatment for collateral and asset purchases. Such requirements will take into account EU policies and initiatives in the field of environmental sustainability disclosure and reporting and will promote more consistent disclosure practices in the market, while maintaining proportionality through adjusted requirements for small and medium-sized enterprises". As a consequence, the ECB could abandon its current market neutrality approach in CSPP and introduce environmental disclosure requirements as a condition for issuers to maintain CSPP-eligibility for their bonds starting from 2022. This could support the performance of ESG bonds vs. non-ESG bonds.

CSPP's allocation to be skewed towards ESG bonds from 2022 to tackle climate change

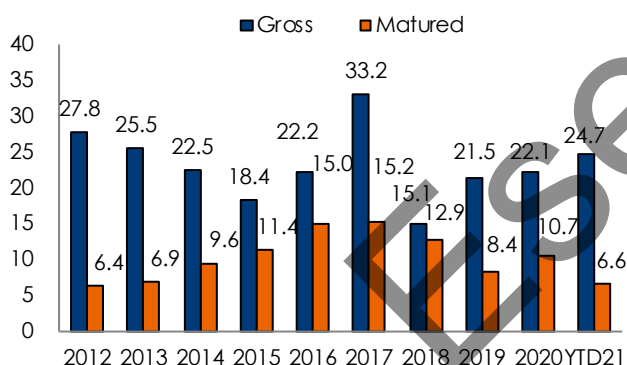
Italian Corporate Primary Bond Market

Record Issuance in 1H21

Gross issuance by Italian non-financial corporates jumped to EUR 24.2Bn in 1H21 (EUR 24.7Bn YTD in 2021), marking the highest amount issued in a first half-year since 2010 and already surpassing the 10Y annual average of EUR 22Bn. Moreover, if we include the bonds issued by non-Italian companies but controlled by the Agnelli family (EUR 500M by Exor and EUR 3.75Bn by Stellantis), total gross issuance reached a record level of EUR 29Bn YTD in 2021. This amount compares very favourably with the EUR 5.9Bn issued in 1H20, when the domestic primary market was shut down from mid-February to mid-May due to the coronavirus outbreak in Italy. In detail, the surge in gross issuance in 1H21 was driven by HY and unrated bonds (up more than tenfold, to EUR 9.7Bn from EUR 0.9Bn in 1H20) while IG bonds almost tripled, to EUR 14.5Bn from EUR 5Bn, representing 60% of the total (down vs 85% in 1H20). CSPP-eligible bonds more than doubled, to EUR 10.7Bn from EUR 5Bn in 1H20, below the surge in IG bonds, given the EUR 4.25Bn in hybrid bonds issued in 1H21, which are not CSPP-eligible. Frequent issuers continued to dominate the primary market in 1H21, as they remain eager to lock in very low funding costs. However, we also saw six new entries in the HY and unrated segment (Brunello Bidco, Newlat, Italian Wine Brands, Golden Goose, Cedacri MergeCo and Libra GroupCo), which issued a total of EUR 2.9Bn in 1H21 (vs only Intek Group in 1H20, with a EUR 76M bond).

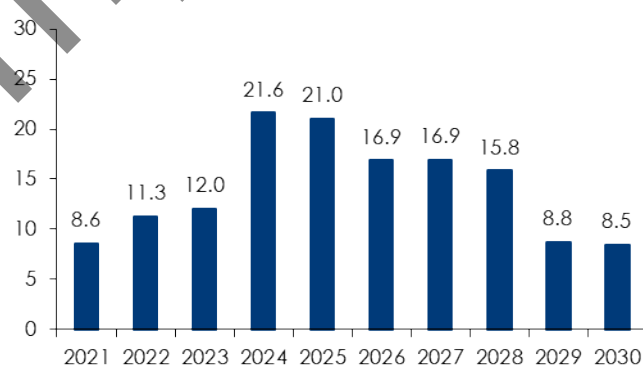
Gross issuance jumped to approx. EUR 25Bn YTD in 2021, a record level, already surpassing the 10Y annual average of EUR 22Bn

Italian corporate bond gross issuance vs maturities (EUR Bn)



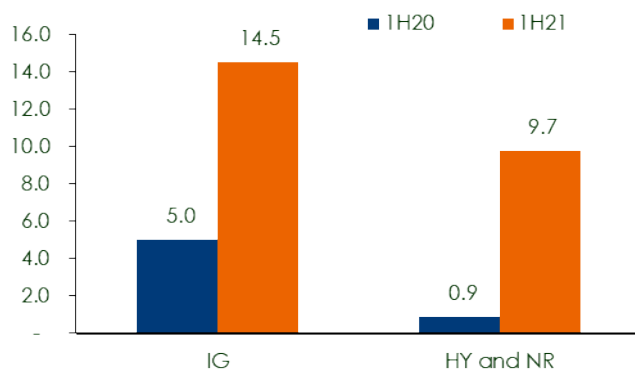
Source: Intesa Sanpaolo Research elaboration on Bloomberg data

Italian corporate bond maturities in 2021-2030 (EUR Bn)



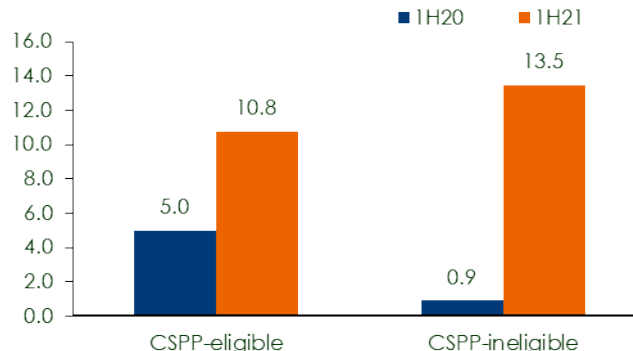
Source: Intesa Sanpaolo Research elaboration on Bloomberg data

Italian corporate bond gross issuance by rating (EUR Bn)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data

Italian corporate bond gross issuance by CSPP eligibility (EUR Bn)

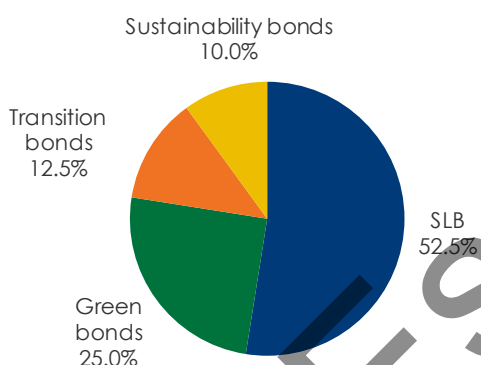


Source: Intesa Sanpaolo Research elaboration on Bloomberg data

We highlight that 27 companies tapped the primary market in 1H21 (vs nine in 1H20), issuing 39 new bonds (vs 11), with the average size of new issues up 16% yoy, to approx EUR 620M. In terms of maturity, there was a prevalence of 7-10Y tenors for IG issuance and 5-7Y for HY and unrated new notes. We also note that a total of EUR 4.25Bn was issued in terms of hybrid bonds (vs EUR 0.6Bn by Enel in 1H21), of which EUR 2.25Bn by Enel and EUR 2Bn by Eni. Sustainable issuance jumped to EUR 9.5Bn in 1H21 (EUR 10Bn YTD in 2021, including a EUR 0.5Bn SLB issued by Acea in July), sharply up vs EUR 0.5Bn in 1H20 and EUR 1.9Bn in FY20. In detail, EUR 5.25Bn in sustainability-linked bonds (SLB) were issued by A2A, ADR, Enel and Eni (vs EUR 100M by Veritas in 2020), representing the most popular ESG category issued YTD in 2021, accounting for 52.5% of the total. In our view, this is explained by the higher flexibility allowed in the use of proceeds, which is not tied to specific “green projects”, as is the case for green bonds. With an SLB, the issuer commits to achieving certain sustainable targets, with a step-up margin applicable in case of failure to reach them. EUR 2.5Bn in green bonds were issued by Acea, FS and Terna, accounting for 25% of ESG gross issuance (59% in 2020), followed by EUR 1.25Bn in transition bonds issued by Snam and EUR 1Bn in sustainability bonds issued by Telecom Italia. According to our calculations, total Italian ESG bonds outstanding amounted to roughly EUR 26Bn YTD in 2021, with 55% in green bonds, 30% SLBs, 11% transition bonds, and 4% sustainability bonds.

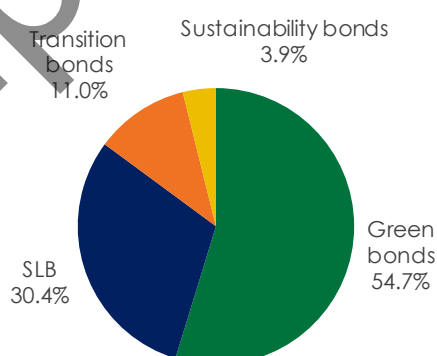
ESG bonds up to EUR 10Bn YTD in 2021, hybrid bonds up to EUR 4.3Bn

ESG bond issuance by category (YTD 2021)



Source: Intesa Sanpaolo Research elaboration on Bloomberg and Company data

Total ESG bond outstanding by category (YTD 2021)



Source: Intesa Sanpaolo Research elaboration on Bloomberg and Company data

Outlook: Boom in gross issuance expected in 2021

Based on the strong volumes already issued YTD in 2021 (approx EUR 25Bn), we revise upward our estimates for FY21 gross issuance from EUR 22.5Bn to EUR 30Bn, up by approx 35% yoy. This implies a slowdown in 2H21 vs 2H20 (-65%, to approx EUR 6Bn), reflecting the boom in 1H21 and the unfavourable comparison with 2H20, which was a strong half-year (+20% yoy, to over EUR 16Bn), coming after a weak 1H20 (-25% yoy, to approx EUR 6Bn). We estimate that new IG issuance could increase by about 33%, to approx EUR 17.5Bn in 2021 (accounting for 58% of the total), while the HY and unrated segment could increase by 39%, to approx EUR 12.5Bn.

Slowdown in gross issuance expected in 2H21, after the boom in 1H21

Our estimates of Italian NFI gross issuance in EUR for FY21 (EUR M)

	FY19	FY20	% Chg yoy	1H20	1H21	% Chg yoy	FY21E new	% Chg yoy	FY21E old	% Chg yoy	2H20	2H21E	% Chg yoy
Total	21,471	22,141	3.1	5,901	24,240	310.8	30,000	35.5	22,500	1.6	16,240	5,760	-64.5
of which IG	15,676	13,140	-16.2	5,000	14,500	190.0	17,500	33.2	13,500	2.7	8,140	3,000	-63.1
of which HY &NR	5,795	9,001	55.3	901	9,740	981.0	12,500	38.9	9,000	0.0	8,100	2,760	-65.9
IG/total (%)	73.0	59.3		84.7	59.8		58.3		60.0		50.1	52.1	
HY/total (%)	27.0	40.7		15.3	40.2		41.7		40.0		49.9	47.9	

Note: E = estimates. Source: Intesa Sanpaolo Research elaboration on Bloomberg and Company data

We believe that frequent issuers could continue to tap the primary market in order to both lengthen their average debt durations and diversify their funding sources while benefiting from a very cheap cost of funding. In addition, new bond issuance could continue to be supported by the ECB's CSPP and PEPP, with net purchases of NFI bonds estimated at EUR 8Bn/month in Europe in 2021, of which around 10% is potentially destined for Italian corporate bonds. We also believe that the primary market could be supported by ongoing strong investor appetite for ESG and hybrid bonds. In this respect, we note that Italgas could consider issuing an SLB while Terna could evaluate the issuance of hybrid bonds in order to fund its heavy investment plan, noting that hybrid bonds are assigned a 50% equity content by rating agencies and a 100% equity content by IFRS accounting principles while offering a lower cost of funding vs equity issuance. In this respect, we note that our economists forecast strong growth in domestic investment in 2021 (+15%) and 2022 (+6.4%). As a result, we believe that new bonds could be issued to support the higher investment in the construction, infrastructure, telecom and utility sectors, which should be the main beneficiaries of the Italian NRRP (amounting in total to EUR 235Bn by 2026 and EUR 248Bn by 2032, including over EUR 30Bn funded via national resources).

Strengths: low cost of funding, rising investments, and strong investor demand for ESG and hybrid bonds

On the other hand, we believe that, on average, the companies we cover have low refinancing risk until 2024, thanks to solid pre-funding already done in 2020 and YTD in 2021, with low bond maturities in 2021-2023. We also note that loans from Italian banks will continue to be cheaper compared with bonds, especially for tenors below five years, and for Italian HY and SMEs, for which access to the debt capital markets could remain less convenient. In this respect, we highlight that the average rate on new loans over EUR 1M to non-financial companies decreased slightly, to 0.77%, in April, 56bps cheaper vs the Euro area average (source Bank of Italy and ECB data).

Weaknesses: low refinancing risk, on average, and high competition from bank loans

Strengths

- Solid support from the ECB's CSPP and PEPP;
- Cheap cost of funding, diversification of funding sources and lengthening of debt duration;
- Higher corporate investment spending;
- High investor demand for ESG and hybrid bonds.

Weaknesses

- Bank loans below five years' duration cheaper than bonds;
- Low refinancing needs, on average, until 2024;
- Low bond maturity in 2021-2023;
- Market volatility.

Source: Intesa Sanpaolo Research

Italian non-financial corporate issues in 2020 and 2021: Euro-denominated

Italian non-financial corporate bonds denominated in Euro – Senior

2020	Name	M	Coupon	Coupon Type	Maturity	Sprd at Issue ^{1,2}	Moody's	Fitch
Jan.16	ENI	1,000	0.625	Fixed	23.01.30	50	-	A-
Jan.21	Salini Impregilo	250	3.625	Fixed	28.01.27	-	-	BB
Jan.29	ACEA	500	0.500	Fixed	06.04.29	63	-	-
Feb.05	Amplifon	350	1.125	Fixed	13.02.27	140	-	-
Feb.05	FABRIC BC	225	-	Fixed	31.08.26	-	-	-
Feb.18	Intek Group	76	4.500	Fixed	18.02.25	-	-	-
May.11	Eni	1,000	1.250	Fixed	18.05.26	165	Baa1	A-
May.11	Eni	1,000	2.000	Fixed	18.05.31	210	Baa1	A-
Jun.10	Snam	500	0.750	Fixed	17.06.30	80	Baa2	BBB+
Jun.17	Italgas	500	0.250	Fixed	24.06.25	72	Baa2	BBB+
Jun.23	Iren	500	1.000	Fixed	01.07.30	135	-	-
Jul.01	Leonardo	500	2.375	Fixed	08.01.26	290	Ba1	BBB-
Jul.01	INWIT	1,000	1.875	Fixed	08.07.26	220	-	BBB-
Jul.07	Saipem	500	3.375	Fixed	15.07.26	-	-	-
Jul.16	Gamma BIDCO	300	-	Floating	15.07.25	-	B1	-
Jul.16	Gamma BIDCO	340	6.250	Fixed	15.07.25	-	B1	-
Jul.17	Terna	500	0.750	Fixed	24.07.32	-	-	-
Jul.21	Azzurra Aeroporti	360	2.125	Fixed	30.05.24	255	Baa3	-
Jul.21	Azzurra Aeroporti	300	2.625	Fixed	30.05.27	300	Baa3	-
Jul.24	Inter Media Communication	75	4.875	Fixed	12.31.22	900	-	BB-
Sep.04	ERG	500	0.500	Fixed	11.09.27	95	-	BBB-
Sep.18	Terna	500	0.375	Fixed	25.09.30	65	Baa2	BBB+
Oct.02	Campari	550	1.250	Fixed	06.10.27	165	-	-
Oct.02	SEA	300	3.500	Fixed	09.10.25	394	-	-
Oct.02	Centurion Bidco	605	5.875	Fixed	09.30.26	686	B2	BB-
Oct.13	Infrastrutture Wireless	750	1.625	Fixed	21.10.28	200	-	-
Oct.21	A2A	500	0.625	Fixed	28.10.32	85	-	-
Nov.25	Aeroporti di Roma	300	1.625	Fixed	02.02.29	236	Ba3	-
Nov.25	Hera	500	0.250	Fixed	03.12.30	93	-	-
Nov.27	Veritas	100	3.250	Fixed	12.10.27	-	-	-
Nov.30	Snam	600	0.000	Fixed	07.12.28	72 vs DBR 0 1/4 8/28	Baa2	-
Dec.01	Autostrade per l'Italia	1,250	2.000	Fixed	04.12.28	250	Ba3	-
Dec.03	Webuild	550	5.875	Fixed	15.12.25	663	-	-
Dec.09	Ferrovie dello Stato	80	0.000	Fixed	15.12.23	-	-	BBB-
Dec.10	Iren	300	0.250	Fixed	17.01.31	64	-	-
Dec.10	Sofima holding	830	3.750	Fixed	15.01.28	451 vs DBR 5 5/8 1/28	B2	-
Dec.10	Sofima holding	450	-	Floating	15.01.28	-	B2	-
Dec.15	ERG	100	0.500	Fixed	11.09.27	77	-	-
Tot.		19,016						
2021								
Jan.11	Telecom Italia	1,000	1.625	Fixed	18.01.29	206	Ba2	BB+(EXP)
Jan.12	Autostrade per l'Italia	1,000	2.000	Fixed	15.01.30	235	Ba3	Bb+
Jan.20	Rekeep	350	7.250	Fixed	01.02.26	799 vs. DBR 0 1/2 2/26	B2	-
Jan.21	ACEA	300	0.000	Fixed	28.09.25	40	Baa2	BBB+
Jan.21	ACEA	600	0.250	Fixed	28.07.30	65	Baa2	BBB+
Jan.21	Webuild	200	5.875	Fixed	15.12.25	582	-	BB
Jan.22	2i Rete Gas	500	0.579	Fixed	29.01.31	78	Baa2	-
Jan.27	Brunello BIDCO	300	3.500	Fixed	15.02.28	422 vs DBR 0 1/2 02/28	B3	B+(EXP)
Jan.27	Brunello BIDCO	850	-	Floating	15.02.28	-	B3	B+(EXP)
Feb.02	Italgas	500	0.500	Fixed	16.02.33	60	Baa2	BBB+
Feb.02	Italgas	500	0.500	Fixed	16.02.33	60	Baa3	BBB+
Feb.08	Snam	500	-	Fixed	15.08.25	37	Baa2	BBB+
Feb.08	Snam	250	0.750	Fixed	17.06.30	50	Baa2	BBB+
Feb.09	Atlantia	1,000	-	Fixed	12.02.28	230	Ba3	BB
Feb.09	Newlat Food	200	2.625	Fixed	19.02.27	-	-	-
Mar.18	Ferrovie dello Stato	1,000	0.375	Fixed	25.03.28	60	-	BBB-
Mar.18	Gamma Bidco	575	5.125	Fixed	15.07.25	-	B1	-
Mar.23	Saipem Finance	500	3.125	Fixed	31.03.28	-	Ba2	-
Apr.12	INWIT	500	1.750	Fixed	19.04.31	180	-	BBB-
Apr.19	Ferrovie dello Stato	250	-	Floating	23.04.21	-	-	-
Apr.21	Aeroporti di Roma	500	1.750	Fixed	30.07.31	180	Baa3	BBB-
Apr.29	Kedrion	410	3.375	Fixed	15.05.26	393 vs OBL 0 10/26	B1	-
May.03	Italian Wine Brands	130	2.500	Fixed	15.05.27	-	-	-

Notes: Green bonds highlighted in green. The ratings reported in the table are those at issue date on individual issues. 1) For fixed bond spreads over MID Swap at launch; 2) Floaters = floater spreads. Only issues that amount to a minimum of EUR 50M are included. Source: Bloomberg

Italian non-financial corporate bonds denominated in Euro – Senior - continue

May.07	Golden Goose	480	4.875	Floating	14.05.27	487	B2	B+
May.12	International Design Group	470	4.250	Floating	15.05.26	-	B2	B
May.14	Cedacri Mergeco	650	-	Floating	15.05.28	-	B3	B+
May.14	Libra Group	275	5.000	Fixed	15.05.27	546	B2	-
May.19	Marcolin	350	6.125	Fixed	15.11.26	662	B3	-
Jun.07	Eni	1,000	0.375	Fixed	14.06.28	50	Baa1	A-
Jun.08	Enel	1,000	0.000	Fixed	17.06.27	38	Baa1	A-
Jun.08	Enel	1,250	0.500	Fixed	17.06.30	50	Baa1	A-
Jun.08	Enel	1,000	0.375	Fixed	14.06.28	65	Baa1	A-
Jun.16	Terna	600	0.375	Fixed	23.06.29	45	Baa2	A-
Jun.23	Guala	500	3.250	Fixed	15.06.28	-	B1	-
Jun.24	Snam	500	0.625	Fixed	30.06.31	65	Baa2	BBB+
Jul.07	A2A	500	0.625	Fixed	15.07.31	65	Aa2	-
Tot.		20,490						

Notes: Green bonds highlighted in green. The ratings reported in the table are those at issue date on individual issues. 1) For fixed bond spreads over MID Swap at launch; 2) Floaters = floater spreads. Only issues that amount to a minimum of EUR 50M are included. Source: Bloomberg

Italian non-financial corporate bonds denominated in Euro – Hybrids

Pricing date	Name	M	Coupon	Coupon Type	Maturity	Sprd at Issue ^{1,2}	Moody's	Fitch
2020								
Sep.01	Enel	600	2.25	Variable	Perpetual	268	Ba1	BBB(EXP)
Oct.06	Eni	1,500	3.375	Variable	Perpetual	364	Baa3	BBB(EXP)
Oct.06	Eni	1,500	2.625	Variable	Perpetual	317	Baa3	BBB(EXP)
Tot.		3,600						
2021								
March.03	Enel	1,250	1.375	Variable	Perpetual	172	Baa3	BBB
March.03	Enel	1,000	1.875	Variable	Perpetual	201	Baa3	BBB
May.04	Eni	1,000	2.000	Variable	Perpetual	220	Baa3	BBB
May.04	Eni	1,000	2.750	Variable	Perpetual	277	Baa3	BBB
Tot.		4,250						

Notes: the ratings reported in the table are those at issue date on individual issues. 1) For fixed bond spreads over MID Swap at launch; 2) Floaters = floater spreads. Only issues that amount to a minimum of EUR 50M are included. Source: Bloomberg

Italy Macro Picture

Italy: first upward revision of growth estimates since the COVID outbreak

We have recently revised upwards our Italian GDP forecasts, to 4.6% in 2021 and 4% in 2022. This year the economy will remain almost 5% below the values of 2019, but it is expected to recover its pre-COVID levels at the end of 2022 (earlier than previously forecast). In addition, growth should remain above potential until 2026, due to both the post-pandemic rebound and the effects of the National Recovery and Resilience Plan. We think at this stage risks to growth forecasts are skewed to the upside.

In Italy, **GDP was little changed at the start of the year** (+0.1% qoq, after -1.8% at the end of 2020), **but it is forecast to grow back already in the 2nd quarter of the year** (we estimate by at least one full percentage point in qoq terms) and **then accelerate markedly in the Summer quarter** (for which we estimate qoq growth in the order of two percentage points). These estimates are subject to a high degree of uncertainty, but **risks are on the upside**. We then expect a less lively expansion as from the end of this year, but still at rates well above the historic average for the Italian economy (around 0.8% qoq). As an average for the year, **we recently revised upwards our estimate for GDP growth in 2021, to 4.6%** from a previous 3.7%; we then see the economy expanding 4% in 2022. In general, GDP is forecast to grow above potential for several years (2.5% in 2023, 1.6% in 2024, 1% in 2025, 0.8% in 2026), driven both by the post-COVID rebound and by the effects of the National Recovery and Resilience Plan. In our scenario, **in 2021 GDP would remain by as much as 4.8% below the 2019 figures, but would recover pre-COVID levels at the end of 2022** (earlier than previously forecast).

The **upwards revision of the short-term forecast** stems not only from higher than expected GDP figures in the 1st quarter of the year, but also from the following factors:

- Progress in containing the epidemiological curves is enabling a **faster reopening of the economy than forecast**: the peak in the stringency of anti-COVID measures was hit in the second half of March; from the end of April, a process started for the gradual easing of restrictions, which has seen a clear acceleration in recent weeks (today, the whole country is a "white zone", i.e. not subject to particular restrictions except for the ban on gatherings, the need to use PPE and the suspension of events with a large audience);
- **Confidence surveys** saw a clear improvement in the last few months: progress among businesses is no longer limited just to manufacturing and construction, but is starting to involve also retail and services;
- The **vaccination campaign** has changed gear in recent weeks, exceeding the Government target of 500 thousand jabs a day: at these rates, the goal of immunising 80% of the population could be achieved (assuming a slowdown in August) around mid-September, i.e. a couple of weeks earlier than forecast in the national vaccination plan. This reduces the risk of a possible re-emergence of the pandemic in the Autumn.

The **upwards revision of the medium/long-term forecast was due not only to the post-COVID rebound, but also to the impact of the National Recovery and Resilience Plan**, which in its final version saw not only an "enhancement" with the use of national resources (Table 1), but also an allocation of funds which looks more growth-supportive

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GDP is forecast to rebound both in the short term on the back of the reopenings...

...and in the medium term, helped by the boost from the NRRP

than previous drafts. In our estimate, the NRRP could boost the level of GDP in the final year of the plan (2026) by 2.2%¹ compared to the base scenario (vs +1.8% in the "low" scenario, +2.7% in the "medium" scenario and 3.6% in the "high" scenario, according to Government estimates). We think **the "additional" impact on GDP growth may peak in 2022-23 (0.7% in 2022, 0.5% in 2023).**

This year, the biggest contribution to GDP growth will come, in our view, from investment, driven in particular by construction - the only demand component (together with public consumption) to have already returned to pre-COVID levels. The investments' momentum will remain lively in coming years, thanks to the lower uncertainty about the healthcare and economic scenario, and thanks to the impact of the NRRP: besides the effects of higher public spending, private investment will benefit from tax breaks on R&D (included in the "Transizione 4.0" chapter) and on residential spending (the so-called "Superbonus").

This year, the biggest contribution to growth will come from investment, while the recovery in consumption will be more gradual

Household consumption will only partially recover this year (+3.6% after -10.7% in 2020), once again dragged down by services (above all due to the drop recorded at the start of the year), **but it is destined to speed up significantly next year** (to 5.7%). If all the additional savings accumulated in 2020 were spent this year, there would be an impact on nominal household consumption of around 71 billion Euro (over 4% of GDP); however, persisting uncertainty suggests that the impact on consumption will be gradual; in addition, the concentration of additional savings among higher-income households (with a lower propensity to consume) could lessen the impact on overall final spending. The savings rate, after almost doubling in 2020 (to 15.8% from 8.1% in 2019), will start to fall this year (we estimate to 14.3%), but remaining well above its pre-pandemic levels (10.7%) in 2022 too.

Foreign trade started to recover some time ago, barely touched by the second and third waves of COVID last Autumn and Winter: we see a double-digit rebound this year for both exports and imports (which, nonetheless, will not recover their pre-crisis levels). Goods exports are proving lively, especially to the United States and Asia, and could speed-up in coming months towards European countries; on the contrary, exports of services (with particular reference to tourism) may not recover their pre-pandemic levels even in 2022. In any case, at this stage imports are proving more dynamic than exports, resulting in a negative contribution to GDP.

In terms of inflation, the fall in commodity prices during the first lockdown enabled companies to maintain profit margins during the worst stage of the crisis. The subsequent faster-than-anticipated recovery in global demand has caused bottle necks in some sectors, where supply has not kept pace with demand. We believe that this upstream pressure on the value chain (arising more from international than domestic factors) may peak this year and gradually fall away in coming months as supply adjusts to demand (we see the PPI slowing down to 1.7% next year from 4.7% in 2021). **Consumer price inflation should remain relatively contained, and below the Eurozone average, this year (1.4% on the HICP in our estimate), and remain little changed looking into 2022. Yet, admittedly, risks on these forecasts are on the upside.** In any case, a persisting high output gap, and ample slack in the labour market (we see unemployment peaking on a yearly average not in 2021 but in 2022, at 11%), will

Inflationary pressures upstream on the production chain should gradually ease in coming months

¹ In our simulation, the lower impact on GDP compared to the Government's estimate depends on higher imports, as well as lower exports, not from a lower intensity of the impact on domestic demand (indeed the impact we estimate on investments is higher than that indicated by the Government in its most optimistic scenario)

continue to put downward pressure on core inflation, forecast to remain below 1% in 2021-22.

This year, fiscal policy is even more supportive than last year, given that stimulus packages have been approved with a face value higher than in 2020. However, **final results for the deficit could be better than forecast** (as happened last year), due to a not-full take-up of support measures, and the resilience of tax revenues. We see the deficit at 10.6% of GDP this year (from the 11.8% targeted by the Government), and 5.1% next year. Public debt should peak this year at 158.6% in our estimate, but the fall in subsequent years will be less marked than estimated by the Government (in our view, **it might take more than 10 years to return to pre-COVID debt levels**). However, we believe that investors' concerns over Italy's country risk may remain limited over the next 12 months, thanks to the ongoing support of the ECB and the high level of credibility guaranteed by Prime Minister Mario Draghi.

Fiscal policy will gradually become less supportive, but a decline in the debt trajectory will be very slow

On the political front, **our base scenario is that the current "national unity" Government can last until the end of the legislature in 2023**. On the reform front, we are confident that some results will be achieved, especially on reforming the public administration and the civil justice system (two pillars of the Italian NRRP, addressing two of the country's traditional weaknesses), while it could be more difficult to reach an agreement among the main political parties on the reform of criminal justice and the tax system. Upcoming political appointments include municipal elections in some important cities in the Autumn (Rome, Milan, Naples, Turin, and Bologna), and the election of the new President of the Republic by Parliament, which is expected by February 2022. The risk of early elections next year cannot be completely ruled out if, as divisive issues emerge on the Government's agenda, some political parties are tempted to withdraw their support for Draghi to benefit from a possible victory at a snap vote; we estimate the chances of this scenario at less than 50% but not completely negligible (in the 30-40% range).

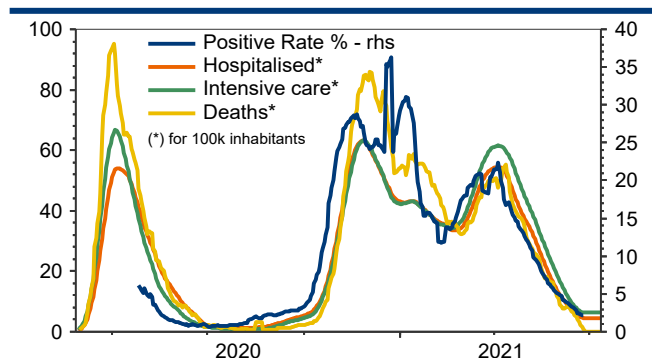
Attention in coming months will be focused on the Government's ability to implement reforms

Forecast Table

	2020	2021f	2022f	2020	2021f			2022f					
				2	3	4	1	2	3	4	1	2	3
GDP (constant prices, y/y)	-8.9	4.6	4.0	-18.1	-5.2	-6.5	-0.8	15.1	1.3	4.0	4.8	4.6	3.4
- q/q change				-12.9	15.9	-1.8	0.1	1.0	2.0	0.8	0.8	0.8	0.8
Private consumption	-10.7	3.6	5.7	-11.8	13.0	-2.7	-1.2	2.7	3.3	1.4	1.1	0.9	0.7
Fixed investment	-9.2	15.0	6.4	-17.3	29.5	0.4	3.7	2.0	1.3	1.5	1.8	1.5	1.4
Government consumption	1.6	2.0	0.8	-1.1	1.5	1.6	-0.2	0.4	0.3	0.2	0.2	0.2	0.2
Export	-14.5	10.7	5.7	-24.2	30.8	1.5	-0.1	2.5	2.0	1.5	1.3	1.2	1.0
Import	-13.1	12.7	7.3	-18.2	14.5	5.7	2.3	3.0	2.5	2.3	2.0	1.2	0.8
Stockbuilding (% contrib. to GDP)	-0.2	-0.4	-0.4	-0.3	-1.6	0.5	0.9	-0.9	-0.1	-0.1	0.0	0.0	0.0
Current account (% of GDP)	3.4	3.1	2.6										
Government Balance (% of GDP)	-9.5	-10.6	-5.1										
Government Debt (% of GDP)	155.8	158.6	155.5										
HICP (y/y)	-0.1	1.4	1.4	-0.2	-0.2	-0.4	0.7	1.2	1.7	1.9	1.4	1.3	1.4
Industrial production (y/y)	-11.0	11.5	3.9	-26.1	-4.2	-2.3	8.9	34.3	3.7	4.3	3.6	2.5	4.5
Unemployment (%)	9.3	10.7	11.0	8.3	9.9	9.9	10.4	10.6	10.8	11.0	11.1	11.1	11.0
10-year yield	1.11	0.96	1.70	1.62	0.98	0.61	0.59	0.88	1.01	1.37	1.54	1.70	1.76

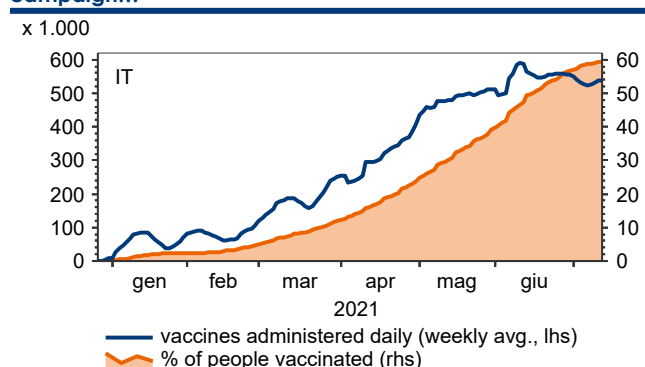
Annualised percentage changes on the previous period – unless otherwise indicated. Source: Thomson Reuters-Datastream, Intesa Sanpaolo

Fig. 1 – The improvement in the epidemic curves...



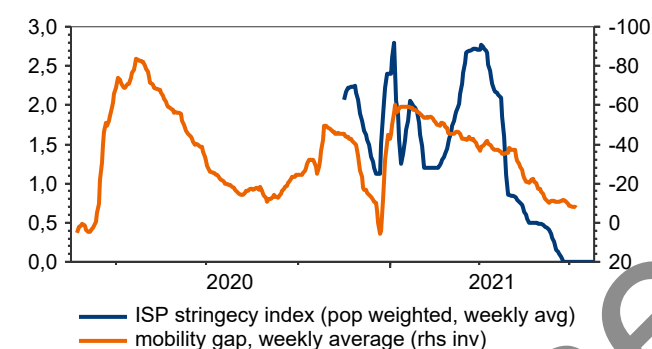
Source: Intesa Sanpaolo chart on Italian Civil Protection data

Fig. 2 – ...and the marked acceleration in the vaccination campaign...



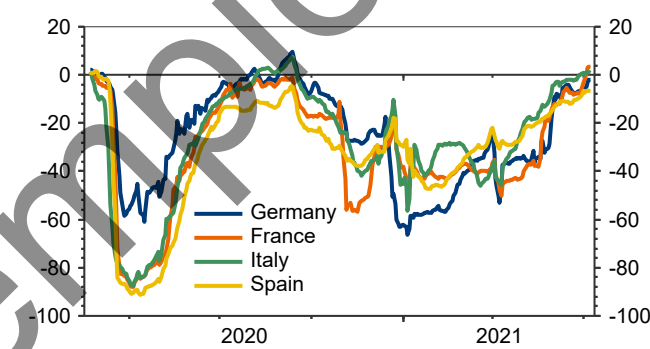
Source: Our World in Data, Intesa Sanpaolo chart

Fig. 3 – ...are enabling a clear easing of restrictive measures and a recovery in mobility...



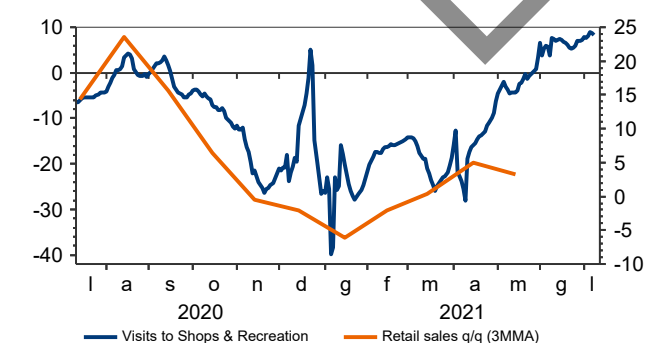
Source: Intesa Sanpaolo chart of data from the Government and Google LLC (COVID-19 Community Mobility Reports)

Fig. 4 – ...which seems even quicker than that under way in the other main members of the Eurozone



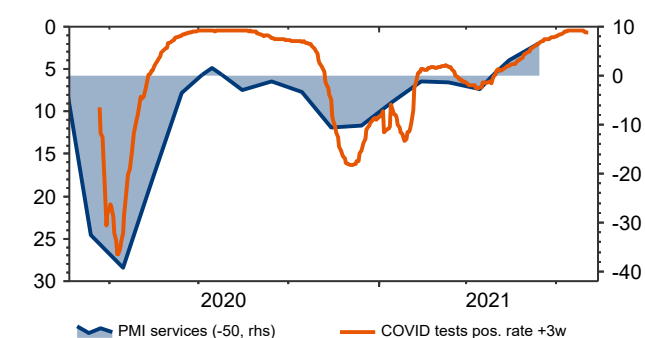
Source: Google Community Mobility Report

Fig. 5 – In coming months, recovery will be driven by consumption on the demand side...



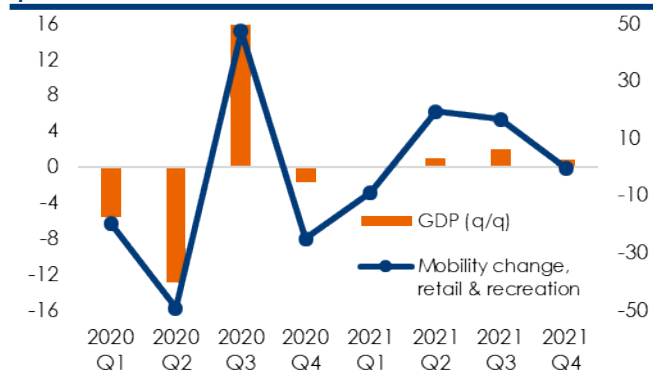
Source: Intesa Sanpaolo chart on data from Istat and Google Community Mobility Reports

Fig. 6 – ...and by services on the supply side (i.e. by the components which were worst affected previously)



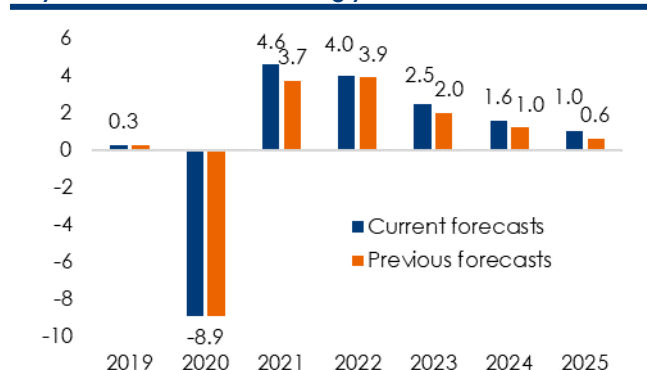
Source: Intesa Sanpaolo chart on IHS Markit and Italian Civil Protection data

Fig. 7 – The impact of “reopening” will peak in the 2nd and 3rd quarters



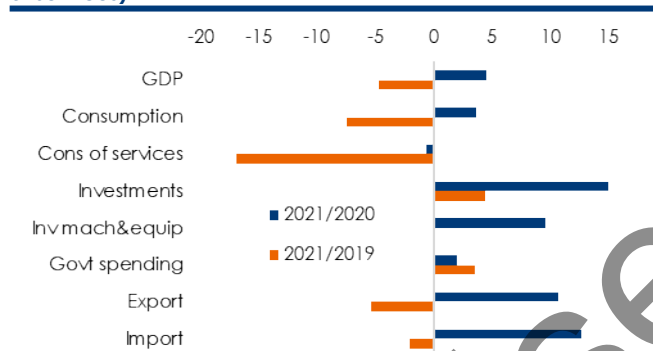
Source: Intesa Sanpaolo chart and forecasts on data from Istat and Google LLC (COVID-19 Community Mobility Reports)

Fig. 8 – We recently raised our forecasts for Italian GDP, not only for 2021 but also for coming years



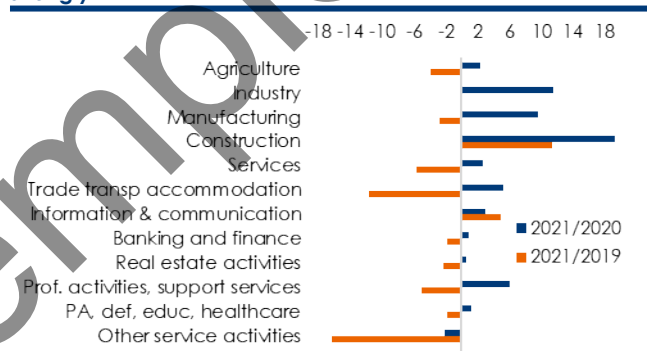
Source: Intesa Sanpaolo forecasts on annual % change in real GDP

Fig. 9 – Albeit rebounding by 4.6% in 2021, GDP in 2021 will remain 4.8% lower than 2019 levels (weighed by consumption of services)



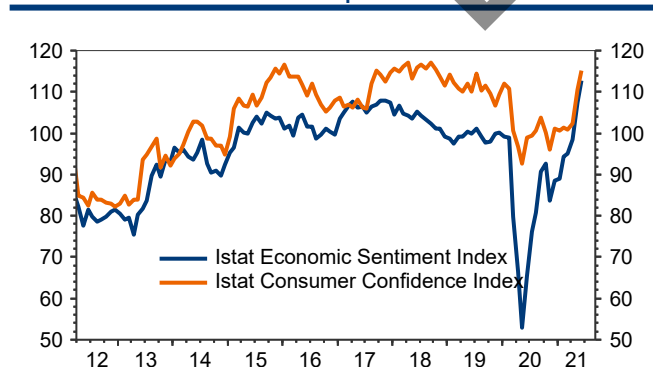
Source: Intesa Sanpaolo forecasts on Istat data

Fig. 10 – Also on the supply side, services will be the main drag on added value, while construction is expected to grow strongly



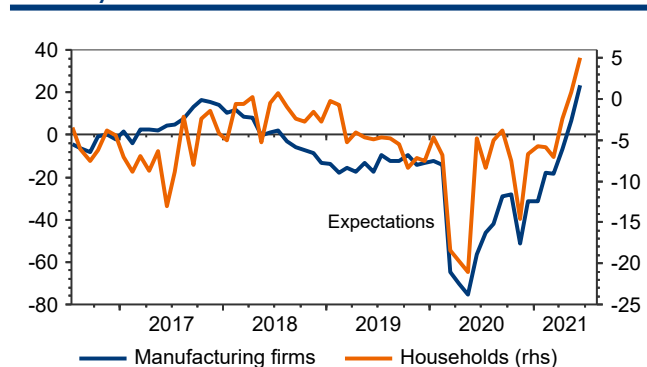
Source: Intesa Sanpaolo forecasts on Istat data

Fig. 11 – Surveys saw a marked acceleration in recent months, both for households and for companies...



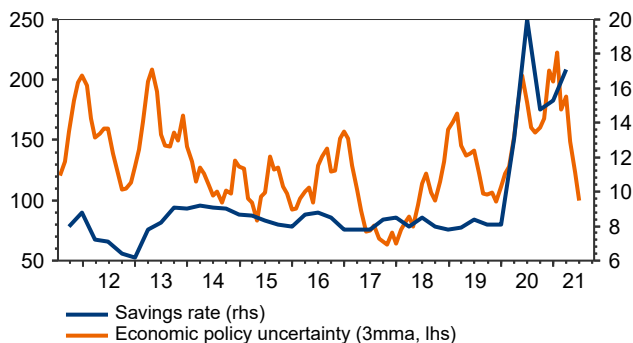
Note: the Istat confidence series are interpolated from the missing figure for April 2020. Source: Intesa Sanpaolo chart and forecasts on Istat data

Fig. 12 – ...especially as regards expectations for the economy



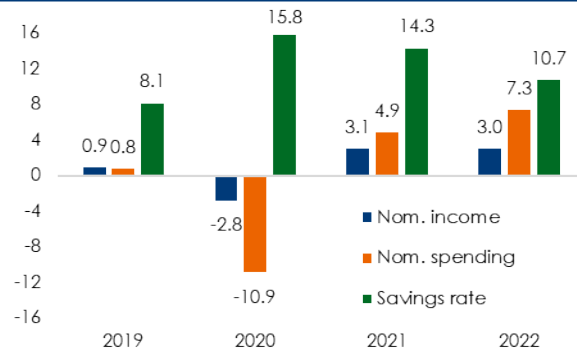
Note: the Istat confidence series are interpolated through the missing figure for April 2020. Source: Intesa Sanpaolo chart and forecasts on Istat data

Fig. 13 – The savings rate is expected to fall with the gradual easing of uncertainty over the healthcare and economic situation...



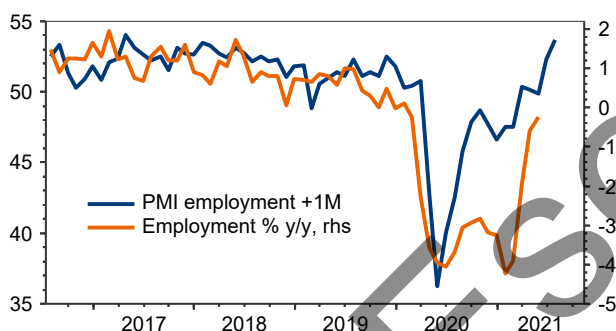
Source: Intesa Sanpaolo chart on Istat and www.policyuncertainty.com data

Fig. 14 – ...but the fall will be gradual, limiting the recovery in consumption



Note: % change yoy in household income and spending at current prices, savings rate as % of disposable income
Source: Intesa Sanpaolo chart and forecasts on Istat data

Fig. 15 – Surveys show a recovery in employment which is starting to be visible from hard data



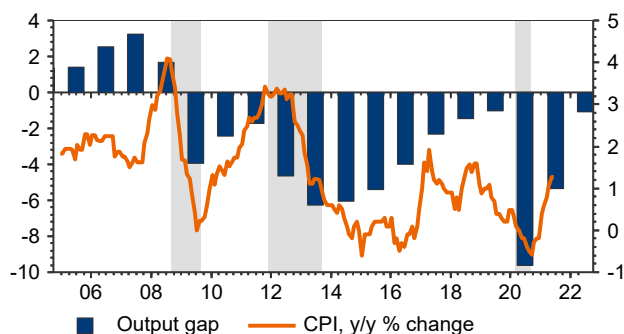
Source: Intesa Sanpaolo charts on Istat, IHS Markit data

Fig. 16 – However, higher participation (together with the ending of the ban on dismissals and of the universal redundancy fund) will ensure that the unemployment rate may turn only later on



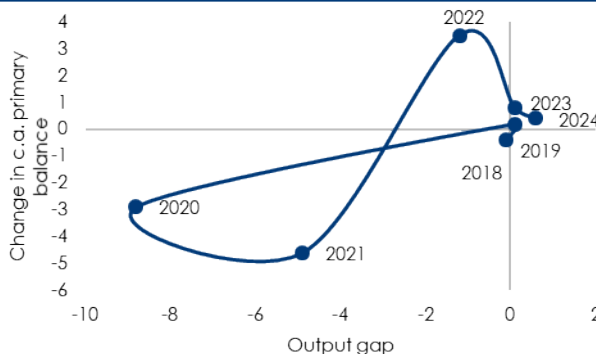
Source: Intesa Sanpaolo chart and forecasts on Istat data

Fig. 17 – The wide output gap will continue to put downward pressure on inflation



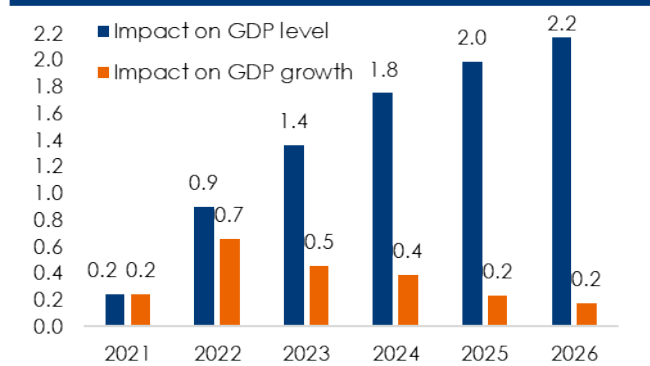
Note: shaded areas = recession. Source: Intesa Sanpaolo charts on Istat and OECD data

Fig. 18 – Fiscal policy is expected to gradually “normalise” in coming months, in relation to the closing of the output gap



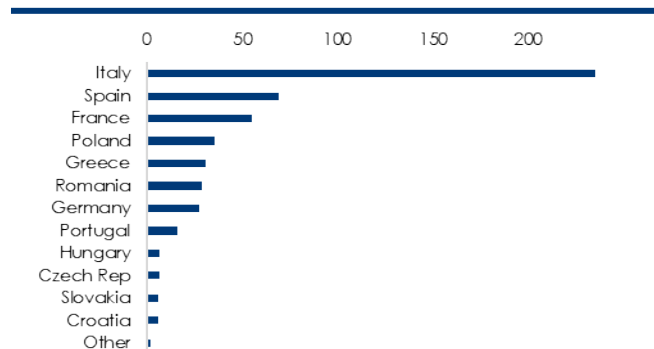
Source: Intesa Sanpaolo chart on Italian Government data

Fig. 19 – However, the economy will be supported by the impact of the “NGEU” Program



Source: Intesa Sanpaolo calculations

Fig. 20 – The Italian NRRP is the most ambitious in Europe



Note: Spain and Portugal have reserved the right to subsequently assess a possible debt integration (respectively 70 and 2.3 bn). Source: NRRPs presented to the EU Commission, Bruegel

Tab. 1 - The main figures of the National Recovery and Resilience Plan

	Billions	% GDP 2021
RRF	191.5	11.0
React EU	13.5	0.8
RRF + React EU	205.0	11.8
Complementary fund	30.6	1.8
RRF + React EU + Complementary fund	235.6	13.5
Development and Cohesion Fund	15.5	0.9
RRF + React EU + Complementary fund + Development and Cohesion Fund	251.1	14.4
Specific works (horizon: 2032)	26.0	1.5
RRF + React EU + Complementary fund + Development and Cohesion Fund + Specific works	277.1	15.9

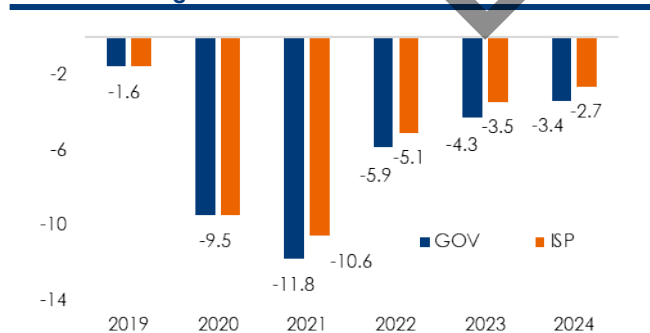
Source: Intesa Sanpaolo chart on Italian Government data

Tab. 2 - The additional resources compared to public finance trends

Additional resources for impact assessment to 2026	Billions	As a % of cumulated GDP 2021-26
RRF subsidies	68.9	0.6
Additional loans	53.5	0.5
React-EU	13.5	0.1
Total additional EU resources	135.9	1.2
National complementary fund	30.6	0.3
Advance on national Development and Cohesion Fund	15.5	0.1
Total additional national resources	46.1	0.4
Total additional resources	182.0	1.7

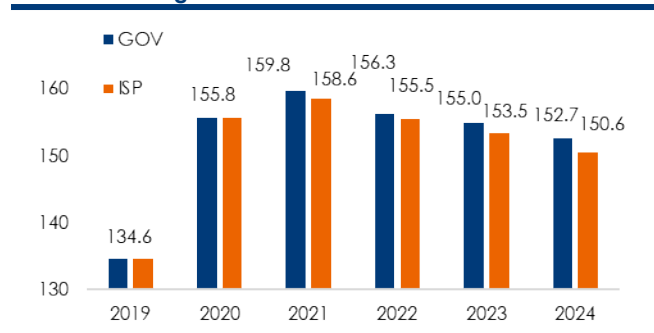
Source: Intesa Sanpaolo chart on Italian Government data

Fig. 21 – Deficit/GDP: Intesa Sanpaolo forecasts and Government targets



Source: Intesa Sanpaolo forecasts, Italian Government plan (DEF 2021)

Fig. 22 – Debt/GDP: Intesa Sanpaolo forecasts and Government targets



Source: Intesa Sanpaolo forecasts, Italian Government plan (DEF 2021)

Company Section

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2i Rete Gas: Credit View NEUTRAL

(Moody's Baa2 / Stable , Fitch -)

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

Key credit drivers

- 2i Rete Gas reported resilient 2020 results (latest available). Lower operating costs (-4% yoy on an adjusted basis) allowed the company to limit the negative impact of regulatory changes applied at the start of 2020. According to 2i Rete Gas, the health emergency had only marginal impacts, thanks to the insulation of gas distribution from changes in demand. Net debt was overall flat vs YE19.
- As we do for other Italian regulated companies, we consider the ongoing regulatory review to be one of the current main catalysts for 2i Rete Gas. The Italian regulator, ARERA, should publish a first consultation paper in July.
- BUY recommendation on 2i Rete Gas' bonds in light of current spreads and a low-risk business profile.

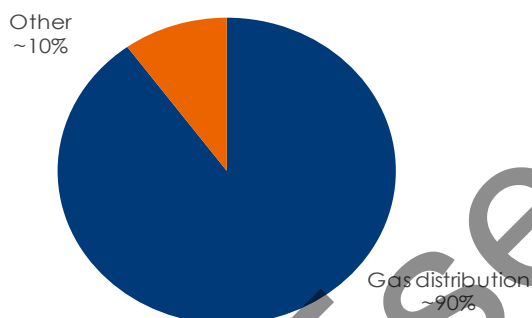
Strengths

- Second-largest gas distributor in Italy (c.19% market share in terms of redelivery points).
- High contribution from regulated activities (around 90% of total revenues).
- Revenues from gas distribution not exposed to changes in gas demand.

Outperformer¹ YTD - Senior Unsecured

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Sales breakdown (2020)



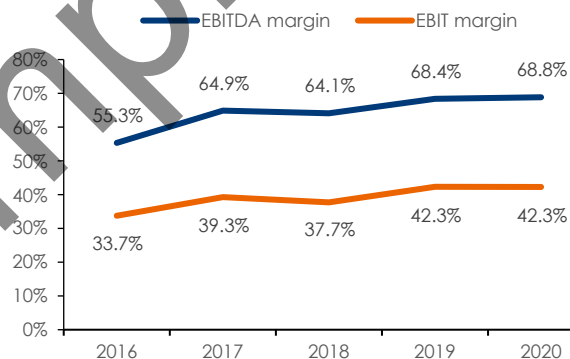
Weaknesses

- Risk of lower remuneration for regulated activities from 2022.
- Gas concessions retendering process and M&A could stretch financial flexibility.
- Low inflation could impact RAB growth and the net debt/RAB ratio.

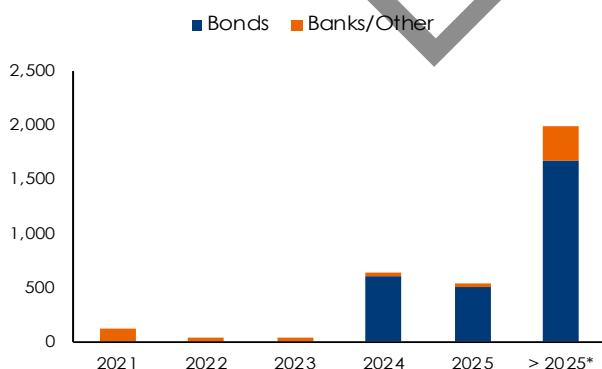
Underperformance¹ YTD - Senior Unsecured

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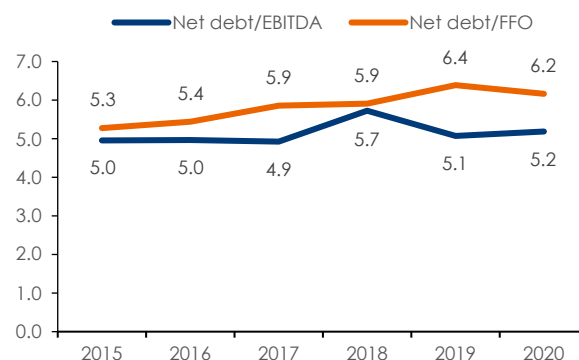
Trend in profitability



Debt maturity profile (EUR M, 31.12.20)



Leverage trend (x)



*include EUR 500M bond due 2031, issued in January 2021. Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of 2i Rete Gas bonds in Appendix 1 (page 89)

2i Rete Gas

2i 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)	2018	2019	Chg %	2020	Chg %
Sales	720	772	7.3	742	-3.9
EBITDA	461	528	14.5	511	-3.2
Adjusted EBITDA	NA	NA	NA	NA	NA
EBIT	271	327	20.4	314	-4.0
Adjusted EBIT	NA	NA	NA	NA	NA
Net interest expense	-57	-61	6.6	-55	-10.3
Income (loss) on equity investments	2	1	-63.7	-0	-131.8
Profit before tax	217	266	22.9	259	-2.7
Net profit (loss)	155	207	32.9	184	-11.0
Net profit (loss) attributable to the Group	155	207	32.9	183	-11.2

Consolidated cash flow statement - main items

(EUR M)	2018	2019	Chg %	2020	Chg %
FFO	447	419	-6.2	430	2.6
Net change in working capital	54	-24	-144.6	22	-191.9
CFO	501	395	-21.1	452	14.4
Capex	-283	-243	-14.1	-307	26.2
FCF	217	152	-30.1	145	-4.6
Dividends	-85	-93	9.4	-50	-46.2
Discretionary FCF	132	59	-55.5	95	61.0
RCF	-646	0	-100.1	23	NM
Change in equity	0	0	NM	0	NM
Change in debt	516	-333	-164.6	-189	-43.4
CFF	516	-333	-164.6	-189	-43.4
RCF + CFF	-130	-333	156.6	-166	-50.1
Change in liquidity	-130	-333	156.6	-166	-50.1

Consolidated balance sheet - main items

(EUR M)	31.12.18	31.12.19	Chg %	31.12.20	Chg %
Intangible assets	3,682	3,761	2.1	3,880	3.2
Property, plant & equipment	39	37	-5.3	36	-4.1
Financial and equity investments	4	5	9.2	4	-11.3
Total non-current assets	3,866	4,015	3.9	4,134	2.9
Trade receivables	233	251	7.8	235	-6.3
Cash and current financial assets	687	354	-48.4	187	-47.2
Total current assets	1,167	837	-28.2	663	-20.9
Total assets	5,066	4,856	-4.2	4,796	-1.2
Long-term debt	2,944	2,661	-9.6	2,744	3.1
Provisions for risks and charges	10	8	-18.1	7	-9.5
Total non-current liabilities	3,308	3,062	-7.4	3,180	3.9
Short-term debt	363	307	-15.3	36	-88.1
Trade payables	208	186	-10.2	216	15.9
Total current liabilities	919	859	-6.5	575	-33.0
Minorities	1	1	-0.4	0	-73.4
Shareholders' equity	824	934	13.3	1,039	11.3
Total equity	826	935	13.2	1,041	11.4
Total liabilities and equity	5,066	4,856	-4.2	4,796	-1.2
Net debt	2,641	2,678	1.4	2,650	-1.0
Adjusted Net Debt	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

	Profitability and coverage ratio (%)		
	2018	2019	2020
EBITDA margin	64.1	68.4	68.8
Adjusted EBITDA margin	-	-	-
EBIT margin	37.7	42.3	42.3
Adjusted EBIT margin	-	-	-
EBITDA/net interest expense (x)	8.4	8.7	9.3
EBIT/net interest expense (x)	4.9	5.4	5.7
	Leverage ratio (x)		
	31.12.18	31.12.19	31.12.20
Net debt/EBITDA	5.7	5.1	5.2
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-
Net debt/FFO	5.9	6.4	6.2
Net debt/equity	3.2	2.9	2.5

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

A2A: Credit View NEUTRAL

(Moody's Baa2 / Stable , Fitch -)

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

Key credit drivers

- A2A reported positive Q1 results, above Bloomberg consensus (EBITDA +7%). The positive performance was spread across all the business units, driven by both organic growth and M&A. Net debt was broadly stable vs year-end 2020, benefitting from solid cash generation and some temporary positive effects.
- Outlook 2021. EBITDA guidance was improved to EUR 1.23-1.25Bn (EUR 1.2Bn in 2020) from the previous EUR 1.2Bn based on expectations of a supportive environment and no material impacts attributable to COVID-19. Total investments were confirmed at more than EUR 1Bn. Current Bloomberg consensus points to net debt of around EUR 3.8Bn by year-end, factoring in an acceleration of investments and reabsorption of the above-mentioned positive temporary items, with an implicit net debt/EBITDA ratio at around 3.1x.
- HOLD recommendation, as the bonds are currently trading overall in line with those of other Italian local multi-utilities we cover.

Strengths

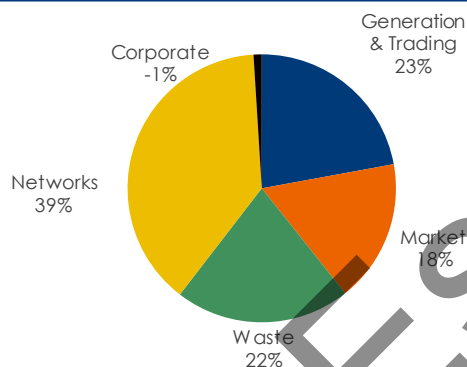
- Diversified and resilient business mix.
- Significant share of regulated activities (around 40% of 2020 EBITDA).
- 2021-2030 BP focused on the Energy Transition (ie, renewables) and circular economy.
- Good financial flexibility

Outperformer¹ YTD - Senior Unsecured

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EBITDA breakdown (1Q21)



Weaknesses

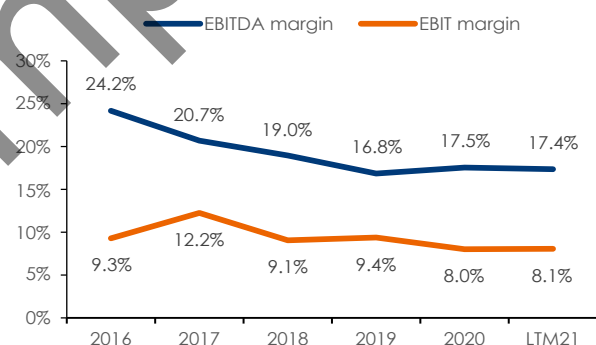
- Sizeable investment plan and M&A activity will weigh on financial profile.
- Significant exposure to electricity generation and energy markets in Italy.
- Risk of lower remuneration for regulated activities (gas and electricity distribution) from 2022.

Underperformance¹ YTD - Senior Unsecured

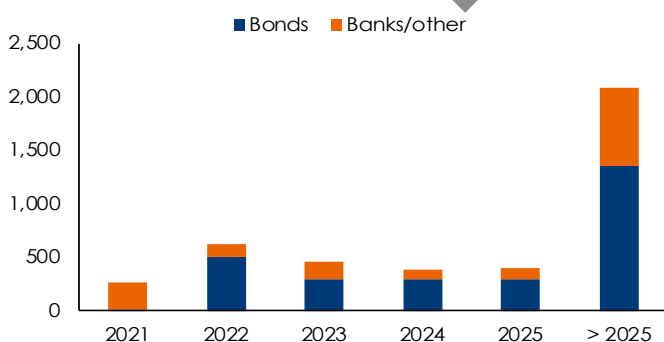
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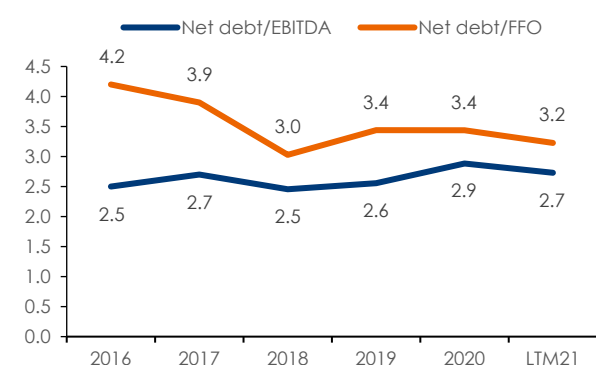
Trend in profitability



Debt maturity profile (EUR M, 31.3.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of A2A bonds in Appendix 1 (page 89)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	7,324	6,862	-6.3	7,329	6.8	1,707	2,174	27.4
EBITDA	1,234	1,204	-2.4	1,272	5.6	331	399	20.5
Adjusted EBITDA	1,192	1,191	-0.1	1,260	5.8	330	399	20.9
EBIT	687	550	-19.9	591	7.5	196	237	20.9
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-114	-81	-28.9	-76	-6.2	-18	-13	-27.8
Income (loss) on equity investments	4	0	-100.0	1	NM	0	1	NM
Profit before tax	687	469	-31.7	516	10.0	178	225	26.4
Net profit (loss)	393	368	-6.4	401	9.0	120	153	27.5
Net profit (loss) attributable to the Group	389	364	-6.4	388	6.6	112	136	21.4

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	913	1,010	10.6	1,076	6.5	287	353	23.0
Net change in working capital	19	-161	NM	77	-147.8	-196	42	-121.4
CFO	932	849	-8.9	1,153	35.8	91	395	NM
Capex	-627	-738	17.7	-770	4.3	-123	-155	26.0
FCF	305	111	-63.6	383	NM	-32	240	NM
Dividends	-232	-256	10.3	-256	0.0	0	0	NM
Discretionary FCF	73	-145	NM	127	-187.6	-32	240	NM
RCF	25	-241	NM	39	-116.2	-35	245	NM
Change in equity	NA	NA	NA	NA	NA	-105	-128	21.9
Change in debt	-218	783	NM	369	-52.9	-1	-415	NM
CFF	-218	783	NM	346	-55.8	-106	-543	NM
RCF + CFF	-193	542	NM	385	-29.0	-141	-298	111.3
Change in liquidity	-193	542	NM	385	-29.0	-141	-298	111.3

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	2,449	2,503	2.2	2,737	9.3	2,851	4.2
Property, plant & equipment	4,909	4,984	0.5	5,162	4.6	5,337	3.4
Financial and equity investments	54	60	11.1	53	-11.7	64	20.8
Total non-current assets	7,698	7,790	1.2	8,245	5.8	8,539	3.6
Inventory	146	155	6.2	139	-10.3	102	-26.6
Trade receivables	1,616	1,660	2.7	2,030	22.3	2,136	5.2
Cash and current financial assets	227	836	NM	1,023	22.4	753	-26.4
Total current assets	2,914	2,731	-6.3	3,953	44.7	3,817	-3.4
Total assets	10,632	10,541	-0.9	12,226	16.0	12,358	1.1
Long-term debt	3,108	3,093	-0.5	3,909	26.4	3,445	-11.9
Provisions for risks and charges	652	683	4.8	752	10.1	751	-0.1
Total non-current liabilities	4,201	4,215	0.3	5,085	20.6	4,613	-9.3
Short-term debt	1,694	1,369	-19.2	1,454	6.2	2,001	37.6
Trade payables	1,086	1,249	15.0	1,552	24.3	1,415	-8.8
Total current liabilities	2,849	2,685	-5.8	3,011	12.1	3,466	15.1
Minorities	369	366	-0.8	579	58.2	591	2.1
Shareholders' equity	3,213	3,275	1.9	3,537	8.0	3,688	4.3
Total equity	3,582	3,641	1.6	4,116	16.0	4,279	4.0
Total liabilities and equity	10,632	10,541	-0.9	12,226	16.0	12,358	1.1
Net debt	3,433	3,381	-1.5	3,472	2.7	3,472	0.0
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	16.8	17.5	17.4	19.4	18.4
Adjusted EBITDA margin	16.3	17.4	17.2	19.3	18.4
EBIT margin	9.4	8.0	8.1	11.5	10.9
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	10.8	14.9	16.7	18.4	30.7
EBIT/net interest expense (x)	6.0	6.8	7.8	10.9	18.2
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		2.8	2.9	2.9	2.7
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		3.7	3.8	3.4	3.2
Net debt/equity		1.0	0.9	0.8	0.8

Note: NA=not available, NM=not meaningful. Source: Intesa Sanpaolo Research elaboration 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 Q1 results, overall in line with Bloomberg consensus. The performance was driven by regulated activities, which contributed for around 81% of total EBITDA. Working capital absorption amounted to EUR 129M, mainly due to regulatory effects, while COVID-19 effects on customer payments were completely offset, according to management.
- Outlook. 2021 full-year guidance confirmed, with: i) EBITDA now expected to fall within the higher end of the range of over 6-8% compared to 2020; ii) capex at c.EUR 900M; and iii) net debt in the EUR 3.850-3.950M range. Implied net debt/EBITDA ratio at c.3.1x.
- BUY recommendation on Acea's bonds in light of the higher share of regulated EBITDA (c.80% of total) vs other Italian multi-utilities.

Strengths

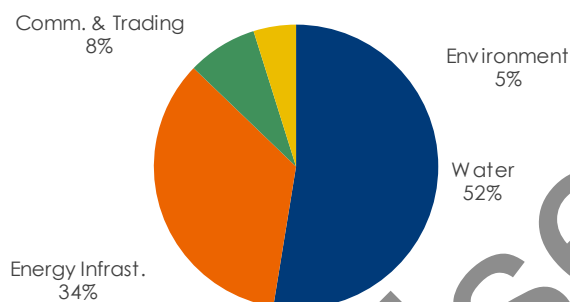
- High contribution from regulated activities (85% of FY20 EBITDA) provides predictable revenues and cash flows.
- 2020-2024 BP strongly focused on regulated activities, with around 75% of total capex devoted to water services and energy networks.
- Long-term concessions in regulated activities.

Outperformer¹ YTD - Senior Unsecured

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EBITDA breakdown (1Q21)



Weaknesses

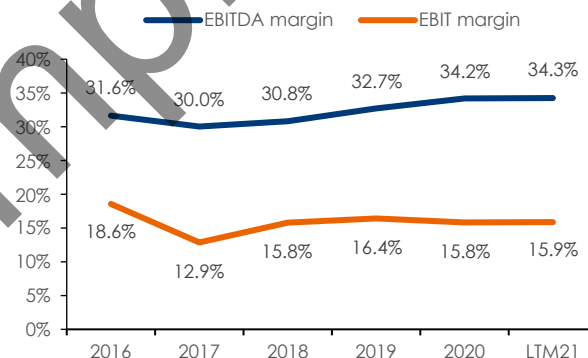
- Risk of lower remuneration for regulated activities from 2022 (electricity and gas distribution).
- Potential deterioration in working capital, due to delays in the payment of bills related to the current COVID-19 crisis.
- High exposure to Italy country risk, given entirely domestic operations.

Underperformance¹ YTD - Senior Unsecured

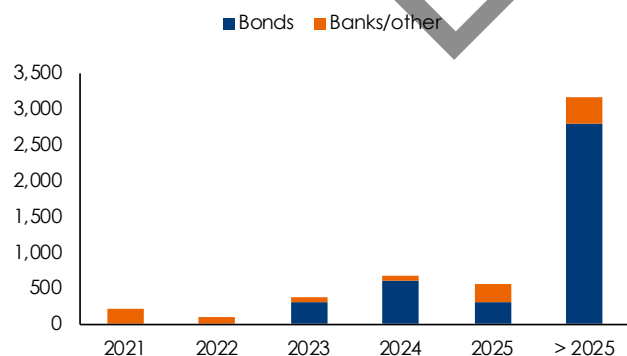
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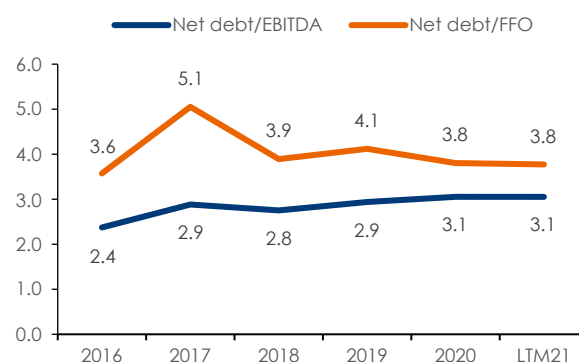
Trend in profitability



Debt maturity profile (EUR M, 31.3.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Acea bonds in Appendix 1 (page 89)

Acea in Brief

Acea is a 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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	3,186	3,379	6.1	3,476	2.9	833	930	11.6
EBITDA	1,042	1,155	10.9	1,191	3.0	276	312	12.7
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	523	535	2.2	552	3.2	138	156	12.3
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-95	-88	-7.8	-87	-1.2	-24	-23	-4.5
Income (loss) on equity investments	3	14	NM	14	0.5	-0	0	-194.7
Profit before tax	430	461	7.2	480	4.0	114	133	16.2
Net profit (loss)	307	327	6.3	340	4.0	80	93	16.2
Net profit (loss) attributable to the Group	284	285	0.4	297	4.4	71	83	17.6

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	743	928	24.8	963	3.8	237	273	15.0
Net change in working capital	-45	-158	NM	-102	-35.6	-170	-114	-33.1
CFO	698	769	10.2	861	11.9	67	159	137.0
Capex	-793	-907	14.4	-947	4.5	-190	-230	21.2
FCF	-95	-138	45.1	-86	-37.5	-123	-71	-41.9
Dividends	-74	-93	26.3	-84	-10.3	-10	0	-100.0
Discretionary FCF	-169	-231	36.9	-170	-26.5	-133	-71	-46.1
RCF	-390	-403	3.3	-396	-1.8	-132	-125	-5.5
Change in equity	0	0	NM	0	NM	0	0	NM
Change in debt	97	176	81.0	818	NM	116	758	NM
CFF	97	176	81.0	818	NM	116	758	NM
RCF + CFF	-293	-227	-22.6	423	NM	-16	633	NM
Change in liquidity	-293	-227	-22.6	423	NM	-16	633	NM

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	3,058	3,202	4.7	3,446	7.6	3,465	0.5
Property, plant & equipment	2,686	2,472	-8.0	2,787	12.7	2,882	3.4
Financial and equity investments	341	337	-1.0	318	-5.6	321	0.8
Total non-current assets	6,808	6,866	0.9	7,311	6.5	7,436	1.7
Inventory	67	80	19.7	92	14.4	88	-4.7
Trade receivables	1,146	1,251	9.2	982	-21.5	1,073	9.3
Cash and current financial assets	887	922	3.9	1,022	10.9	1,708	67.1
Total current assets	2,374	2,580	8.7	2,363	-8.4	3,120	32.1
Total assets	9,182	9,447	2.9	9,674	2.4	10,556	9.1
Long-term debt	4,123	4,147	0.6	4,154	0.2	4,949	19.1
Provisions for risks and charges	210	240	14.5	157	-34.6	187	18.9
Total non-current liabilities	4,832	4,885	1.1	4,839	-0.9	5,654	16.8
Short-term debt	319	340	6.8	420	23.3	413	-1.6
Trade payables	1,531	1,599	4.5	1,627	1.8	1,581	-2.8
Total current liabilities	2,227	2,341	5.1	2,511	7.3	2,487	-1.0
Minorities	289	314	8.6	358	14.3	362	1.0
Shareholders' equity	1,834	1,907	4.0	1,965	3.0	2,053	4.5
Total equity	2,123	2,220	4.6	2,323	4.6	2,415	4.0
Total liabilities and equity	9,182	9,447	2.9	9,674	2.4	10,556	9.1
Net debt	3,528	3,535	0.2	3,528	-0.2	3,634	3.0
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Key Consolidated Economic Data - Financial Indicators					
Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	32.7	34.2	34.3	33.2	33.5
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	16.4	15.8	15.9	16.6	16.7
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	10.9	13.1	13.7	11.5	13.6
EBIT/net interest expense (x)	5.5	6.1	6.4	5.8	6.8
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		3.2	3.1	3.1	3.1
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		4.8	4.2	3.8	3.8
Net debt/equity		1.7	2.3	1.5	1.5

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

ADR: Credit View UNDER REVIEW

(Moody's Baa3 / Positive, Fitch BBB-/++)

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

Key credit drivers

- ADR's performance deteriorated further in 1Q21 (key figures disclosed by Atlantia, as ADR reports on a semi-annual basis only), driven by adverse COVID-19 impacts on airport traffic (-84%, to 1.1M passengers: -82% at Fiumicino and -94% at Ciampino airports). Revenues fell by 72%, to EUR 39M, driven by aviation revenues (-80%, to EUR 19M), with EBITDA falling into negative territory (EUR -21M), despite continued cost-cutting efforts. Net debt increased qoq by 6%, to EUR 1.5Bn, after negative FOCF by EUR 56M.
- The 2021 outlook continues to be penalised by the COVID-19 pandemic, with a similar performance expected vs 2020, as traffic is expected to decline by 70% vs 2019 (-67% YTD vs 2020 and -88% YTD vs 2019). ADR plans to continue to cut opex, postpone non-contracted capex, and suspend dividend distributions in 2021. Around EUR 90M in government subsidies are expected in 2021.
- In June, Fitch put the rating of ADR under Watch Positive and Moody's raised its Outlook to Positive from Negative, following Atlantia shareholders' approval of ASPI's disposal to the CDP-led consortium and reflecting ADR's rating linkage with its parent company.
- HOLD recommendation confirmed, balancing, on the one hand, ADR's rating upgrade potential, with, on the other, weakening fundamentals, driven by the airport traffic slump due to the COVID-19 pandemic.

Strengths

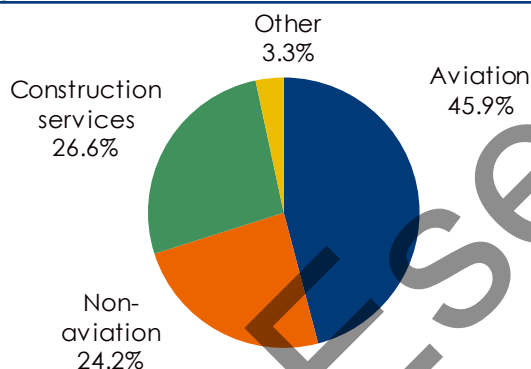
- Largest airport in Italy and seventh-largest in Europe in terms of passenger traffic. Consistent leadership in airports quality.
- Long-term concession, expiring in June 2046.
- Supportive concession framework.

Outperformer¹ YTD - Senior Unsecured

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Sales by segment (2020)



Weaknesses

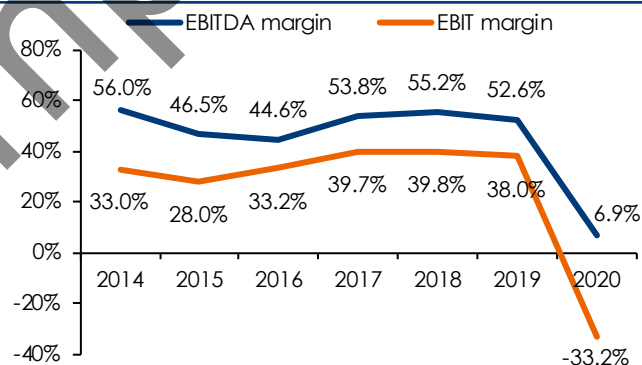
- Sharp releveraging, driven by adverse COVID-19 impacts on airport traffic.
- Difficult Alitalia situation (39% of Fiumicino's traffic in 2019).
- Exposure to regulatory and fiscal changes.

Underperformance¹ YTD - Senior Unsecured

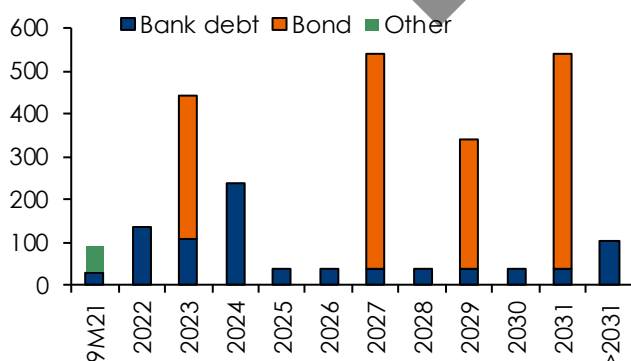
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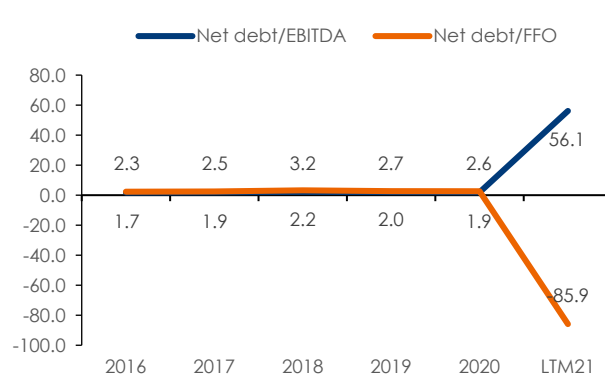
Trend in profitability



Debt maturity profile (EUR M, 31.03.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of ADR bonds in Appendix 1 (page 89)

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)	2018	2019	Chg %	2020	Chg %
Sales	1,045	1,129	8.0	372	-67.1
EBITDA	577	594	2.9	26	-95.7
Adjusted EBITDA	NA	NA	NA	NA	NA
EBIT	416	429	3.1	-124	-128.8
Adjusted EBIT	NA	NA	NA	NA	NA
Net interest expense	-53	-52	-2.3	-58	12.0
Income (loss) on equity investments	-4	-9	134.8	0	-104.0
Profit before tax	359	368	2.5	-182	-149.3
Net profit (loss)	246	245	-0.4	-144	-158.6
Net profit (loss) attributable to the Group	246	245	-0.4	-144	-158.6

Consolidated cash flow statement - main items

(EUR M)	2018	2019	Chg %	2020	Chg %
FFO	433	428	-1.3	-17	-103.9
Net change in working capital	20	71	NM	-112	NM
CFO	453	498	9.9	-129	-125.8
Capex	-183	-280	52.8	-154	-45.1
FCF	270	218	-19.2	-282	NM
Dividends	-249	-131	-47.5	0	-100.0
Discretionary FCF	21	88	NM	-282	NM
RCF	26	103	NM	-270	NM
Change in equity	0	0	NM	0	NM
Change in debt	-0	70	NM	866	NM
CFF	-0	70	NM	866	NM
RCF + CFF	26	173	NM	596	NM
Change in liquidity	26	173	NM	596	NM

Consolidated balance sheet - main items

(EUR M)	31.12.18	31.12.19	Chg %	31.12.20	Chg %
Intangible assets	2,374	2,478	4.4	2,481	0.1
Property, plant & equipment	44	54	21.7	52	-3.7
Financial and equity investments	73	64	-11.9	37	-42.1
Total non-current assets	2,541	2,649	4.3	2,663	0.5
Trade receivables	313	305	-2.3	257	-15.9
Cash and current financial assets	330	502	52.5	1,099	118.7
Total current assets	667	836	25.3	1,400	67.6
Total assets	3,208	3,484	8.6	4,063	16.6
Long-term debt	1,486	1,465	-1.4	2,043	39.5
Provisions for risks and charges	151	167	11.1	182	8.9
Total non-current liabilities	1,640	1,640	-0.1	2,225	35.7
Short-term debt	16	165	NM	491	197.0
Trade payables	174	216	24.5	170	-21.3
Total current liabilities	460	660	43.5	846	28.0
Minorities	0	0	NM	0	NM
Shareholders' equity	1,107	1,184	7.0	992	-16.3
Total equity	1,107	1,184	7.0	992	-16.3
Total liabilities and equity	3,208	3,484	8.6	4,063	16.6
Net debt	1,168	1,126	-3.6	1,435	27.4
Adjusted Net Debt	1,173	1,128	-3.8	1,436	27.3

Key consolidated economic data - financial indicators

	Profitability and coverage ratio (%)		2018	2019	2020
EBITDA margin			55.2	52.6	6.9
Adjusted EBITDA margin			-	-	-
EBIT margin			39.8	38.0	-33.2
Adjusted EBIT margin			-	-	-
EBITDA/net interest expense (x)			10.8	11.4	0.4
EBIT/net interest expense (x)			7.8	8.2	-2.1
	Leverage ratio (x)		31.12.18	31.12.19	31.12.20
Net debt/EBITDA			2.0	1.9	56.1
Adjusted Net Debt/Adjusted EBITDA (x)			-	-	-
Net debt/FFO			2.7	2.6	-85.9
Net debt/equity			1.1	1.0	1.4

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

ASPI: Credit View UNDER REVIEW

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

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

Key credit drivers

- 1Q21 results deteriorated yoy, driven by adverse COVID-19 impacts on motorway traffic (-11% vs 1Q20, -29% vs 1Q19) and higher costs for tunnel maintenance. Leverage increased further, driven by higher net debt (+4% qoq, to EUR 8.9Bn) following the Pavimental consolidation as well as negative FCF, due to higher NWC outflow and stronger investments for the network modernisation.
- Guidance confirmed, estimating a traffic increase of 10-25% vs 2020 (but a decrease of 10-20% vs 2019 pre-pandemic levels), with toll revenues up to EUR 2.6-3Bn (EUR 2.5Bn in 2020). ASPI plans over EUR 1Bn of investments in capex and maintenance in 2021.
- Earlier in June, Fitch put ASPI's rating under Watch Positive and Moody's revised its Outlook to Positive from Developing, following Atlantia shareholders' approval of the disposal of the 88% stake in ASPI to the CDP-led consortium.
- BUY recommendation confirmed in the expectation of a favourable resolution with the Italian government regarding the long-term dispute on ASPI's concession, which would allow removal of liquidity and legal risks, thus paving the way for potential rating upgrades.

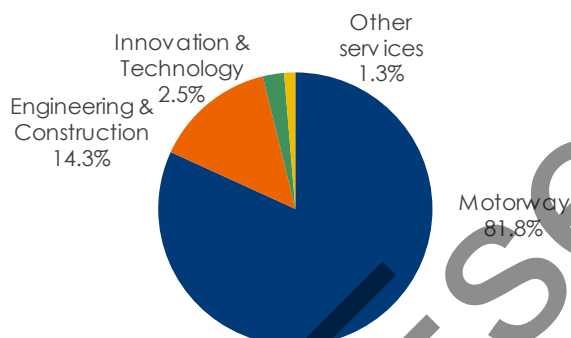
Strengths

- Largest toll road operator in Italy, managing 3,020km of motorways, with ASPI's concession (2,855km) expiring in 2038.
- Ratings upgrade potential after Atlantia shareholders approved the ASPI stake disposal to the CDP-led consortium.

Outperformer¹ YTD - Senior Unsecured

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Sales by segment (1Q21)



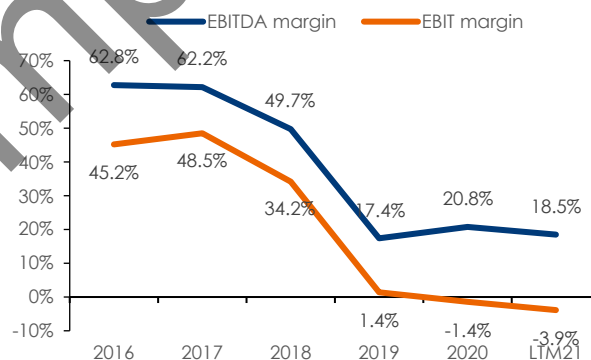
Weaknesses

- Fully exposed to Italy. Traffic affected by COVID-19 restrictions.
- Regulatory framework of concession being revised.
- Ratings at risk of downgrade in case of failure to reach a definitive settlement agreement with the Italian government.

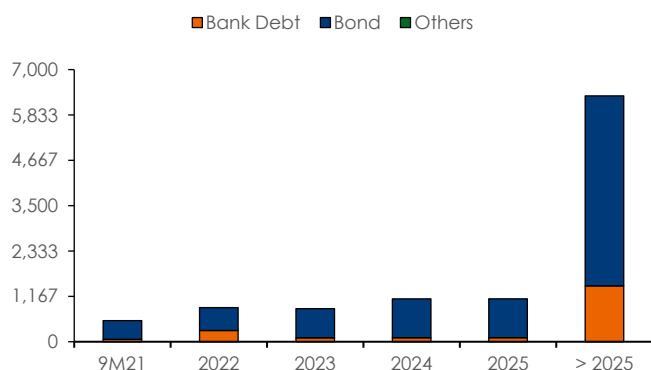
Underperformance¹ YTD - Senior Unsecured

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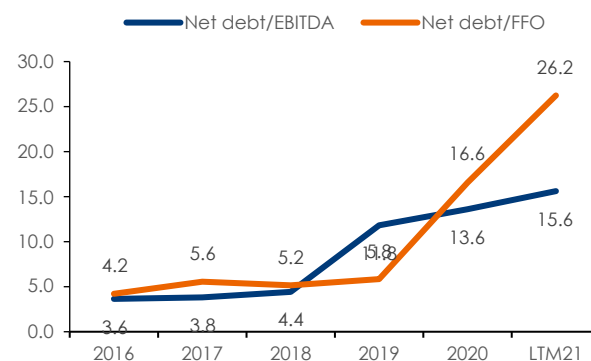
Trend in profitability



Debt maturity profile (EUR M, 31.03.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of ASPI bonds in Appendix 1 (page 92, 93)

ASPI in Brief

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

Consolidated income statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	4,083	3,030	-25.8	3,024	-0.2	728	722	-0.8
EBITDA	710	629	-11.4	559	-11.1	391	321	-17.9
Adjusted EBITDA	2,229	947	-57.5	877	-7.4	395	325	-17.7
EBIT	57	-43	-175.4	-117	172.1	230	156	-32.2
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-434	-479	10.4	-423	-11.7	-116	-60	-48.3
Income (loss) on equity investments	-3	-8	166.7	-6	-25.0	-3	-1	-66.7
Profit before tax	-403	-538	33.5	-554	3.0	111	95	-14.4
Net profit (loss)	-268	-409	52.6	-425	3.9	69	53	-23.2
Net profit (loss) attributable to the Group	-282	-407	44.3	-426	4.7	68	49	-27.9

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	1,436	517	-64.0	340	-34.2	224	47	-79.0
Net change in working capital	-60	-165	175.2	-241	46.2	-69	-145	110.1
CFO	1,376	352	-74.4	99	-71.9	155	-98	-163.2
Capex	-559	-574	2.7	-634	10.4	-105	-165	57.1
FCF	817	-222	-127.2	-535	140.9	50	-263	NM
Dividends	-323	0	-100.0	NA	NM	NA	NA	NA
Discretionary FCF	494	-222	-145.0	-535	140.9	50	-263	NM
RCF	549	-205	-137.3	-701	NM	60	-436	NM
Change in equity	NA	NA	NA	NA	NA	0	0	NM
Change in debt	-741	567	-176.5	1,420	150.3	-578	275	-147.6
CFF	-741	567	-176.5	1,420	150.3	-578	275	-147.6
RCF + CFF	-192	363	NM	720	98.5	-518	-161	-68.9
Change in liquidity	-192	363	NM	720	98.5	-518	-161	-68.9

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	17,527	17,422	-0.6	17,432	0.1	17,376	-0.3
Property, plant & equipment	82	82	0.0	88	6.5	151	71.9
Financial and equity investments	445	443	-0.4	408	-7.8	430	5.3
Total non-current assets	18,222	18,063	-0.9	18,060	0.0	18,083	0.1
Inventory	67	NA	NA	71	NA	NA	NA
Trade receivables	336	570	69.8	470	-17.5	650	38.2
Cash and current financial assets	1,423	1,833	28.8	2,445	33.4	2,352	-3.8
Total current assets	2,099	2,610	24.4	3,220	23.4	3,236	0.5
Total assets	20,321	20,673	1.7	21,279	2.9	21,319	0.2
Long-term debt	7,538	7,550	0.2	7,706	2.1	9,061	17.6
Provisions for risks and charges	3,656	3,316	-9.3	3,173	-4.3	3,083	-2.8
Total non-current liabilities	11,241	10,932	-2.8	10,939	0.1	12,220	11.7
Short-term debt	3,118	3,037	-2.6	3,631	19.6	2,562	-29.4
Trade payables	969	1,312	35.4	1,320	0.6	1,128	-14.6
Total current liabilities	7,327	7,800	6.5	8,498	9.0	7,171	-15.6
Minorities	353	354	0.4	355	0.2	358	0.9
Shareholders' equity	1,400	1,587	13.3	1,488	-6.3	1,570	5.5
Total equity	1,753	1,941	10.7	1,842	-5.1	1,928	4.6
Total liabilities and equity	20,321	20,673	1.7	21,279	2.9	21,319	0.2
Net debt	8,868	8,388	-5.4	8,557	2.0	8,916	4.2
Adjusted net debt	9,234	8,754	-5.2	8,893	1.6	9,271	4.3

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	17.4	20.8	18.5	53.7	44.5
Adjusted EBITDA margin	54.6	31.3	29.0	54.4	45.0
EBIT margin	1.4	-1.4	-3.9	31.6	21.6
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	1.6	1.3	1.3	3.4	5.4
EBIT/net interest expense (x)	0.1	-0.1	-0.3	2.0	2.6
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		-17.3	-11.9	13.6	15.6
Adjusted Net Debt/Adjusted EBITDA (x)		7.7	8.5	9.4	10.6
Net debt/FFO		9.2	14.1	16.6	26.2
Net debt/equity		5.1	4.3	4.6	4.6

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

Atlantia: Credit View UNDER REVIEW

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

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

Key credit drivers

- 1Q21 consolidated results deteriorated yoy, affected by the negative impacts related to COVID-19 on traffic trends at both its Motorway (-11% in Italy, -20% in Spain, -10% in France, -3% in Chile, -2% in Brasil and Mexico) and Airport (-84% ADR, -72% ACA) networks. Net debt declined by 2% qoq, to EUR 38Bn, driven by a EUR 750M hybrid bond issued by Abertis (accounted for as equity under IAS 32). Adjusted net leverage climbed to 10.2x from 9.9x at YE20, mostly due to the EBITDA erosion (-5%, to EUR 3.7Bn LTM21).
- 2021 guidance confirmed, pointing to a recovery in operating performance vs 2020, with revenues of EUR 9.4Bn (EUR 8.3Bn in 2020) and FFO of EUR 3Bn (EUR 2.3Bn in 2020), but still below pre-pandemic levels, as traffic is expected to decline by 10% in Motorway, and by 70% in Airport Networks vs 2019.
- In June, Fitch put Atlantia's rating on Watch Positive and Moody's revised its Outlook to Positive from Developing, following Atlantia shareholders' approval of the disposal of the 88% stake in ASPI to the CDP-led consortium.
- BUY Atlantia's bonds on the expectation of higher financial flexibility, driven by EUR 8Bn in proceeds from the sale of its stake in ASPI.

Strengths

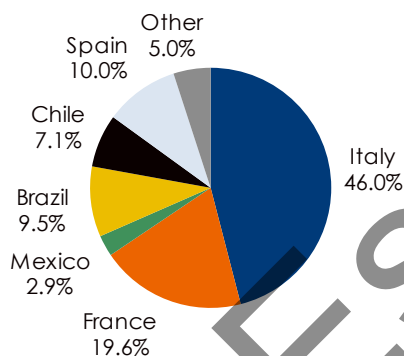
- Global leader in the infrastructure management industry.
- Biggest toll road and airport operator in Italy, with long-term concessions (ASPI: 2038; ADR: 2046).
- Ratings upgrade potential if a settlement is reached with the Italian government on ASPI's concession, following its disposal.

Outperformer¹ YTD - Senior Unsecured

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Sales by geographic area (2020)



Weaknesses

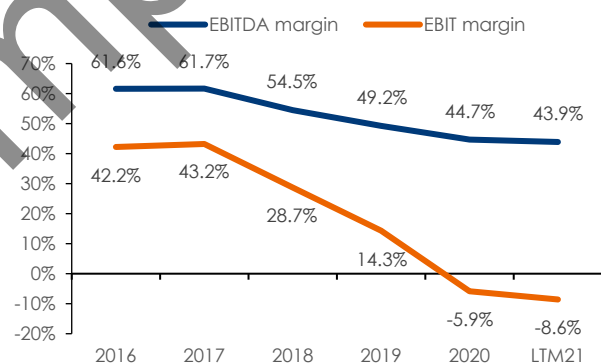
- Traffic slump driven by COVID-19 mobility restrictions.
- Material leveraging driven by M&A, and EBITDA erosion due to the COVID-19 negative impact on traffic trends.
- Ratings at risk of downgrade in case of liquidity event driven by a failure to reach a settlement on ASPI's concession.

Underperformance¹ YTD - Senior Unsecured

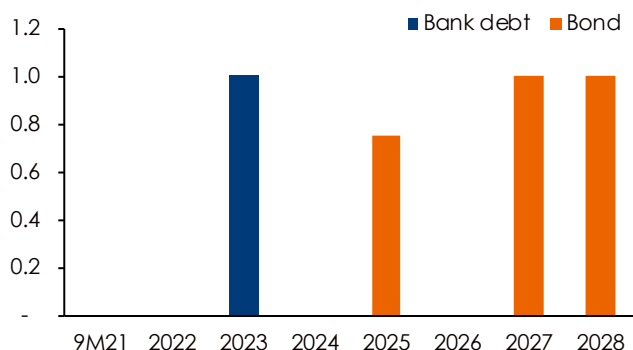
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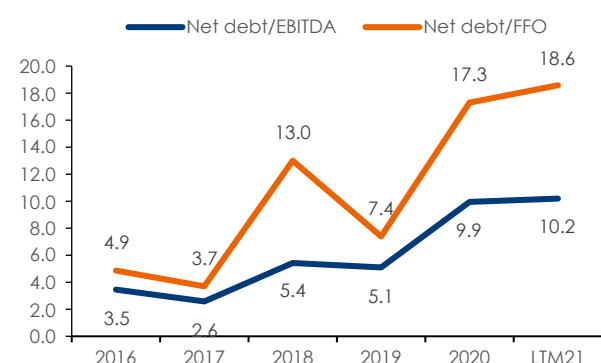
Trend in profitability



Holding's debt maturity profile (EUR Bn, 31.03.21 adjusted)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Atlantia bonds in Appendix 1 (page 93)

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 airports in Rome and Nice.

Consolidated income statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	11,630	8,284	-28.8	8,099	-2.2	2,210	2,025	-8.4
EBITDA	5,727	3,701	-35.4	3,554	-4.0	1,271	1,124	-11.6
Adjusted EBITDA	6,833	3,944	-42.3	3,753	-4.8	1,259	1,068	-15.2
EBIT	1,666	-485	-129.1	-696	43.5	352	141	-59.9
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-1,344	-1,670	24.3	-1,559	-6.6	-375	-264	-29.6
Income (loss) on equity investments	21	-19	-190.5	-26	36.8	-2	-9	NM
Profit before tax	471	-2,166	NM	-2,273	4.9	-25	-132	NM
Net profit (loss)	357	-1,641	NM	-1,730	5.4	-29	-118	NM
Net profit (loss) attributable to the Group	136	-1,177	NM	-1,234	4.8	-10	-67	NM

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	4,969	2,268	-54.4	2,059	-9.2	790	581	-26.5
Net change in working capital	-307	167	-154.4	-559	NM	509	-217	-142.6
CFO	4,662	2,435	-47.8	1,500	-38.4	1,299	364	-72.0
Capex	-1,794	-1,534	-14.5	-1,557	1.5	-361	-384	6.4
FCF	2,868	901	-68.6	-57	-106.3	938	-20	-102.1
Dividends	-1,204	-57	-95.3	-53	-7.0	-11	-7	-36.4
Discretionary FCF	1,664	844	-49.3	-110	-113.0	927	-27	-102.9
RCF	2,237	-799	-135.7	-1,715	114.6	853	-63	-107.4
Change in equity	-465	742	NM	1,480	99.5	-4	734	NM
Change in debt	-1,619	3,228	NM	-1,875	-158.1	3,328	-1,775	-153.3
CFF	-2,084	3,970	NM	-395	-109.9	3,324	-1,041	-131.3
RCF + CFF	153	3,171	NM	-2,110	-166.5	4,177	-1,104	-126.4
Change in liquidity	129	3,116	NM	-2,097	-167.3	4,098	-1,115	-127.2

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	62,403	61,214	-1.9	62,497	2.1	61,767	-1.2
Property, plant & equipment	764	758	-0.8	774	2.1	759	-1.9
Financial and equity investments	2,858	2,634	-7.8	2,841	7.9	2,787	-1.9
Total non-current assets	73,513	71,789	-2.3	73,368	2.2	72,614	-1.0
Inventory	101	NA	NA	114	NA	118	3.5
Trade receivables	1,948	2,622	34.6	2,276	-13.2	2,384	4.7
Cash and current financial assets	9,808	11,676	19.0	9,651	-17.3	8,526	-11.7
Total current assets	13,178	15,460	17.3	13,192	-14.7	12,187	-7.6
Total assets	86,691	87,249	0.6	86,560	-0.8	84,801	-2.0
Long-term debt	49,008	49,758	1.5	46,209	-7.1	46,057	-0.3
Provisions for risks and charges	5,517	5,131	-7.0	5,011	-2.3	4,931	-1.6
Total non-current liabilities	61,825	61,969	0.2	57,855	-6.6	57,509	-0.6
Short-term debt	4,945	5,169	4.5	7,437	43.9	5,623	-24.4
Trade payables	1,670	2,030	21.6	2,160	6.4	1,916	-11.3
Total current liabilities	11,150	11,974	7.4	14,441	20.6	12,351	-14.5
Minorities	7,856	7,627	-2.9	8,074	5.9	8,413	4.2
Shareholders' equity	5,860	5,679	-3.1	6,190	9.0	6,528	5.5
Total equity	13,716	13,306	-3.0	14,264	7.2	14,941	4.7
Total liabilities and equity	86,691	87,249	0.6	86,560	-0.8	84,801	-2.0
Net debt	39,166	38,483	-1.7	39,238	2.0	38,264	-2.5
Adjusted net debt	44,145	43,251	-2.0	43,995	1.7	43,154	-1.9

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	49.2	44.7	43.9	57.5	55.5
Adjusted EBITDA margin	62.2	47.9	46.3	57.0	52.7
EBIT margin	14.3	-5.9	-8.6	15.9	7.0
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	4.3	2.2	2.3	3.4	4.3
EBIT/net interest expense (x)	1.2	-0.3	-0.4	0.9	0.5
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		7.9	8.8	9.9	10.2
Adjusted Net Debt/Adjusted EBITDA (x)		8.9	9.9	11.2	11.5
Net debt/FFO		11.0	13.7	17.3	18.6
Net debt/equity		2.9	2.9	2.8	2.6

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

Buzzi Unicem: Credit View NEUTRAL

(Moody's -, Fitch -)

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

Key credit drivers

- 1Q21 data is limited to sales and net debt. Negative forex effects offset underlying organic sales growth (+4.5% yoy) with a strong bounce back in Italy in particular (+20.7% yoy), although the US contracted, partly reflecting seasonal weather effects. Net debt fell 4.5% on YE20.
- No formal guidance has been provided, with the outlook limited to "a decrease in recurring EBITDA compared to 2020". Management referred to cost inflation pressure in 2021 and weakness in functional currencies (USD and ruble in particular), which the company stated "causes some concerns".
- SELL investment recommendation. With a softer EBITDA outlook, already very low leverage, and a substantial cash pile (at YE20) that needs to be employed in some manner and at some point, we take the view the Buzzi has run out of road in terms of its credit story. We see the potential for relative underperformance.

Strengths

- Good market positions with high entry barriers.
- Very strong liquidity buffer with no debt maturity pressure.
- Impact of weaker demand partly mitigated by lower fuel costs in 2020 (weaker oil prices).
- Recovery in demand is anticipated from infrastructure investment programmes. Buzzi could benefit from the substantial EU (and expected US) investment programmes.
- Positive price effects partly mitigating lower volumes.
- Future acquisition in Brazil could provide medium-term growth opportunities. The Brazilian associate evidencing a solid underlying performance.

Weaknesses

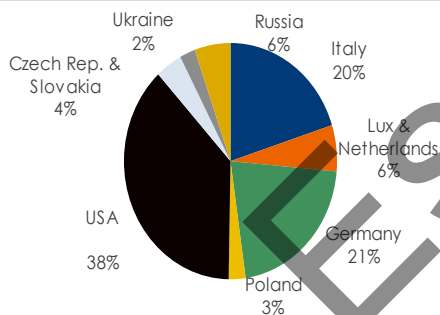
- Notable FX exposure, particularly USD/EUR.
- Energy cost inflation expected in 2021 after the strong recovery in the oil price.
- Some cash calls from 2023+ in relation to the put/call options for the acquisition of the remaining stake in BCPAR in Brazil BCPAR's acquisition of CRH being funded by Buzzi.
- The high cash balance raises questions over further potential M&A and/or greater shareholder distributions.
- Challenging CO2 emissions reduction targets could increase capex.

Performer¹ YTD - Senior Unsecured

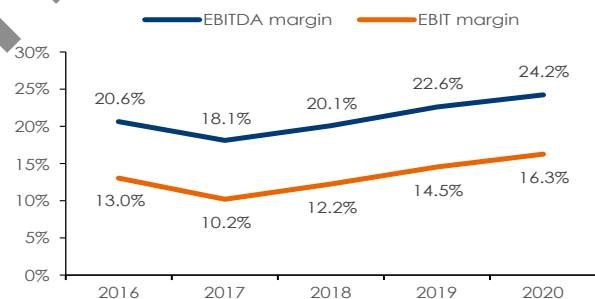
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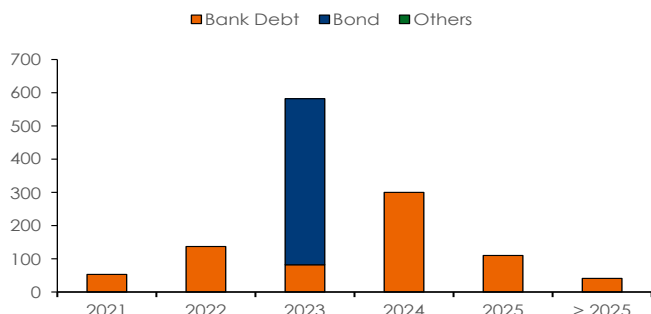
Sales by geographic area (1Q21)



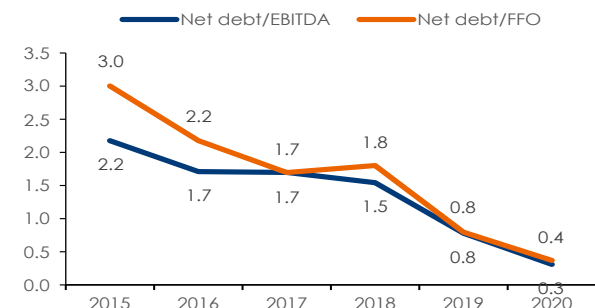
Trend in profitability



Debt maturity profile (EUR M, 31.12.20)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Buzzi Unicem bonds in Appendix 1 (page 89)

Buzzi Unicem In Brief

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

Consolidated income statement - main items

(EUR M)	2018	2019	Chg %	2020	Chg %
Sales	2,873	3,221	12.1	3,222	0.0
EBITDA	577	728	26.1	781	7.2
Adjusted EBITDA	569	732	28.8	785	7.2
EBIT	352	468	33.1	524	11.9
Adjusted EBIT	NA	NA	NA	NA	NA
Net interest expense	-47	-39	-16.4	-38	-2.0
Income (loss) on equity investments	88	74	-16.0	173	134.4
Profit before tax	465	482	3.6	700	45.3
Net profit (loss)	383	386	0.8	560	45.2
Net profit (loss) attributable to the Group	382	386	0.9	560	45.3

Consolidated cash flow statement - main items

(EUR M)	2018	2019	Chg %	2020	Chg %
FFO	494	714	44.4	NA	NA
Net change in working capital	-67	-41	-39.9	NA	NA
CFO	427	673	57.7	653	-3.0
Capex	-215	-257	19.4	-228	-11.3
FCF	212	416	96.7	425	2.2
Dividends	-29	-27	-6.2	-39	46.4
Discretionary FCF	183	389	112.8	386	-0.9
RCF	22	329	NM	541	64.4
Change in equity	-142	2	-98.8	-29	NM
Change in debt	-258	63	-124.4	-65	NM
CFF	-399	61	-115.3	-94	NM
RCF + CFF	-378	390	NM	447	14.4
Change in liquidity	-378	390	NM	447	14.4

Consolidated balance sheet - main items

(EUR M)	31.12.18	31.12.19	Chg %	31.12.20	Chg %
Intangible assets	614	690	12.3	664	-3.7
Property, plant & equipment	3,059	3,150	3.0	2,909	-7.6
Financial and equity investments	545	551	1.1	439	-20.2
Total non-current assets	4,278	4,585	7.2	4,214	-8.1
Trade receivables	399	414	3.8	399	-3.7
Cash and current financial assets	440	837	90.1	1,218	45.5
Total current assets	1,390	1,812	30.4	2,159	19.2
Total assets	5,674	6,403	12.8	6,387	-0.2
Long-term debt	922	1,312	42.2	1,235	-5.9
Provisions for risks and charges	461	530	14.9	533	0.6
Total non-current liabilities	1,760	2,217	26.0	2,111	-4.8
Short-term debt	353	63	-82.2	87	39.3
Trade payables	235	235	0.2	229	-2.6
Total current liabilities	771	495	-35.8	672	35.9
Minorities	6	6	-6.8	5	-3.6
Shareholders' equity	3,137	3,685	17.5	3,598	-2.4
Total equity	3,144	3,691	17.4	3,603	-2.4
Total liabilities and equity	5,674	6,403	12.8	6,387	-0.2
Net debt	891	568	-36.2	242	-57.4
Adjusted Net Debt	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

	Profitability and coverage ratio (%)	2018	2019	2020
EBITDA margin		20.1	22.6	24.2
Adjusted EBITDA margin		19.8	22.7	24.4
EBIT margin		12.2	14.5	16.3
Adjusted EBIT margin		-	-	-
EBITDA/net interest expense (x)		12.4	18.7	20.4
EBIT/net interest expense (x)		7.5	12.0	13.7
	Leverage ratio (x)	31.12.18	31.12.19	31.12.20
Net debt/EBITDA		1.5	0.8	0.3
Adjusted Net Debt/Adjusted EBITDA (x)		1.6	0.8	0.3
Net debt/FFO		1.8	0.8	0.4
Net debt/equity		0.3	0.2	0.1

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

CNH Ind.: Credit View NEUTRAL

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

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

Key credit drivers

- 1Q21 results were solid, showing a sharp improvement vs both 1Q20 and 1Q19, driven by strong market demand across regions and segments. Industrial Activities' adjusted EBIT turned around to USD 545M (from USD -148M), driven by favourable volume and positive price realisation, partly offset by higher raw material costs. The industrial net cash position fell to USD 0.6Bn from USD 0.8Bn at YE20, driven by negative FCF (USD -0.4Bn, but significantly better vs USD -1.5Bn in 1Q20), following seasonal NWC outflow and higher capex.
- CNHI upgraded its 2021 guidance on Industrial Activities as follows: 1) net sales up 14-18% yoy (from up 8-12%); 2) positive FCF by USD 0.6-1Bn (from USD 0.4-0.8Bn); and 3) R&D and capex up to USD 2Bn (from 4.5% and 2.5% of sales, respectively). CNHI also increased its estimates on global demand across most industrial segments, reflecting rising commodity prices.
- We expect stable ratings for CNHI in 2021, as all agencies assign Stable outlooks based on an expected industry recovery.
- HOLD recommendation confirmed, as CNHI's bonds trade almost in line, on average, vs iBoxx NFI BBB-rated bonds.

Strengths

- World's fourth-largest capital goods group and second-largest player globally in AG.
- Favourable long-term demand fundamentals in AG.
- Committed to maintaining an IG rating for both the Off-Highway and On-Highway entities after the spin-off.

Weaknesses

- Material impact from COVID-19 pandemic in 2020.
- Cyclical and highly capital-intensive businesses.
- Weak profitability in CE and CV segments.
- Lower scale and diversification expected after the spin-off of the On-Highway segment, planned for 1Q22.

Outperformer¹ YTD - Senior Unsecured

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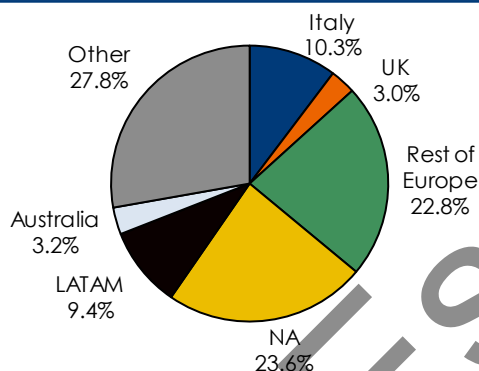
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Underperformance¹ YTD - Senior Unsecured

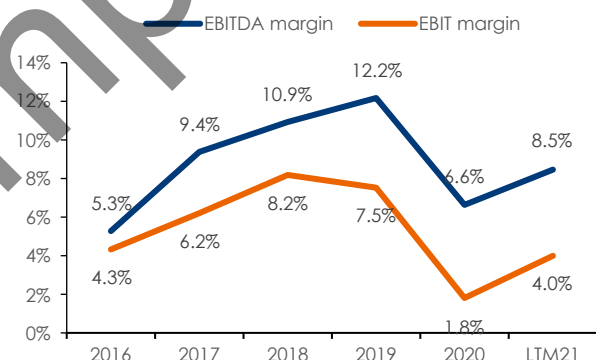
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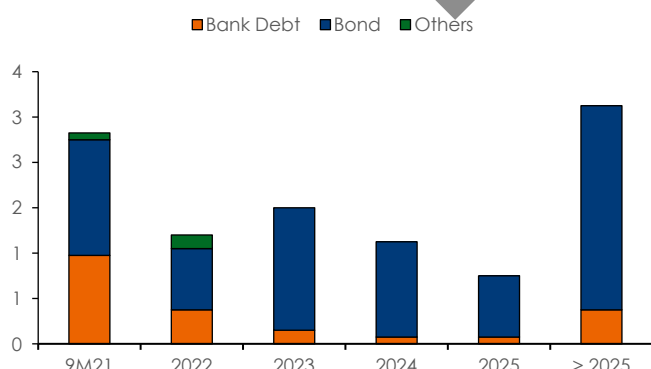
Sales by geographic area (2020)



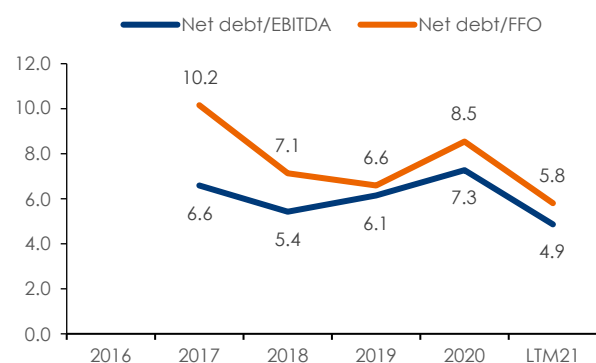
Trend in profitability



Debt maturity profile (EUR Bn, 31.03.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of CNH Ind. bonds in Appendix 1 (page 89)

CNH Industrial in Brief

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

Consolidated income statement - main items

(USD M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	26,149	24,285	-7.1	26,335	8.4	4,993	7,043	41.1
EBITDA	3,183	1,611	-49.4	2,228	38.3	388	1,005	159.0
Adjusted EBITDA	3,095	2,245	-27.5	3,224	43.6	245	1,224	NM
EBIT	1,968	439	-77.7	1,052	139.6	105	718	NM
Adjusted EBIT	1,880	1,073	-42.9	2,048	90.9	-38	937	NM
Net interest expense	1,132	1,069	-5.6	1,051	-1.7	287	269	-6.3
Income (loss) on equity investments	13	17	30.8	43	152.9	-1	25	NM
Profit before tax	1,183	-222	-118.8	437	NM	-77	582	NM
Net profit (loss)	1,454	-172	-111.8	307	NM	-54	425	NM
Net profit (loss) attributable to the Group	1,422	-227	-116.0	246	NM	-65	408	NM

Consolidated cash flow statement - main items

(USD M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	2,887	1,911	-33.8	2,701	41.3	91	881	NM
Net change in working capital	-1,061	3,618	NM	3,732	3.2	-623	-509	-18.3
CFO	1,826	5,529	NM	6,433	16.4	-532	372	-169.9
Capex	-637	-484	-24.0	-492	1.7	-63	-71	12.7
FCF	-136	3,679	NM	4,534	23.2	-851	4	-100.5
Dividends	-283	-8	-97.2	-8	0.0	-1	-1	0.0
Discretionary FCF	-419	3,671	NM	4,526	23.3	-852	3	-100.4
RCF	-444	2,771	NM	3,563	28.6	-611	181	-129.6
Change in equity	-57	0	-100.0	NA	NM	NA	NA	NA
Change in debt	546	667	22.2	-732	NM	-194	-1,593	NM
CFF	489	667	36.4	-732	NM	-194	-1,593	NM
RCF + CFF	45	3,438	NM	2,831	-17.7	-805	-1,412	75.4
Change in liquidity	-30	3,856	NM	3,263	-15.4	-1,069	-1,662	55.5

Consolidated balance sheet - main items

(USD M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	2,644	2,656	0.5	2,696	1.5	2,675	-0.8
Property, plant & equipment	4,448	4,538	2.0	4,923	8.5	4,574	-7.1
Financial and equity investments	2,204	1,034	-53.1	921	-10.9	856	-7.1
Total non-current assets	NA	NA	NA	NA	NA	NA	NA
Inventory	6,893	6,744	-2.2	6,022	-10.7	6,880	14.2
Trade receivables	478	421	-11.9	506	20.2	493	-2.6
Cash and current financial assets	5,868	7,133	21.6	9,629	35.0	7,967	-17.3
Total current assets	NA	NA	NA	NA	NA	NA	NA
Total assets	45,019	45,069	0.1	48,719	8.1	46,705	-4.1
Long-term debt	24,449	24,670	0.9	26,053	5.6	23,805	-8.6
Provisions for risks and charges	1,468	1,502	2.3	1,617	7.7	1,556	-3.8
Total non-current liabilities	NA	NA	NA	NA	NA	NA	NA
Short-term debt	NA	NA	NA	NA	NA	NA	NA
Trade payables	4,542	5,112	12.5	6,357	24.4	6,465	1.7
Total current liabilities	NA	NA	NA	NA	NA	NA	NA
Minorities	38	41	7.9	40	-2.4	41	2.5
Shareholders' equity	5,925	4,799	-19.0	4,989	4.0	5,465	9.5
Total equity	5,963	4,840	-18.8	5,029	3.9	5,506	9.5
Total liabilities and equity	45,019	45,069	0.1	48,719	8.1	46,705	-4.1
Net debt	18,470	17,387	-5.9	16,322	-6.1	15,676	-4.0
Adjusted net debt	2,307	1,544	-33.1	-786	-150.9	-591	-24.8

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	12.2	6.6	8.5	7.8	14.3
Adjusted EBITDA margin	11.8	9.2	12.2	4.9	17.4
EBIT margin	7.5	1.8	4.0	2.1	10.2
Adjusted EBIT margin	7.2	4.4	7.8	-0.8	13.3
EBITDA/net interest expense (x)	-2.7	-2.1	-2.1	-0.9	-4.6
EBIT/net interest expense (x)	-1.7	-1.0	-1.0	0.1	-3.5
Leverage ratio (x)	30.06.20	30.09.20	31.12.20	31.03.21	
Net debt/EBITDA	9.4	8.9	7.3	4.9	
Adjusted Net Debt/Adjusted EBITDA (x)	1.8	1.3	-0.4	-0.2	
Net debt/FFO	10.7	11.0	8.5	5.8	
Net debt/equity	3.1	3.6	3.2	2.8	

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

Enel: Credit View NEUTRAL

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

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

Key credit drivers

- Weak Q1 results, but overall in line with consensus. Ordinary EBITDA down by 12% yoy, mainly reflecting: i) a positive net provision reversal booked in Spain in 1Q20 (-EUR 350M); (ii) normalisation of short positions in power generation (-EUR 135M); and iii) FX negative impact (-EUR 174M). Working capital absorption was EUR 800M vs EUR 1.5Bn in 1Q20, with a full reabsorption of the negative impact reported in 2020 due to the pandemic.
- Outlook. 2021 guidance confirmed, with: i) "ordinary" EBITDA at c.EUR 18.7-19.3Bn; and ii) "ordinary" net income at EUR 5.4-5.6Bn. Open Fiber stake sale should be completed by year-end, with a capital gain of EUR 1.7Bn, according to Enel.
- BUY recommendation on the hybrid bonds in light of the group's solid financial profile and a credit-supportive strategy.

Strengths

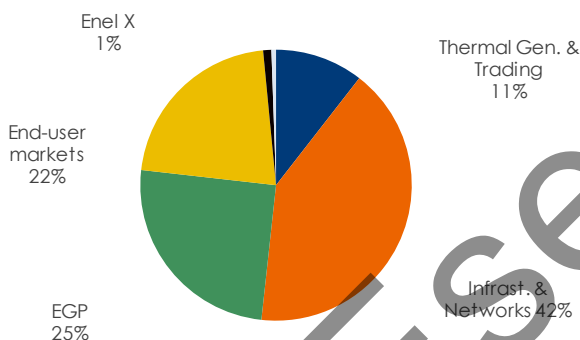
- Strong contribution from both regulated and contracted activities (almost 70% of FY20 EBITDA).
- 2021-2023 plan confirms industrial growth in low-risk activities (network and renewables).
- Solid financial position.

Outperformer¹ YTD - Senior Unsecured

ENELIM 51/4 09/29/23

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Ordinary EBITDA breakdown (1Q21)



Weaknesses

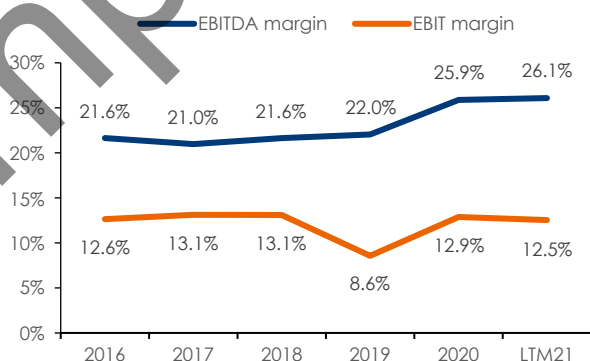
- High exposure to Italy (roughly 40% of EBITDA).
- Potential negative impact from adverse exchange rate development, mainly in Latam.
- Generous dividend policy, with 7% CAGR over 2020-2023.

Underperformance¹ YTD - Senior Unsecured

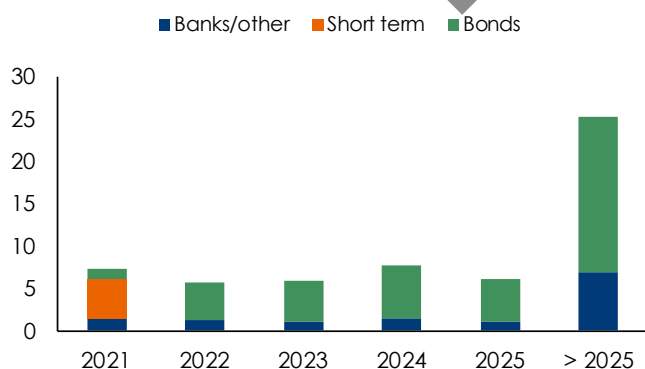
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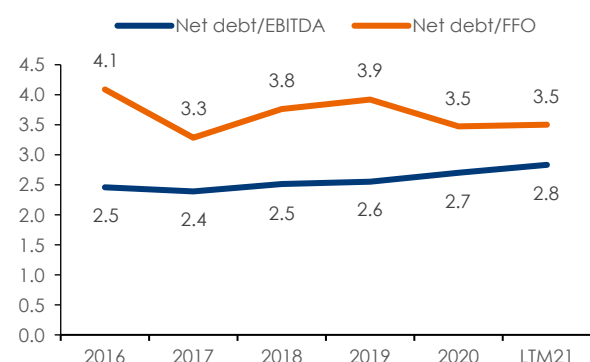
Trend in profitability



Debt maturity profile (EUR Bn, 31.3.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Enel bonds in Appendix 1 (page 89, 90)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	80,327	64,985	-19.1	62,107	-4.4	19,985	17,107	-14.4
EBITDA	17,704	16,816	-5.0	16,199	-3.7	4,708	4,091	-13.1
Adjusted EBITDA	17,905	17,940	0.2	17,358	-3.2	4,741	4,159	-12.3
EBIT	6,878	8,368	21.7	7,784	-7.0	3,109	2,525	-18.8
Adjusted EBIT	11,096	11,284	1.7	10,748	-4.8	3,134	2,598	-17.1
Net interest expense	-2,539	-1,582	-37.7	-1,382	-12.6	-636	-436	-31.4
Income (loss) on equity investments	-122	-299	145.1	-262	-12.4	-3	34	NM
Profit before tax	4,312	5,463	26.7	5,113	-6.4	2,488	2,138	-14.1
Net profit (loss)	3,476	3,622	4.2	3,430	-5.3	1,687	1,495	-11.4
Net profit (loss) attributable to the Group	2,174	2,610	20.1	2,539	-2.7	1,247	1,176	-5.7

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	11,524	13,075	13.5	13,104	0.2	3,492	3,521	0.8
Net change in working capital	-273	-1,567	NM	-1,108	-29.3	-1,439	-980	-31.9
CFO	11,251	11,508	2.3	11,996	4.2	2,053	2,541	23.8
Capex	-9,259	-9,548	3.1	-9,733	1.9	-1,870	-2,055	9.9
FCF	1,992	1,960	-1.6	2,263	15.5	183	486	165.6
Dividends	-3,957	-4,742	19.8	-4,608	-2.8	-2,182	-2,048	-6.1
Discretionary FCF	-1,965	-2,782	41.6	-2,345	-15.7	-1,999	-1,562	-21.9
RCF	-1,301	-4,431	NM	-4,041	-8.8	-2,082	-1,692	-18.7
Change in equity	0	0	NM	0	NM	0	0	NM
Change in debt	3,743	1,850	-50.6	1,796	-2.9	990	936	-5.5
CFF	3,743	1,850	-50.6	1,796	-2.9	990	936	-5.5
RCF + CFF	2,442	-2,581	NM	-2,245	-13.0	-1,092	-756	-30.8
Change in liquidity	2,366	-3,078	NM	-2,467	-19.9	-1,379	-768	-44.3

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	108	NA	NA	17,668	NA	NA	NA
Property, plant & equipment	78,418	NA	NA	78,821	NA	NA	NA
Financial and equity investments	1,732	1,682	-2.9	861	-48.8	848	-1.5
Total non-current assets	131,723	129,311	-1.8	128,900	-0.3	130,107	0.9
Inventory	2,629	2,647	0.7	2,401	-9.3	2,702	12.5
Trade receivables	11,308	11,527	1.9	12,046	4.5	12,257	1.8
Cash and current financial assets	5,840	5,568	-4.7	5,906	6.1	5,138	-13.0
Total current assets	35,267	33,831	-4.1	33,137	-2.1	36,293	9.5
Total assets	166,995	163,149	-2.3	163,453	0.2	167,814	2.7
Long-term debt	53,623	51,073	-4.8	49,519	-3.0	50,415	1.8
Provisions for risks and charges	15,921	15,450	-3.0	16,535	7.0	16,210	-2.0
Total non-current liabilities	82,178	79,337	-3.5	79,309	0.0	79,665	0.4
Short-term debt	4,694	11,122	136.9	3,168	-71.5	7,889	149.0
Trade payables	9,348	10,001	7.0	12,859	28.6	12,726	-1.0
Total current liabilities	41,447	40,396	-2.5	40,979	1.4	42,615	4.0
Minorities	14,188	13,968	-1.6	14,032	0.5	13,351	-4.9
Shareholders' equity	29,180	29,446	0.9	28,325	-3.8	31,357	10.7
Total equity	43,368	43,414	0.1	42,357	-2.4	44,708	5.6
Total liabilities and equity	166,995	163,149	-2.3	163,453	0.2	167,814	2.7
Net debt	50,411	48,953	-2.9	45,415	-7.2	45,884	1.0
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	22.0	25.9	26.1	23.6	23.9
Adjusted EBITDA margin	22.3	27.6	27.9	23.7	24.3
EBIT margin	8.6	12.9	12.5	15.6	14.8
Adjusted EBIT margin	13.8	17.4	17.3	15.7	15.2
EBITDA/net interest expense (x)	7.0	10.6	11.7	7.4	9.4
EBIT/net interest expense (x)	2.7	5.3	5.6	4.9	5.8
Leverage ratio (x)	30.06.20	30.09.20	31.12.20	31.03.21	
Net debt/EBITDA	2.9	2.8	2.7	2.8	
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	
Net debt/FFO	4.8	4.2	3.5	3.5	
Net debt/equity	1.2	1.1	1.1	1.0	

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

Eni: Credit View NEUTRAL

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

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

Key credit drivers

- Eni's 1Q21 results were mixed yoy, but sharply rebounded qoq, supported by higher hydrocarbon prices. Adjusted EBIT rose by 1% to EUR 1.3Bn, mostly in upstream (+33% to EUR 1.4Bn), due to the higher oil price (+21%, to USD 61/bbl), and despite lower production (-5%). Net debt rose by 6% qoq, to EUR 17.5Bn, due to EUR 0.5Bn acquisitions in the green business, with adjusted leverage up to 1.4x from 1.3x at YE20.
- Mixed revision of 2021 guidance, driven by improved Brent price assumption to USD 60/bbl from USD 50/bbl, as follows: 1) CFO before NWC up to above EUR 9Bn from EUR 8Bn; 2) FCF before NWC up to above EUR 3Bn from EUR 2Bn; 3) adjusted EBIT in R&M/Chemicals down to EUR 0.4Bn from EUR 0.6Bn; and 4) adjusted EBIT in GGP down to break-even from EUR 0.3Bn.
- Eni's ratings should remain stable in 2021, in our view, reflecting a recovery in credit metrics amid the oil price rebound.
- HOLD senior bonds, as they are supported by the ECB's CSPP and PEPP programmes. BUY hybrid bonds, as they are still attractive.

Strengths

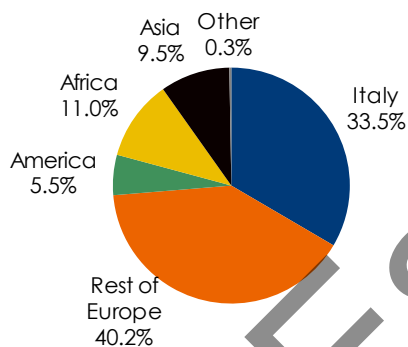
- Fourth-largest oil and gas producer worldwide, and one of Europe's largest gas suppliers.
- Committed to its 2050 decarbonisation strategy in order to reduce its exposure to hydrocarbon price volatility.
- Low refinancing risk in 2021-2023.

Outperformer¹ YTD - Senior Unsecured

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Sales by geographic area (2020)



Weaknesses

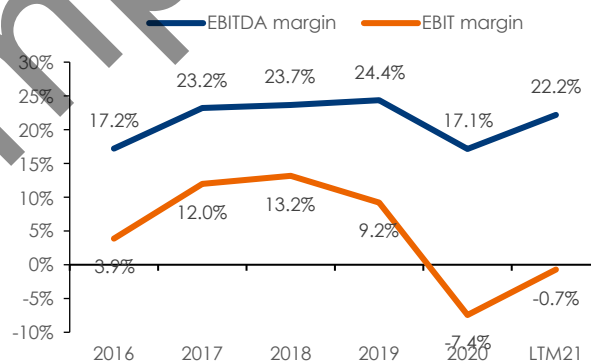
- E&P division highly dependent on high-risk non-OECD countries; moderate exposure to Italy country risk.
- High exposure to oil/gas prices and EUR/USD FX rate.
- Risks related to the energy transition strategy.
- Progressive dividend policy and possible share buyback.

Underperformance¹ YTD - Senior Unsecured

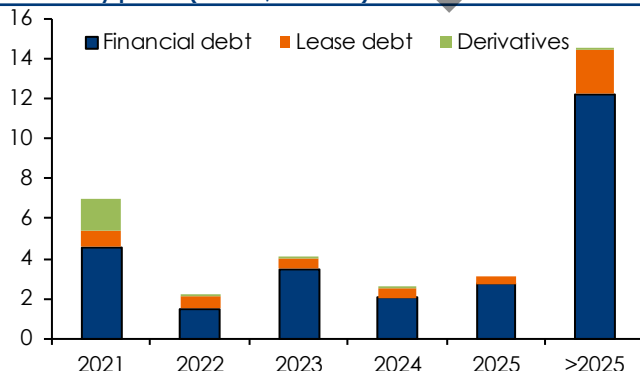
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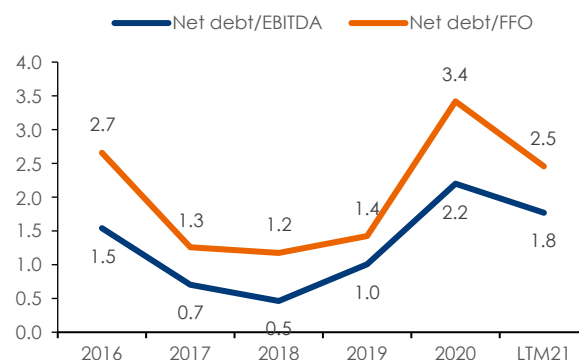
Trend in profitability



Debt maturity profile (EUR Bn, 31.12.20)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Eni bonds in Appendix 1 (page 90)

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 also generates and trades electricity, refines oil, and operates petrol stations.

Consolidated income statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	69,881	43,987	-37.1	44,608	1.4	13,873	14,494	4.5
EBITDA	17,026	7,541	-55.7	9,897	31.2	1,244	3,600	189.4
Adjusted EBITDA	19,191	12,714	-33.8	12,127	-4.6	3,646	3,059	-16.1
EBIT	6,432	-3,275	-150.9	-318	-90.3	-1,095	1,862	NM
Adjusted EBIT	8,597	1,898	-77.9	1,912	0.7	1,307	1,321	1.1
Net interest expense	-879	-1,045	18.9	-810	-22.5	-408	-173	-57.6
Income (loss) on equity investments	193	-1,658	NM	-696	-58.0	-890	72	-108.1
Profit before tax	5,746	-5,978	NM	-1,824	-69.5	-2,393	1,761	-173.6
Net profit (loss)	155	-8,628	NM	-4,841	-43.9	-2,927	860	-129.4
Net profit (loss) attributable to the Group	148	-8,635	NM	-4,850	-43.8	-2,929	856	-129.2

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	12,026	4,852	-59.7	7,129	46.9	290	2,567	NM
Net change in working capital	366	-30	-108.2	-1,906	NM	685	-1,191	NM
CFO	12,392	4,822	-61.1	5,223	8.3	975	1,376	41.1
Capex	-8,376	-4,644	-44.6	-4,193	-9.7	-1,590	-1,139	-28.4
FCF	4,016	178	-95.6	1,030	NM	-615	237	-138.5
Dividends	-3,022	-1,968	-34.9	NA	NA	NA	NA	NA
Discretionary FCF	994	-1,790	NM	-938	-47.6	-615	237	-138.5
RCF	-2,043	-1,733	-15.2	-920	-46.9	-922	-109	-88.2
Change in equity	-402	2,975	NM	NA	NA	NA	-10	NA
Change in debt	-2,417	2,246	-192.9	2,816	25.4	-1,436	-866	-39.7
CFF	-2,819	5,221	NM	5,781	10.7	-1,436	-876	-39.0
RCF + CFF	-4,862	3,488	-171.7	4,861	39.4	-2,358	-985	-58.2
Change in liquidity	-4,861	3,419	-170.3	4,823	41.1	-2,353	-949	-59.7

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	3,086	3,025	-2.0	2,936	-2.9	3,117	6.2
Property, plant & equipment	63,912	60,676	-5.1	58,586	-3.4	60,673	3.6
Financial and equity investments	8,320	8,130	-2.3	7,706	-5.2	8,153	5.8
Total non-current assets	83,177	79,701	-4.2	76,746	-3.7	79,673	3.8
Inventory	4,158	4,031	-3.1	3,893	-3.4	4,414	13.4
Trade receivables	10,700	10,763	0.6	10,926	1.5	13,391	22.6
Cash and current financial assets	13,139	12,914	-1.7	15,169	17.5	14,837	-2.2
Total current assets	31,890	30,383	-4.7	32,858	8.1	35,807	9.0
Total assets	115,085	110,102	-4.3	109,648	-0.4	115,634	5.5
Long-term debt	27,469	27,628	0.6	26,064	-5.7	26,748	2.6
Provisions for risks and charges	14,890	14,334	-3.7	14,639	2.1	14,916	1.9
Total non-current liabilities	50,642	50,034	-1.2	48,464	-3.1	49,845	2.8
Short-term debt	5,561	5,065	-8.9	5,640	11.4	5,546	-1.7
Trade payables	12,525	12,054	-3.8	12,936	7.3	13,754	6.3
Total current liabilities	25,604	23,535	-8.1	23,691	0.7	25,723	8.6
Minorities	72	73	1.4	78	6.8	82	5.1
Shareholders' equity	38,767	36,460	-6.0	37,415	2.6	39,875	6.6
Total equity	38,839	36,533	-5.9	37,493	2.6	39,957	6.6
Total liabilities and equity	115,085	110,102	-4.3	109,648	-0.4	115,634	5.5
Net debt	19,971	19,853	-0.6	16,586	-16.5	17,507	5.6
Adjusted net debt	19,891	19,779	-0.6	16,535	-16.4	17,457	5.6

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	24.4	17.1	22.2	9.0	24.8
Adjusted EBITDA margin	27.5	28.9	27.2	26.3	21.1
EBIT margin	9.2	-7.4	-0.7	-7.9	12.8
Adjusted EBIT margin	12.3	4.3	4.3	9.4	9.1
EBITDA/net interest expense (x)	19.4	7.2	12.2	3.0	20.8
EBIT/net interest expense (x)	7.3	-3.1	-0.4	-2.7	10.8
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		1.8	2.2	2.2	1.8
Adjusted Net Debt/Adjusted EBITDA (x)		1.3	1.5	1.3	1.4
Net debt/FFO		3.0	3.5	3.4	2.5
Net debt/equity		0.5	0.5	0.4	0.4

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

ERG: Credit View NEUTRAL

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

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

Key credit drivers

- 1Q21 adjusted EBITDA up 3% yoy (slightly above Bloomberg consensus). The performance was mainly driven by: i) higher volumes, following higher rainfall; and ii) the rise in unitary incentive value. These positives were partly offset by both the poor wind conditions outside Italy and a lower thermal power performance, due to the end of the first 10 years of energy efficiency certificates for the CCGT plant.
- Outlook. 2021 guidance raised slightly, with: i) adjusted EBITDA at EUR 490-510M (previously EUR 480-500M); ii) investments of EUR 285-325M; and iii) adjusted net debt in a range of EUR 1.39-1.49Bn vs the previous 1.35-1.45Bn. These figures should result in a net debt/EBITDA ratio of around 2.9x. The 2021-2025 strategic plan targets the achievement of a quasi-regulated business model, with 80% of EBITDA secured through participation in auctions or PPAs.
- BUY recommendation on ERG's bonds in light of the solid business mix and the strong focus on the renewables sector.

Strengths

- Leading Italian player in wind generation and one of the top players in hydro.
- High contribution from quasi-regulated activities: around 75% of EBITDA in 2020 and targeted at 80% in 2025.
- Geographical and technological diversification.
- Prudent approach to external growth through M&A.

Weaknesses

- Sizeable investment plan over 2021-2025, but with limited mandatory capex.
- Exposure to electricity price trends.
- Declining share of incentives in the medium term, assuming unchanged assets portfolio.
- Increasing competition in renewables business.

Outperformer¹ YTD - Senior Unsecured

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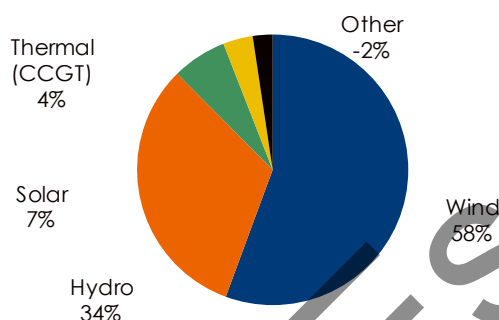
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Underperformance¹ YTD - Senior Unsecured

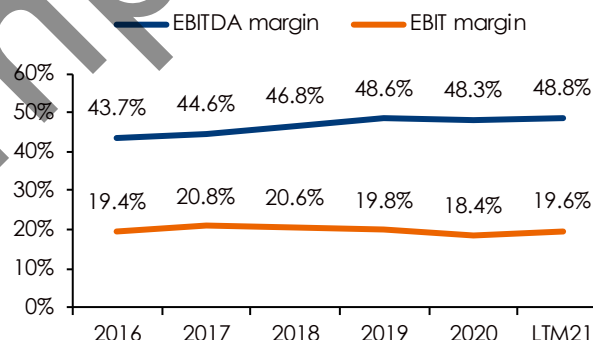
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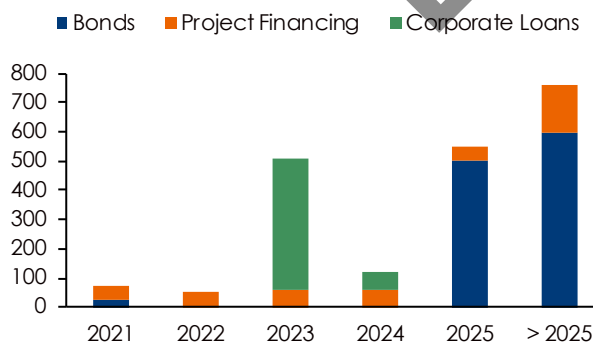
EBITDA adjusted breakdown (1Q21)



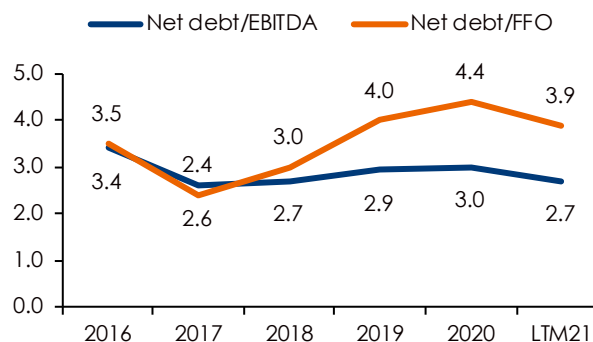
Trend in profitability (adjusted data) *



Debt maturity profile (EUR M, 31.12.20)



Leverage trend (x) (adjusted data) *



*reported company-adjusted data. Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of ERG bonds in Appendix 1 (page 90)

ERG in Brief

ERG S.p.A. is a producer of energy from renewable sources (wind, solar, hydroelectric and thermoelectric) in Europe. It operates mainly in Italy, France and Germany.

Consolidated income statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	1,045	996	-4.7	993	-0.2	284	282	-0.8
EBITDA	496	468	-5.5	475	1.4	157	163	4.2
Adjusted EBITDA	504	480	-4.6	485	0.9	156	161	2.9
EBIT	190	155	-18.3	170	9.3	80	94	18.1
Adjusted EBIT	205	183	-10.5	195	6.3	82	93	14.2
Net interest expense	-61	-47	-23.0	-42	-11.9	-13	-8	-41.8
Income (loss) on equity investments	0	0	100.0	0	0.0	0	0	NM
Profit before tax	144	137	-5.1	154	12.7	68	85	25.4
Net profit (loss)	105	107	2.4	119	10.7	53	65	21.6
Net profit (loss) attributable to the Group	104	106	2.1	117	11.0	53	65	21.7

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	372	329	-11.5	339	3.1	143	153	7.1
Net change in working capital	66	-8	-111.9	25	NM	-30	3	-110.0
CFO	437	321	-26.6	367	14.4	113	159	41.0
Capex	-68	-111	64.1	-127	14.2	-17	-33	91.9
FCF	370	210	-43.3	240	14.5	96	126	31.8
Dividends	-112	-115	2.5	-115	0.0	0	0	NM
Discretionary FCF	257	94	-63.3	125	32.2	96	126	31.8
RCF	291	-60	-120.5	15	-125.4	51	126	145.6
Change in equity	0	0	NM	NA	NM	NA	NA	NA
Change in debt	-257	64	-125.0	NA	NA	NA	NA	NA
CFF	-257	64	-125.0	NA	NA	NA	NA	NA
RCF + CFF	34	4	-86.9	NA	NA	NA	NA	NA
Change in liquidity	-121	2	-101.7	NA	NA	NA	NA	NA

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	1,084	1,068	-1.5	1,050	-1.7	1,021	-2.8
Property, plant & equipment	2,213	2,177	-1.6	2,159	-0.8	2,145	-0.7
Financial and equity investments	52	53	1.6	52	-1.8	49	-7.2
Total non-current assets	3,526	3,471	-1.6	3,465	-0.2	3,428	-1.1
Inventory	23	23	0.8	49	113.8	46	-6.8
Trade receivables	330	287	-13.1	273	-4.8	257	-5.6
Cash and current financial assets	708	976	37.7	740	-24.1	741	0.1
Total current assets	1,061	1,285	21.2	1,062	-17.3	1,135	6.9
Total assets	4,586	4,756	3.7	4,527	-4.8	4,563	0.8
Long-term debt	2,016	2,055	1.9	2,015	-2.0	1,964	-2.5
Provisions for risks and charges	140	139	-0.5	137	-1.3	138	0.2
Total non-current liabilities	2,467	2,501	1.4	2,405	-3.9	2,384	-0.9
Short-term debt	195	342	75.4	151	-55.9	109	-27.9
Trade payables	59	62	5.4	74	18.9	83	11.5
Total current liabilities	388	521	34.4	355	-32.0	349	-1.4
Minorities	11	11	7.2	10	-15.2	10	-1.7
Shareholders' equity	1,721	1,722	0.1	1,758	2.1	1,821	3.6
Total equity	1,731	1,734	0.1	1,758	1.4	1,830	4.1
Total liabilities and equity	4,586	4,756	3.7	4,527	-4.8	4,563	0.8
Net debt	1,579	1,496	-5.3	1,540	2.9	1,415	-8.1
Adjusted net debt	1,503	1,421	-5.4	1,439	1.3	1,316	-8.5

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	47.5	47.0	47.8	55.1	57.9
Adjusted EBITDA margin	48.6	48.3	48.8	55.1	57.1
EBIT margin	18.2	15.6	17.1	28.1	33.4
Adjusted EBIT margin	19.8	18.4	19.6	28.7	33.1
EBITDA/net interest expense (x)	8.2	10.2	11.4	11.7	20.6
EBIT/net interest expense (x)	3.3	3.9	4.1	6.1	11.9
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		3.4	3.2	3.3	3.0
Adjusted Net Debt/Adjusted EBITDA (x)		3.0	2.9	3.0	2.7
Net debt/FFO		3.1	3.6	4.7	4.2
Net debt/equity		0.9	0.8	0.8	0.7

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

Exor: Credit View NEUTRAL

(Moody's -, Fitch -)

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

Key credit drivers

- Exor reported a loss of EUR 30M for 2020 (latest available results), from a EUR 3Bn net profit for 2019, driven by pandemic-related effects on its subsidiaries' performances. Net debt deteriorated to EUR 3.25Bn from EUR 2.6Bn at YE19, mainly due to EUR 500M of investments, EUR 105M in net financial charges, and EUR 100M in dividend payments, partially offset by EUR 94M in dividends received from subsidiaries.
- EUR 1.5Bn in firepower still available for acquisitions (including EUR 1Bn in dividends from Stellantis), after EUR 1Bn already completed in 2020 and EUR 0.5Bn YTD in 2021. In this regard, we highlight that on 13 April, Exor acquired a 24% stake in Christian Louboutin for EUR 541M. A EUR 500M share repurchase programme by YE22 was approved by Exor's AGM in May.
- Committed to maintaining the current IG rating, with a loan/value (LTV) below 20%.
- BUY recommendation confirmed on Exor's bonds, given the holding's ample financial flexibility.

Strengths

- One of Europe's leading investment companies, 53%-owned by the Agnelli family.
- NAV could benefit from Stellantis' rerating and CNHI's spin-off.
- Operating subsidiaries' debt is non-recourse and not cross-defaulted with Exor's debt.

Weaknesses

- Presence in cyclical and capital-intensive businesses, mitigated by reinsurance business (PRE).
- High exposure to North America.
- M&A risk, but proven track record of disciplined use of capital.
- Equity market volatility could result in LTV above 20%.

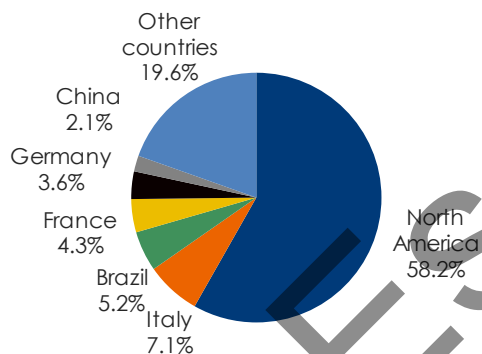
Outperformer¹ YTD - Senior Unsecured

EXOIM 1 3/4 10/14/34 -54

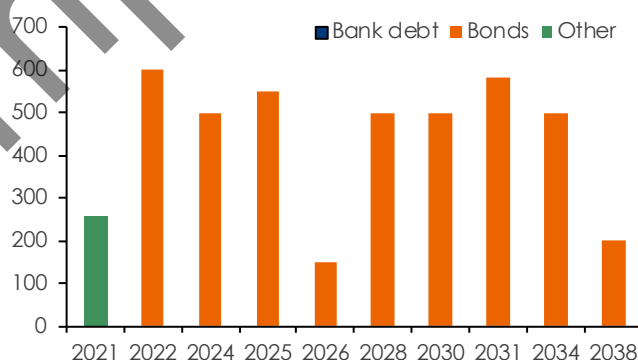
Underperformance¹ YTD - Senior Unsecured

EXOIM 0 7/8 01/19/31 -19

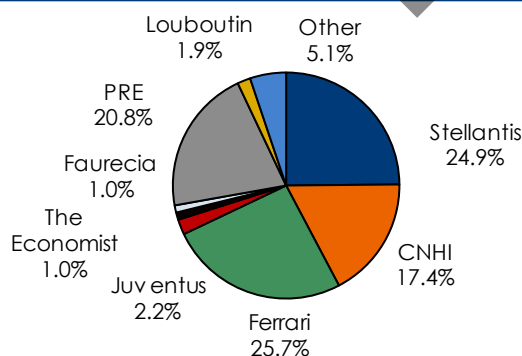
Sales by geographic area (2020)



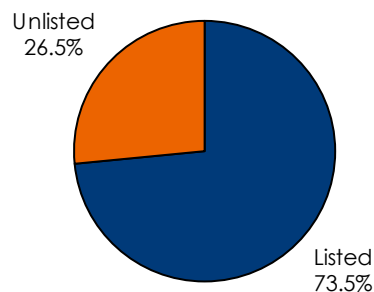
Holdings' debt repayment schedule (EUR M, 31.12.20)



Estimated GAV by investment (prices at 15.07.21)



Estimated GAV by listed investment (prices at 15.07.21)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of EXOR bonds in Appendix 1 (page 90)

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)	2018	2019	Chg %	2020	Chg %
Shares of profit/loss in equity investments	1,437	3,033	111.1	79	-97.4
Dividends from investments	0	0	NM	0	NM
Net gains/losses on disposals and write-downs	-1	0	-100.0	-31	NM
Net financial charges/income (NFC)	-65	44	-167.7	-105	NM
Non-recurring other income/expenses	-3	-1	-66.7	50	NM
Net general expenses and other taxes/duties	-20	-21	5.0	-19	-9.5
Consolidated profit before income taxes	1,348	3,055	126.6	-26	-100.9
Consolidated net profit	1,347	3,053	126.7	-30	-101.0

Consolidated cash flow statement - main items

(EUR M)	2018	2019	Chg %	2020	Chg %
Dividends received	138	1,179	NM	94	-92.0
Investments	-22	-274	NM	-500	82.5
Sales/redemption	32	NA	NA	39	NA
Reimbursements of reserves	NA	NA	NA	NA	NA
Dividends distributed	-82	-100	21.8	-100	0.0
Shares buy-back	-62	-207	NM	-29	-86.0
Interest income on FCA's MCB	NA	NA	NA	NA	NA
Net financial charges	-65	44	-167.7	-105	NM
Net general expenses	-17	-15	-11.8	-13	-13.3
Other	-13	-3	-76.9	-6	100.0
Change in NFP	-91	624	NM	-620	NM
Initial NFP	-3,164	-3,255	2.9	-2,631	-19.2
Final NFP	-3,255	-2,631	-19.2	-3,251	23.6

Consolidated balance sheet statement - main items

(EUR M)	31.12.18	31.12.19	Chg %	31.12.20	Chg %
Equity investments at equity method	15,393	17,851	14.0	16,099	-8.3
Equity investments at fair value	55	78	41.8	191	144.9
Other financial assets	NA	NA	NA	NA	NA
Total non-current assets	15,445	17,656	14.2	16,341	-7.4
Cash and current financial assets	267	789	195.5	859	8.9
Total current assets	267	789	195.5	859	8.9
Total assets	15,732	18,445	17.2	17,200	-6.7
Medium/long-term financial debt	3,236	3,391	4.8	3,855	13.7
Short-term financial debt	286	29	-89.9	255	NM
Total financial debt	3,522	3,420	-2.9	4,110	20.2
Equity	12,210	15,025	23.1	13,090	-12.9
Net financial debt	3,255	2,631	-19.2	3,251	23.6
Total liabilities and equity	15,732	18,445	17.2	17,200	-6.7

Gross asset value and net asset value

(EUR M)	31.12.18	31.12.19	Chg %	31.12.20	Chg %
Equity investments	20,326	25,746	26.7	27,128	5.4
Financial investments	NA	NA	NA	NA	NA
Cash and cash equivalents	267	789	195.5	859	8.9
Treasury shares	167	167	0.0	164	-1.8
Gross asset value (GAV)	20,760	26,702	28.6	28,151	5.4
Gross financial debt	3,522	3,420	-2.9	4,110	20.2
Net asset value (NAV)	17,238	23,282	35.1	24,041	3.3
Loan-to-value (%)	15.9	10.2	-	11.9	-

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

Hera: Credit View POSITIVE

(Moody's Baa2 / Stable , Fitch -)

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

Key credit drivers

- Positive Q1 results. The performance was entirely due to organic growth and was mainly driven by the energy sector and waste management. Net debt improved vs year-end 2020, benefitting from strong cash generation, which allowed Hera to recover a solid level of financial flexibility after the deterioration due to the acquisition of Ascopiave's assets, which took place in 2019.
- Outlook. For 2021, management confirmed total capex and financial investments above EUR 660M. The 2024 strategic plan confirms the group's historical pillars of organic growth and M&A and envisages a strong focus on ESG themes and sustainability. The high share of investments to be devoted to regulated activities (around 74% of the total) provides a good level of visibility regarding plan implementation and targets, in our view.
- HOLD recommendation confirmed on Hera's bonds in light of current spreads and solid 1Q21 results.

Strengths

- Diversified business mix.
- Predictable and stable cash flows from regulated activities (above 40% of total FY20 EBITDA).
- Positive results in working capital management.
- 2020-2024 BP focuses on regulated activities (74% of total capex devoted to this area).

Weaknesses

- Risk of lower remuneration for regulated activities from 2022 (gas and electricity distribution).
- Margins under pressure in liberalised business: eg, energy sales.
- High exposure to Italy country risk, given entirely domestic operations.

Outperformer¹ YTD - Senior Unsecured

HERIM 5.2 01/29/28

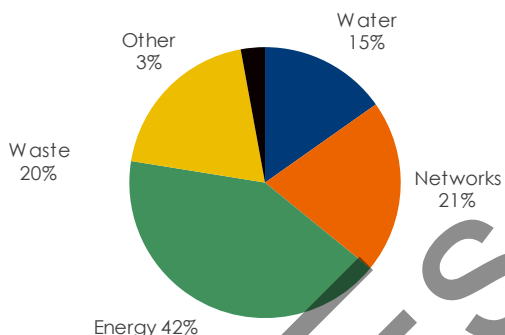
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Underperformance¹ YTD - Senior Unsecured

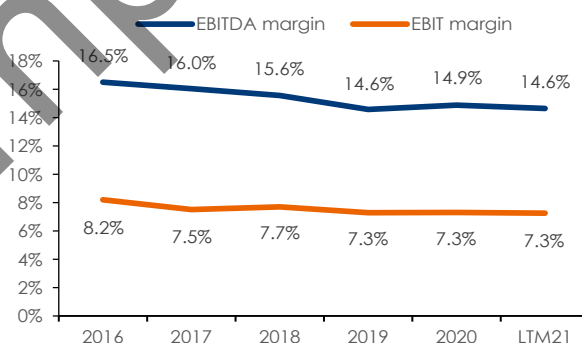
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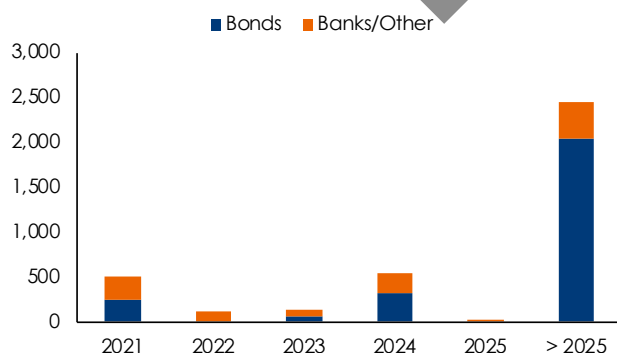
EBITDA breakdown (1Q21)



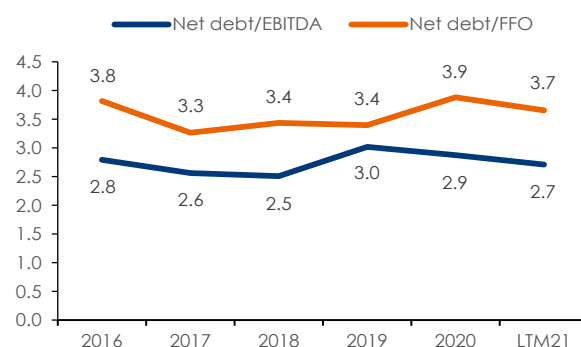
Trend in profitability



Debt maturity profile (EUR M, 31.3.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Hera bonds in Appendix 1 (page 91)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	7,444	7,547	1.4	7,755	2.8	2,165	2,373	9.6
EBITDA	1,085	1,123	3.5	1,136	1.1	349	362	3.7
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	543	551	1.6	563	2.1	212	223	5.4
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-139	-125	-10.4	-125	0.2	-32	-32	0.9
Income (loss) on equity investments	13	8	-38.8	8	2.4	3	3	6.7
Profit before tax	528	435	-17.7	446	2.6	183	194	6.2
Net profit (loss)	402	323	-19.7	333	3.1	130	140	7.7
Net profit (loss) attributable to the Group	386	303	-21.6	311	2.6	124	132	6.3

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	964	832	-13.8	842	1.3	283	293	3.8
Net change in working capital	-142	38	-126.7	127	NM	-117	-28	-76.1
CFO	822	869	5.7	969	11.5	166	265	60.4
Capex	-533	-506	-5.0	-528	4.2	-95	-116	22.4
FCF	289	363	25.5	442	21.7	71	149	111.5
Dividends	-162	-163	1.1	-163	0.0	0	0	NM
Discretionary FCF	128	200	56.4	278	39.4	71	149	111.5
RCF	-40	186	NM	312	67.5	32	158	NM
Change in equity	31	-55	NM	-58	4.9	-8	-11	34.2
Change in debt	-163	492	NM	446	-9.3	114	69	-39.8
CFF	-131	437	NM	389	-11.0	106	58	-45.3
RCF + CFF	-172	623	NM	701	12.4	139	216	55.8
Change in liquidity	-172	623	NM	701	12.4	139	216	55.8

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	4,636	4,675	0.8	4,737	1.3	4,763	0.5
Property, plant & equipment	1,951	1,945	-0.3	1,927	-0.9	1,914	-0.6
Financial and equity investments	320	315	-1.5	329	4.3	330	0.3
Total non-current assets	7,219	7,222	0.0	7,259	0.5	7,265	0.1
Inventory	171	184	7.9	172	-6.8	125	-27.2
Trade receivables	1,747	1,689	-3.3	1,972	16.7	2,189	11.0
Cash and current financial assets	754	578	-23.3	1,020	76.4	1,228	20.4
Total current assets	3,175	3,014	-5.1	3,776	25.3	4,177	10.6
Total assets	10,394	10,236	-1.5	11,035	7.8	11,442	3.7
Long-term debt	3,522	3,522	0.0	3,752	6.5	3,706	-1.2
Provisions for risks and charges	519	527	1.5	538	2.2	543	0.9
Total non-current liabilities	4,335	4,315	-0.5	4,548	5.4	4,505	-0.9
Short-term debt	467	486	4.2	637	31.0	737	15.6
Trade payables	1,088	1,128	3.7	1,498	32.8	1,464	-2.2
Total current liabilities	3,061	2,855	-6.7	3,332	16.7	3,634	9.1
Minorities	185	188	1.6	195	3.3	203	4.1
Shareholders' equity	2,813	2,878	2.3	2,961	2.9	3,100	4.7
Total equity	2,999	3,067	2.3	3,155	2.9	3,303	4.7
Total liabilities and equity	10,394	10,236	-1.5	11,035	7.8	11,442	3.7
Net debt	3,084	3,285	6.5	3,227	-1.8	3,078	-4.6
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	14.6	14.9	14.6	16.1	15.3
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	7.3	7.3	7.3	9.8	9.4
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	7.8	9.0	9.1	11.0	11.3
EBIT/net interest expense (x)	3.9	4.4	4.5	6.7	7.0
Leverage ratio (x)	30.06.20	30.09.20	31.12.20	31.03.21	
Net debt/EBITDA	2.8	3.0	2.9	2.7	
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	
Net debt/FFO	3.5	3.6	3.9	3.7	
Net debt/equity	1.0	1.1	1.0	0.9	

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

IGT: Credit View NEUTRAL

(Moody's Ba3 / Stable , Fitch -)

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

Key credit drivers

- IGT's 1Q21 results (above Bloomberg consensus estimates) improved significantly yoy, fuelled by strong growth in Global Lottery as well as structural cost savings, partly offset by Global Gaming's lower contribution. FCF turned around to USD 204M in 1Q21, with net debt down by 3% qoq, to USD 7.1Bn, and leverage from continuous operations down to 5.4x from 6.4x at YE20.
- IGT expects to return to pre-pandemic leverage ratios by YE21 (vs by 1H22 previously), driven by the solid performance of Global Lottery, a progressive recovery in Global Gaming, and USD 200M of cost saving. IGT intends to use the proceeds from the sale of the B2C gaming business in Italy for debt repayment (EUR 950M, with EUR 725M in 2Q21, EUR 100M at YE21, and EUR 125M in 3Q22).
- On 15 March, Moody's improved its outlook on IGT's ratings to Stable from Negative, reflecting a recovery in IGT's gaming operations, good cost discipline, and the suspension of dividend payments.
- BUY IGT's bonds in view of the company's commitment to restoring pre-pandemic leverage by YE21.

Strengths

- Global leader in lottery and gaming equipment.
- Well-established government relationship, high level of contract retention, and high entry barriers. Approximately 85% of the company's sales are recurring in nature.

Weaknesses

- Global Gaming affected by COVID-19-related restrictions.
- Some profit concentration in Italy, though declining after the sale of B2C gaming activities in 2Q21.
- Weak VLT replacement cycle in the US.

Outperformer¹ YTD – Senior Secured

IGT 3 1/2 07/15/24

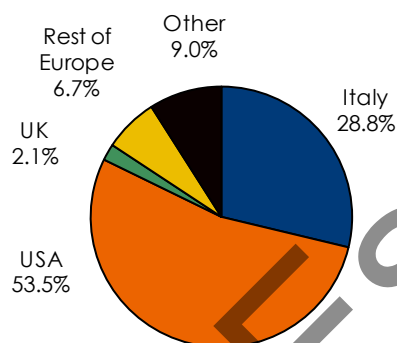
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Underperformance¹ YTD – Senior Secured

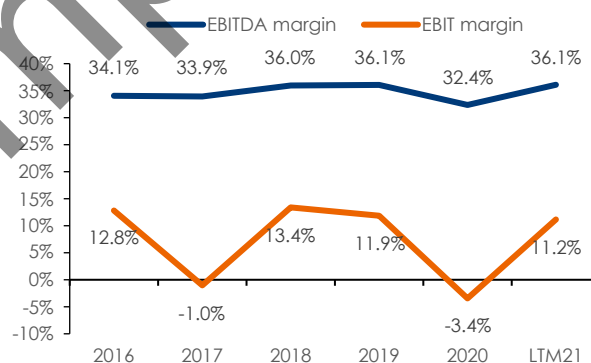
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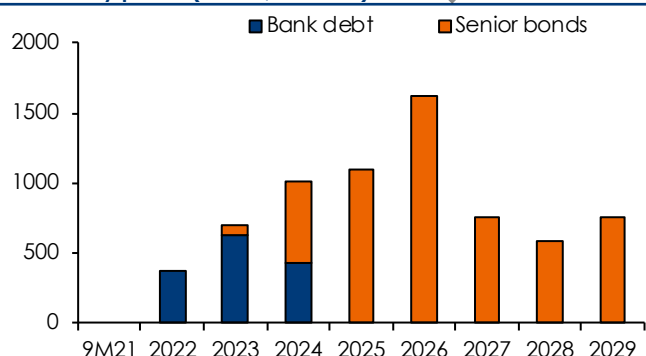
Sales by geographic area (2020)



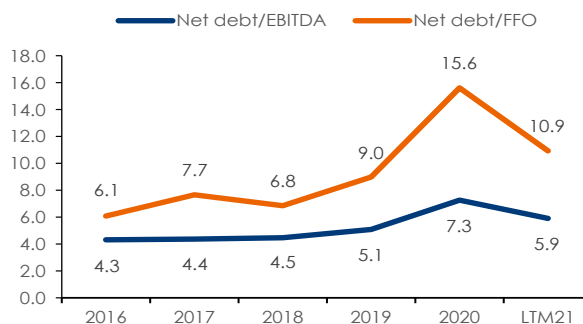
Trend in profitability



Debt maturity profile (USD M, 31.03.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of IGT bonds in Appendix 1 (page 91)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	4,032	3,115	-22.7	3,316	6.5	814	1,015	24.7
EBITDA	1,454	1,008	-30.7	1,197	18.8	261	450	72.4
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	478	-107	-122.5	370	NM	-218	260	NM
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-411	-398	-3.2	-392	-1.5	-100	-94	-6.0
Income (loss) on equity investments	NA	NA	NA	NA	NA	NA	NA	NA
Profit before tax	128	-848	NM	-314	-63.0	-248	286	NM
Net profit (loss)	112	-839	NM	-456	-45.6	-234	149	-163.8
Net profit (loss) attributable to the Group	-19	-898	NM	-558	-37.8	-248	92	-137.1

Consolidated cash flow statement - main items

(USD M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	823	469	-43.0	647	38.0	135	313	131.9
Net change in working capital	84	126	49.1	173	37.3	-109	-62	-43.1
CFO	1,093	866	-20.8	923	6.6	158	215	36.1
Capex	-377	-255	-32.5	-218	-14.5	-85	-48	-43.5
FCF	716	611	-14.7	705	15.4	73	167	128.8
Dividends	-164	-41	-75.0	0	-100.0	-41	0	-100.0
Discretionary FCF	552	570	3.2	705	23.7	32	167	NM
RCF	617	556	-9.9	684	23.0	35	163	NM
Change in equity	-234	-161	-31.4	-217	34.9	-14	-70	NM
Change in debt	21	-236	NM	-1,182	NM	715	-231	-132.3
CFF	-213	-397	86.6	-1,399	NM	701	-301	-142.9
RCF + CFF	405	159	-60.7	-715	NM	736	-138	-118.8
Change in liquidity	382	235	-38.6	-665	NM	726	-174	-124.0

Consolidated balance sheet - main items

(USD M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	6,873	6,861	-0.2	6,291	-8.3	6,210	-1.3
Property, plant & equipment	1,691	1,642	-2.9	1,488	-9.4	1,420	-4.6
Financial and equity investments	NA	NA	NA	NA	NA	NA	NA
Total non-current assets	10,356	10,283	-0.7	9,552	-7.1	9,252	-3.1
Inventory	173	183	5.9	169	-7.6	167	-1.3
Trade receivables	860	828	-3.7	846	2.1	912	7.8
Cash and current financial assets	1,347	943	-30.0	907	-3.9	748	-17.5
Total current assets	3,138	2,708	-13.7	3,440	27.0	3,308	-3.8
Total assets	13,493	12,991	-3.7	12,992	0.0	12,560	-3.3
Long-term debt	8,508	8,128	-4.5	8,123	-0.1	7,697	-5.2
Provisions for risks and charges	NA	NA	NA	NA	NA	NA	NA
Total non-current liabilities	9,218	8,773	-4.8	8,816	0.5	8,457	-4.1
Short-term debt	438	375	-14.4	393	4.9	375	-4.6
Trade payables	1,104	1,117	1.2	1,126	0.8	1,201	6.7
Total current liabilities	2,481	2,498	0.7	2,615	4.7	2,554	-2.3
Minorities	NA	NA	NA	784	NA	714	-9.0
Shareholders' equity	NA	NA	NA	777	NA	835	7.5
Total equity	1,794	1,721	-4.1	1,561	-9.3	1,549	-0.8
Total liabilities and equity	13,493	12,991	-3.7	12,992	0.0	12,560	-3.3
Net debt	7,289	7,253	-0.5	7,319	0.9	7,069	-3.4
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	36.1	32.4	36.1	32.1	44.3
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	11.9	-3.4	11.2	-26.7	25.6
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	3.5	2.5	3.1	2.6	4.8
EBIT/net interest expense (x)	1.2	-0.3	0.9	-2.2	2.8
Leverage ratio (x)	30.06.20	30.09.20	31.12.20	31.03.21	
Net debt/EBITDA	5.5	5.7	7.3	5.9	
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	
Net debt/FFO	15.4	14.5	15.6	10.9	
Net debt/equity	4.1	4.2	4.7	4.6	

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

Iren: Credit View NEUTRAL

(Moody's -, Fitch BBB /Stable)

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

Key credit drivers

- Positive 1Q21 result, with EBITDA above Bloomberg consensus (+2%). The performance was driven by a recovery in the energy business (prices and volumes) and by M&A. Negative impacts related to COVID-19 were limited to -EUR 3M. Iren slightly improved its 2021 EBITDA guidance (roughly +1%), mainly reflecting a better and more visible energy scenario.
- Outlook 2021. Iren expects the pandemic to have impacts of EUR 10M on EBITDA, c.EUR 40M on working capital (EUR 60M in 2020), and c.EUR 10M in terms of credit losses. Based on these assumptions, Iren's 2021 guidance envisages: i) EBITDA of c.EUR 970-980M vs previous 960-970M; ii) capex of c.EUR 800M; and iii) a net debt/EBITDA ratio of c. 3.3-3.4x vs the previous 3.4x.
- HOLD recommendation confirmed on Iren's bonds, as we are not expecting them to outperform their Italian peers in the next few months.

Strengths

- One of the largest local multi-utilities in Italy; among the leading players in district heating and waste and water services.
- High contribution from regulated (c.45% of EBITDA) and quasi-regulated (c.26% of EBITDA) activities.

Weaknesses

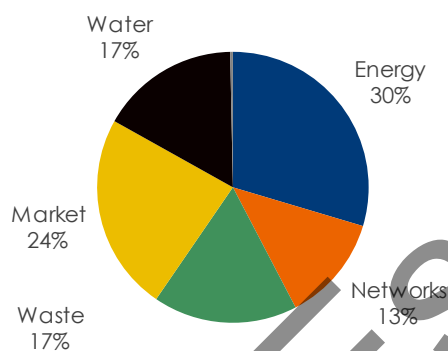
- Higher capex and external growth expected to weigh on cash generation in the short/medium term.
- Risk of lower remuneration for regulated activities from 2022 (gas and electricity distribution).
- High exposure to Italy country risk, given entirely domestic operations.

Outperformer¹ YTD - Senior Unsecured

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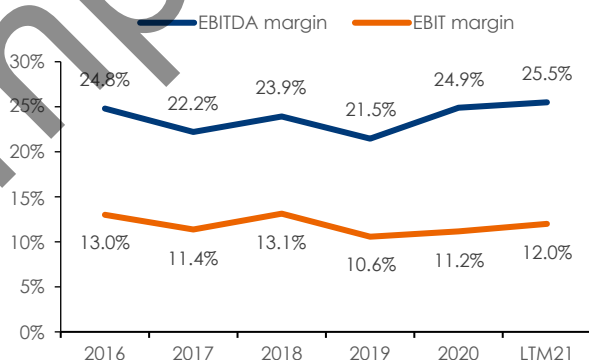
EBITDA breakdown (1Q21)

Underperformance¹ YTD - Senior Unsecured

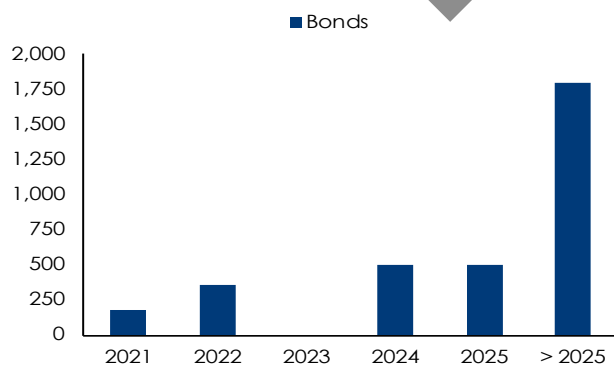
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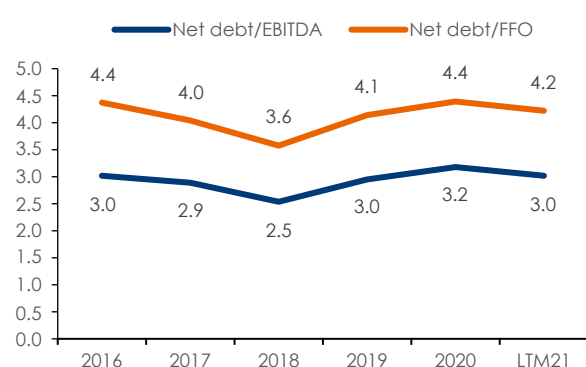
Trend in profitability



Debt maturity profile (EUR M, 31.3.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Iren bonds in Appendix 1 (page 91)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	4,275	3,725	-12.8	3,788	1.7	1,077	1,140	5.8
EBITDA	917	927	1.1	966	4.2	274	313	14.0
Adjusted EBITDA	858	907	5.7	NA	NA	NA	NA	NA
EBIT	452	416	-8.0	454	9.3	146	184	26.6
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-80	-55	-30.8	-41	-26.0	-18	-4	-78.0
Income (loss) on equity investments	4	7	46.0	6	-5.3	0	-0	NM
Profit before tax	377	365	-3.2	418	14.5	127	180	41.9
Net profit (loss)	265	265	-0.1	303	14.4	89	128	42.8
Net profit (loss) attributable to the Group	236	235	-0.4	272	15.7	84	121	44.0

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	654	671	2.7	691	2.9	287	307	6.8
Net change in working capital	-22	73	NM	161	120.5	-218	-130	-40.4
CFO	632	744	17.8	852	14.4	69	177	155.2
Capex	-524	-685	30.8	-677	-1.1	-130	-122	-5.9
FCF	108	59	-45.3	174	195.2	-61	54	-189.6
Dividends	-150	-149	-0.8	-153	2.8	0	-4	NM
Discretionary FCF	-42	-90	112.4	21	-123.3	-61	50	-182.8
RCF	-97	-225	132.6	-389	73.2	189	25	-86.9
Change in equity	0	0	NM	-3	NM	-1	-4	NM
Change in debt	73	769	NM	754	-1.9	-7	-22	NM
CFF	73	769	NM	751	-2.3	-8	-26	NM
RCF + CFF	-23	544	NM	362	-33.4	181	-1	-100.7
Change in liquidity	-23	544	NM	362	-33.4	181	-1	-100.7

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	2,358	2,404	1.9	2,569	6.9	2,621	2.1
Property, plant & equipment	3,625	3,675	1.4	3,835	4.3	3,847	0.3
Financial and equity investments	149	153	2.5	178	15.9	176	-0.7
Total non-current assets	6,784	6,859	1.1	7,299	6.4	7,400	1.4
Inventory	61	74	20.3	67	-9.5	55	-17.2
Trade receivables	816	769	-5.8	876	13.9	1,009	15.2
Cash and current financial assets	460	940	104.5	986	4.9	981	-0.4
Total current assets	1,674	2,151	28.5	2,254	4.8	2,380	5.6
Total assets	8,459	9,012	6.5	9,554	6.0	9,781	2.4
Long-term debt	3,225	3,543	9.8	3,825	8.0	3,819	-0.2
Provisions for risks and charges	382	383	0.3	405	5.9	406	0.2
Total non-current liabilities	4,396	4,709	7.1	5,031	6.8	5,027	-0.1
Short-term debt	316	464	46.9	275	-40.7	283	2.9
Trade payables	640	691	8.1	978	41.5	919	-6.0
Total current liabilities	1,428	1,632	14.3	1,760	7.8	1,859	5.7
Minorities	351	359	2.4	372	3.7	381	2.4
Shareholders' equity	2,284	2,312	1.2	2,391	3.4	2,514	5.1
Total equity	2,635	2,672	1.4	2,764	3.4	2,895	4.7
Total liabilities and equity	8,459	9,012	6.5	9,554	6.0	9,781	2.4
Net debt	2,919	2,915	-0.1	2,948	1.1	2,915	-1.1
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	21.5	24.9	25.5	25.5	27.4
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	10.6	11.2	12.0	13.5	16.2
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	11.5	16.8	23.6	14.9	77.4
EBIT/net interest expense (x)	5.7	7.5	11.1	7.9	45.6
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		3.2	3.3	3.2	3.0
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		4.3	4.0	4.4	4.2
Net debt/equity		1.1	1.1	1.1	0.9

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

Italgas: Credit View NEUTRAL

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

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

Key credit drivers

- Italgas reported solid Q1 results, broadly in line with Bloomberg consensus, driven by regulated activities and cost efficiencies. Net debt improved vs year-end 2020, benefitting from positive seasonality on working capital.
- Recently presented 2021-2027 BP envisages total capex of EUR 7.9Bn, with EUR 2Bn for gas tenders. For 2021, Italgas targets revenues of above EUR 1.35Bn, EBITDA of around EUR 1Bn, EBIT of EUR 560-580M, and capex in a range of EUR 850-900M. Net debt is seen at around EUR 5Bn, with a net debt/RAB ratio of around 61%.
- As we do for other Italian regulated companies, we consider the ongoing regulatory review to be one of the current main catalysts for Italgas. The Italian regulator, ARERA, should publish a first consultation paper in July.
- BUY recommendation on Italgas' bonds in light of current spreads and a low-risk business profile.

Strengths

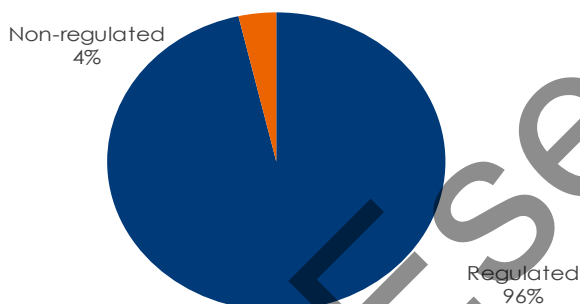
- Largest gas distributor in Italy (c.35% market share in term of redelivery points).
- Regulated businesses account for above 90% of total revenues and are not exposed to changes in demand volumes.
- Solid financial position and low cost of debt (c.1%).

Outperformer¹ YTD - Senior Unsecured

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Sales breakdown (2020)



Weaknesses

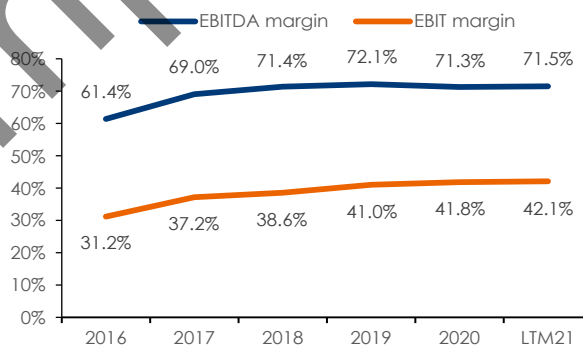
- Risk of lower remuneration for regulated activities from 2022.
- Gas concession retendering process and M&A could stretch financial flexibility.
- Low inflation could impact RAB growth and the net debt/RAB ratio.

Underperformance¹ YTD - Senior Unsecured

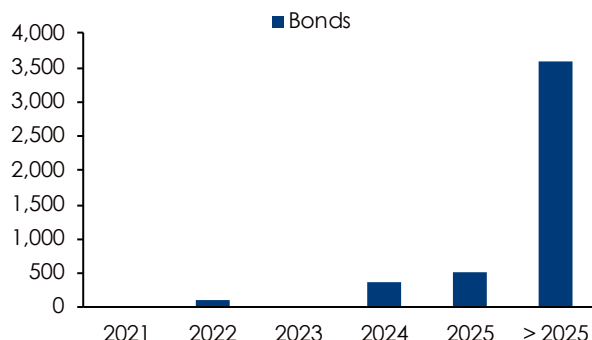
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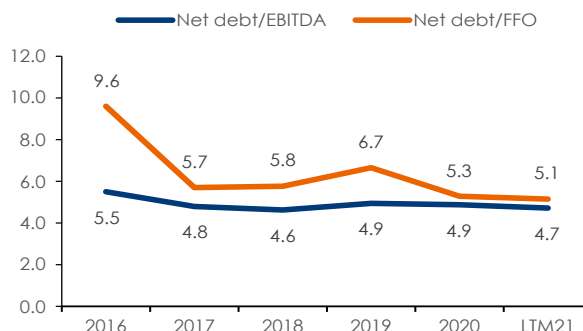
Trend in profitability



Debt maturity profile (EUR M, 31.3.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Italgas bonds in Appendix 1 (page 91)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	1,258	1,442	14.7	1,448	0.4	327	333	1.9
EBITDA	908	1,028	13.3	1,035	0.7	227	234	3.3
Adjusted EBITDA	908	971	7.0	NA	NA	NA	NA	NA
EBIT	516	603	16.9	610	1.1	124	130	5.2
Adjusted EBIT	516	547	6.0	NA	NA	NA	NA	NA
Net interest expense	-51	-49	-3.5	-56	13.4	-13	-20	49.3
Income (loss) on equity investments	101	2	-98.5	1	-20.0	1	1	-33.3
Profit before tax	548	556	1.5	555	-0.1	111	111	-0.5
Net profit (loss)	424	404	-4.7	404	0.0	81	81	0.1
Net profit (loss) attributable to the Group	417	383	-8.2	384	0.3	75	76	1.3

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	674	896	33.0	901	0.5	210	215	2.3
Net change in working capital	51	-133	NM	-3	-97.8	-36	95	NM
CFO	725	764	5.3	898	17.7	174	309	77.4
Capex	-699	-749	7.1	-754	0.6	-198	-203	2.4
FCF	26	15	-43.2	145	NM	-24	106	NM
Dividends	-208	-221	6.4	-221	0.0	0	0	NM
Discretionary FCF	-182	-206	13.4	-76	-63.0	-24	106	NM
RCF	-166	-245	47.9	-85	-65.5	-40	121	NM
Change in equity	0	0	NM	NA	NM	0	NA	NM
Change in debt	290	647	123.4	NA	NA	NA	NA	NA
CFF	290	647	123.4	NA	NA	NA	NA	NA
RCF + CFF	124	402	NM	NA	NA	NA	NA	NA
Change in liquidity	124	402	NM	NA	NA	NA	NA	NA

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	6,326	6,405	1.2	7,060	10.2	6,614	-6.3
Property, plant & equipment	357	357	-0.1	370	3.7	368	-0.6
Financial and equity investments	34	34	1.0	34	1.4	34	-0.5
Total non-current assets	6,854	NA	NA	7,635	NA	NA	NA
Inventory	74	97	30.9	101	4.9	108	6.7
Trade receivables	276	292	5.6	635	117.8	NA	NA
Cash and current financial assets	356	NA	NA	669	NA	897	34.1
Total current assets	921	NA	NA	1,494	NA	NA	NA
Total assets	7,776	NA	NA	9,129	NA	NA	NA
Long-term debt	4,735	NA	NA	4,707	NA	NA	NA
Provisions for risks and charges	167	160	-4.1	203	26.5	200	-1.5
Total non-current liabilities	5,660	NA	NA	5,637	NA	NA	NA
Short-term debt	316	NA	NA	698	NA	NA	NA
Trade payables	606	238	-60.7	768	NM	NA	NA
Total current liabilities	935	NA	NA	1,511	NA	NA	NA
Minorities	220	234	6.4	240	2.6	NA	NA
Shareholders' equity	1,512	1,605	6.2	1,741	8.5	NA	NA
Total equity	1,732	1,839	6.2	1,981	7.7	2,062	4.1
Total liabilities and equity	8,326	NA	NA	9,129	NA	NA	NA
Net debt	4,701	4,841	3.0	4,737	-2.2	4,618	-2.5
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	72.1	71.3	71.5	69.4	70.3
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	41.0	41.8	42.1	37.8	39.0
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	17.8	20.9	18.6	16.9	11.7
EBIT/net interest expense (x)	10.1	12.3	10.9	9.2	6.5
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		5.0	5.0	4.9	4.7
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		7.2	6.7	5.3	5.1
Net debt/equity		2.7	2.6	2.4	2.2

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

Kedron: Credit View NEUTRAL

(Moody's B1 / Stable , Fitch)

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

Key credit drivers

- 1Q21 revenues contracted 26% yoy to EUR 123M reflecting lower collection volumes, but EBITDA and adjusted EBITDA rose 25% and 39% respectively due to the shift in the mix toward the higher-margin plasma derivatives segment, as well as some plasma centre disposals. Net debt reduced due to higher cash from the sale of plasma centres and positive working capital, largely arising from improvements in revenue collection operations. Leverage reduced to 5.6x from 6.2x at YE20 by our estimates. Kedron recently issued a new EUR 410M bond, with the proceeds partly used to prepay EUR 150M of the EUR 350M 2022 bond. As a result, the debt maturity profile improved and short-term refinancing pressure materially eased.
- Guidance. Kedron does not provide formal guidance.
- Rating. Kedron has only recently been rated. We do not anticipate any rating actions over the short term.
- Our HOLD recommendation reflects recent refinancing transactions, and the potential for a shift in the mix back toward plasma sales as plasma collection normalizes post pandemic. We currently see limited potential for meaningful relative out-performance.

Strengths

- Potential for EBITDA improvement and margin enhancement over the medium term from a planned expansion of owned collection centres in the US, and resultant vertical integration.
- Closure of the issues related to the costly refit of the Melville facility in the US, which had acted as a material drag over previous years.
- Working on developing potential therapies for Covid-19 from convalescent plasma.
- Relatively counter-cyclical demand dynamics given the nature of the business.
- After recent refinancing transactions, refinancing risk has been materially pushed back.

Weaknesses

- Kedron ranks as a small, fourth player, in an industry that is highly concentrated among the top three players.
- Social distancing measures have been affecting plasma availability.
- EBITDA has been supported by collection centre disposals over recent years. Any future absence of these proceeds would need to be mitigated by lower non-recurring costs and higher margins.
- Highly working capital intensive that can result in notable working capital swings.
- Plasma prices tend to be volatile with the pandemic influencing supply dynamics.

Outperformer¹ YTD - Senior Unsecured

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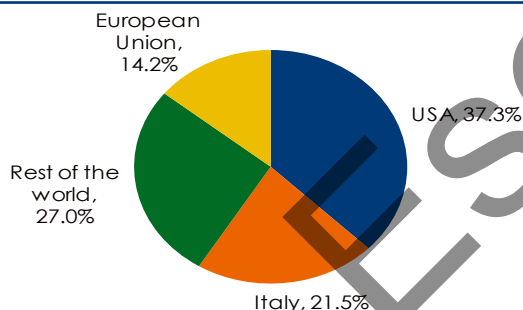
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Underperformer¹ YTD - Senior Unsecured

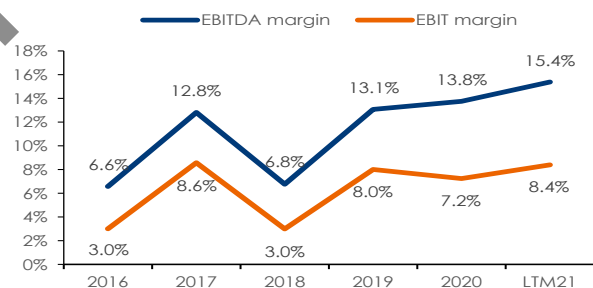
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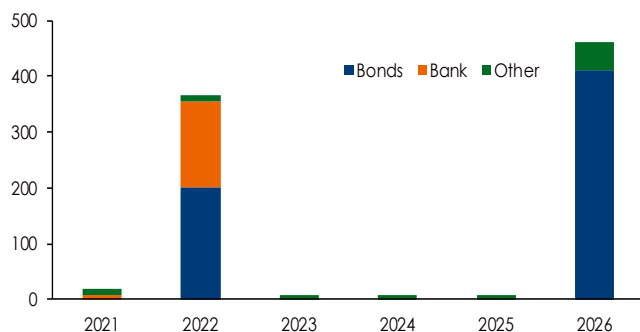
Sales by geographic area (2020)



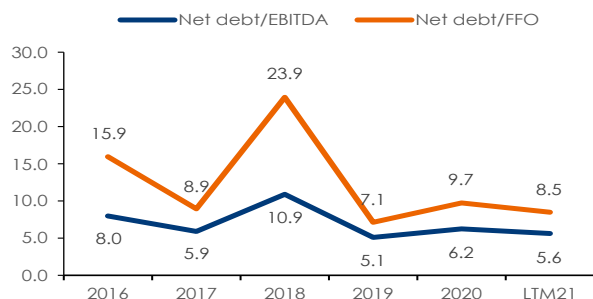
Trend in profitability



Debt maturity profile (EUR M, YE20 proforma for refinancing)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Kedron bonds in Appendix 1 (page 93, 95)

Kedrion In Brief

Kedrion S.p.A. develops and distributes plasma and plasma-derived medicinal products, and markets them internationally.

Consolidated income statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	808	697	-13.7	655	-6.1	166	123	-25.7
EBITDA	106	96	-9.2	101	5.0	19	24	25.1
Adjusted EBITDA	170	160	-6.0	170	6.1	25	35	39.0
EBIT	65	50	-22.0	55	8.9	8	12	56.0
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-24	-23	-4.2	-7	-67.5	-13	2	-115.0
Income (loss) on equity investments	NA	NA	NA	NA	NA	NA	NA	NA
Profit before tax	46	-3	-107.2	17	NM	-5	14	NM
Net profit (loss)	38	6	-84.2	18	NM	-4	9	NM
Net profit (loss) attributable to the Group	37	5	-85.8	16	NM	-3	9	NM

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	72	62	-15.1	67	8.4	13	18	40.4
Net change in working capital	11	11	2.9	45	NM	-22	13	-159.1
CFO	83	73	-12.8	112	54.4	-9	31	NM
Capex	-50	-69	38.9	-60	-14.1	-21	-11	-47.7
FCF	33	3	-90.5	52	NM	-29	20	-168.7
Dividends	-3	-3	1.6	-12	NM	0	-9	NM
Discretionary FCF	30	-0	-100.4	40	NM	-29	11	-138.7
RCF	-3	-30	NM	56	NM	-22	63	NM
Change in equity	66	1	-98.5	1	0.0	0	0	NM
Change in debt	-69	5	-106.8	NA	NA	NA	NA	NA
CFF	9	10	15.9	-8	-176.8	7	-11	NM
RCF + CFF	5	-21	NM	47	NM	-16	52	NM
Change in liquidity	5	-21	NM	46	NM	-15	52	NM

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	367	NA	NA	376	NA	386	2.9
Property, plant & equipment	286	NA	NA	299	NA	303	1.6
Financial and equity investments	0	NA	NM	0	NA	0	-100.0
Total non-current assets	750	NA	NA	784	NA	787	0.3
Inventory	351	NA	NA	284	NA	301	5.9
Trade receivables	112	NA	NA	194	NA	123	-36.6
Cash and current financial assets	78	NA	NA	101	NA	152	51.4
Total current assets	607	NA	NA	601	NA	614	2.2
Total assets	1,358	NA	NA	1,385	NA	1,400	1.1
Long-term debt	578	NA	NA	593	NA	557	-6.1
Provisions for risks and charges	NA	NA	NA	NA	NA	NA	NA
Total non-current liabilities	587	NA	NA	599	NA	562	-6.1
Short-term debt	85	NA	NA	122	NA	172	41.1
Trade payables	155	NA	NA	150	NA	113	-24.5
Total current liabilities	277	NA	NA	324	NA	359	10.8
Minorities	3	NA	NA	4	NA	4	-2.2
Shareholders' equity	490	NA	NA	458	NA	475	3.7
Total equity	493	NA	NA	462	NA	479	3.7
Total liabilities and equity	1,358	NA	NA	1,385	NA	1,400	1.1
Net debt	575	NA	NA	599	NA	566	-5.5
Adjusted net debt	0	NA	NM	607	NA	574	-5.4

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	13.1	13.8	15.4	11.5	19.4
Adjusted EBITDA margin	21.1	23.0	25.9	15.0	28.1
EBIT margin	8.0	7.2	8.4	4.8	10.1
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	4.4	4.2	13.5	1.4	-11.8
EBIT/net interest expense (x)	2.7	2.2	7.4	0.6	-6.2
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		4.7	-	6.2	5.6
Adjusted Net Debt/Adjusted EBITDA (x)		3.4	-	3.8	3.4
Net debt/FFO		6.3	-	9.7	8.5
Net debt/equity		1.2	-	1.3	1.2

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

Leonardo: Credit View NEUTRAL

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

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

Key credit drivers

- 1Q21 results were mixed yoy, but above company-provided consensus. ROS improved to 3.4% from 1.6% in 1Q20, supported by resilient military and governmental business, partly offset by persistent weakness in civil markets. Net debt increased by 40% qoq, to EUR 4.6Bn, after EUR 1.4Bn seasonally negative FOCF, with leverage up to 3.1x from 2.3x at YE20.
- 2021 guidance was confirmed, pointing to a slight recovery in credit metrics vs 2020 (ROS up to around 7.8% from 7% in 2020 and leverage down to c.2x from 2.3x at YE20), though still below 2019 pre-pandemic levels, due to continued weakness expected in Aerostructures and GIE-ATR. In April, Leonardo acquired a 25.1% stake in Hensoldt for EUR 606M (closing in 2H21). The company plans to fund this acquisition via asset disposals.
- The rating is at risk of downgrade by Fitch related to expectations of material cash flow pressure due to pandemic-related effects.
- HOLD recommendation confirmed as Leonardo's bonds risk losing ECB CSPP eligibility in case of Fitch's rating downgrade to HY.

Strengths

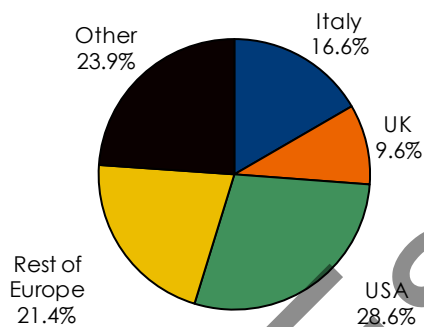
- Among the top 10 global A&D players, with a leadership position in civil markets for helicopters.
- High geographical diversification, with a strong presence in the US defence market.
- Committed to regaining an IG rating.

Outperformer¹ YTD - Senior Unsecured

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Sales by geographic area (2020)



Weaknesses

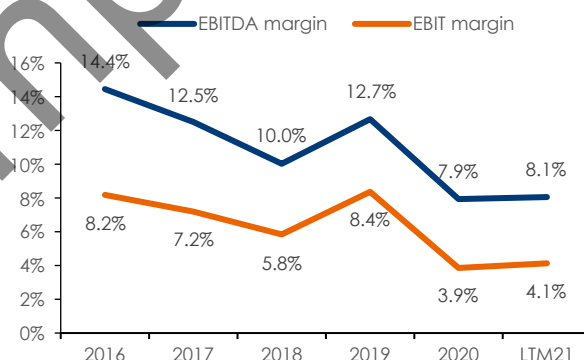
- Civil aeronautics to continue to be impacted by the COVID-19-related market downturn.
- Weak FOCF expected in 2021 (EUR 100M), due to heavy absorption by Aerostructures (EUR -350M to EUR -400M).
- Willing to seize M&A opportunities amid sector consolidation.

Underperformance¹ YTD - Senior Unsecured

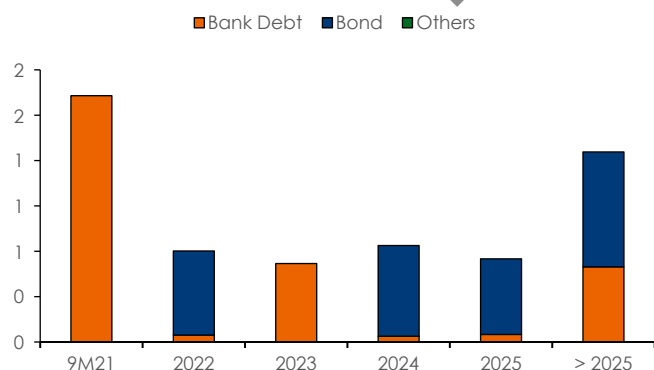
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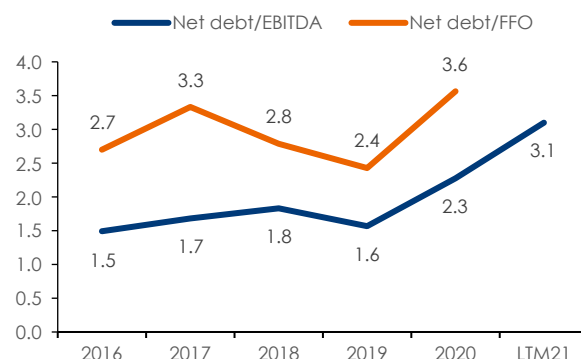
Trend in profitability



Debt maturity profile (EUR Bn, 31.03.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Leonardo bonds in Appendix 1 (page 93)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	13,784	13,410	-2.7	13,609	1.5	2,591	2,790	7.7
EBITDA	1,746	1,064	-39.1	1,096	3.0	155	187	20.6
Adjusted EBITDA	1,817	1,458	-19.8	1,501	2.9	159	202	27.0
EBIT	1,153	517	-55.2	562	8.7	30	75	150.0
Adjusted EBIT	1,224	911	-25.6	967	6.1	34	90	164.7
Net interest expense	-284	-264	-7.0	-229	-13.3	-81	-46	-43.2
Income (loss) on equity investments	160	23	-85.6	36	56.5	-12	1	-108.3
Profit before tax	869	253	-70.9	333	31.6	-51	29	-156.9
Net profit (loss)	822	243	-70.4	300	23.5	-59	-2	-96.6
Net profit (loss) attributable to the Group	821	241	-70.6	298	23.7	-59	-2	-96.6

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	1,173	931	-20.6	NA	NA	NA	NA	NA
Net change in working capital	-528	-656	24.2	NA	NA	NA	NA	NA
CFO	645	275	-57.4	453	64.7	-1,490	-1,312	-11.9
Capex	-594	-311	-47.6	-316	1.6	-105	-110	4.8
FCF	51	-36	-170.6	137	NM	-1,595	-1,422	-10.8
Dividends	-81	-81	0.0	NA	NA	NA	NA	NA
Discretionary FCF	-30	-117	NM	56	-147.9	-1,595	-1,422	-10.8
RCF	98	-244	NM	-71	-70.9	-1,593	-1,420	-10.9
Change in equity	NA	NA	NA	NA	NA	NA	NA	NA
Change in debt	-181	541	NM	-200	-137.0	339	-402	NM
CFF	-181	541	NM	-200	-137.0	339	-402	NM
RCF + CFF	-83	297	NM	-271	-191.2	-1,254	-1,822	45.3
Change in liquidity	-81	251	NM	-306	NM	-1,248	-1,805	44.6

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	7,344	NA	NA	7,174	NA	NA	NA
Property, plant & equipment	2,228	NA	NA	2,085	NA	NA	NA
Financial and equity investments	1,045	NA	NA	1,066	NA	NA	NA
Total non-current assets	12,120	12,109	-0.1	11,883	-1.9	12,186	2.5
Inventory	6,469	NA	NA	5,882	NA	NA	NA
Trade receivables	2,803	2,992	6.7	3,033	1.4	2,866	-5.5
Cash and current financial assets	429	405	-5.6	2,213	NM	408	-81.6
Total current assets	13,681	NA	NA	15,118	NA	NA	NA
Total assets	25,881	NA	NA	27,073	NA	NA	NA
Long-term debt	3,366	3,879	15.2	3,880	0.0	3,546	-8.6
Provisions for risks and charges	1,177	NA	NA	984	NA	NA	NA
Total non-current liabilities	5,603	6,025	7.5	5,876	-2.5	5,532	-5.9
Short-term debt	2,312	2,596	12.3	1,824	-29.7	1,629	-10.7
Trade payables	3,144	3,179	1.1	3,619	13.8	3,164	-12.6
Total current liabilities	15,312	NA	NA	15,894	NA	NA	NA
Minorities	11	11	0.0	11	0.0	11	0.0
Shareholders' equity	4,930	5,068	2.8	5,267	3.9	5,491	4.3
Total equity	4,941	5,079	2.8	5,278	3.9	5,502	4.2
Total liabilities and equity	25,881	NA	NA	27,073	NA	NA	NA
Net debt	5,074	5,884	16.0	3,318	-43.6	4,652	40.2
Adjusted net debt	5,249	6,070	15.6	3,491	-42.5	4,767	36.6

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	12.7	7.9	8.1	6.0	6.7
Adjusted EBITDA margin	13.2	10.9	11.0	6.1	7.2
EBIT margin	8.4	3.9	4.1	1.2	2.7
Adjusted EBIT margin	8.9	6.8	7.1	1.3	3.2
EBITDA/net interest expense (x)	6.1	4.0	4.8	1.9	4.1
EBIT/net interest expense (x)	4.1	2.0	2.5	0.4	1.6
Leverage ratio (x)	30.06.20	30.09.20	31.12.20	31.03.21	
Net debt/EBITDA		3.2	3.6	2.3	3.1
Adjusted Net Debt/Adjusted EBITDA (x)		3.3	3.7	2.4	3.2
Net debt/FFO		5.5	-	3.6	-
Net debt/equity		1.1	1.2	0.7	0.9

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

Prysmian: Credit View NEUTRAL

(Moody's -, Fitch -)

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

Key credit drivers

- 1Q21 saw a recovery in the Telecom and Energy segments but Projects remained weak due to continued project rephrasing. EBITDA and Cash flow improved yoy with LTM leverage down to 3x (from 3.2x at 1Q20 and vs. 2.7x at YE20). Asia recorded a solid recovery, as did Latin America, with margins in EMEA broadly flat, while the USA acted as a drag as margins were slightly lower.
- 2021 guidance was confirmed "with increased confidence" (adjusted EBITDA within a range of EUR 870M-EUR 940M), with FCF of EUR 300M +/- 20% (net of any anti-trust impacts, which represented EUR 112M in 2020). Forex is expected to be negative (c. EUR 20-25M).
- HOLD recommendation confirmed. Any impact from anti-trust fines could undermine expected deleveraging potential. Any immediate term increase in working capital demands, deriving from the recovery process, could also act as a temporary drag. We see limited potential for relative outperformance over the short term.

Strengths

- World's largest manufacturer of cables in revenue terms.
- Solid defence of credit metrics in 2020, in our view, despite the challenging environment. This partly reflected reduced demands yoy deriving from the business contraction.
- Well positioned to benefit from both the energy transition and the digitalisation process. Solid growth prospects.
- Reasonable liquidity buffer and low refinancing risk over the short term with maturities covered through 2024 after the recent refinancing transactions.

Weaknesses

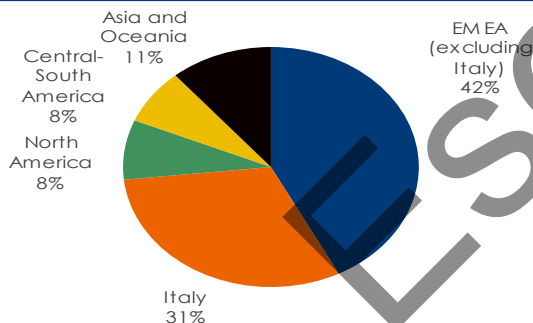
- The cable industry is highly fragmented and cyclical.
- Project execution risk.
- Exposure to volatile metal prices (copper, aluminium and lead) and to FX volatility.
- Large German corridor contracts could imply some risk concentration over coming years (particularly in terms of project execution risk).
- Cash flow evidences highly seasonal characteristics, with material winding down in 4Q.

Performer¹ YTD - Senior Unsecured

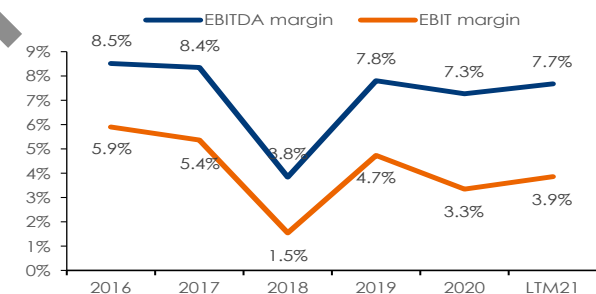
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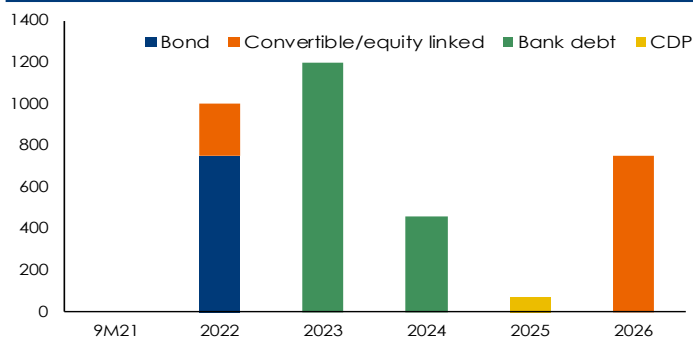
Sales by geographic area (1Q21)



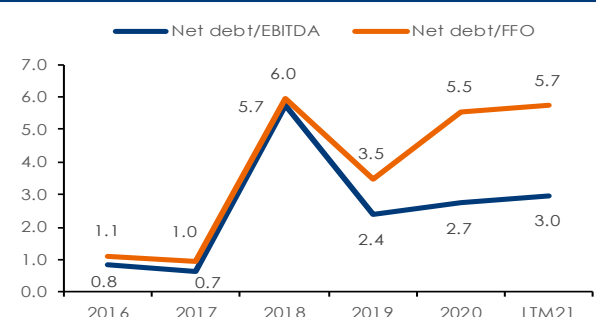
Trend in profitability



Debt maturity profile (EUR M, 31.03.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Prysmian bonds in Appendix 1 (page 94)

Prysmian In Brief

Prysmian S.p.A develops, designs, produces, supplies, and installs a wide range of cables for applications in the energy and telecommunications industries, including sub-marine, power and fibre optical cables, throughout the world.

Consolidated income statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	11,519	10,016	-13.0	10,239	2.2	2,587	2,810	8.6
EBITDA	899	728	-19.0	786	8.0	137	195	42.3
Adjusted EBITDA	1,007	840	-16.6	856	1.9	197	213	8.1
EBIT	545	335	-38.5	395	17.9	57	117	105.3
Adjusted EBIT	689	515	-25.3	533	3.5	117	135	15.4
Net interest expense	-125	-101	-19.2	-87	-13.9	-27	-13	-51.9
Income (loss) on equity investments	24	18	-25.0	23	27.8	1	6	NM
Profit before tax	444	252	-43.2	331	31.3	31	110	NM
Net profit (loss)	296	174	-41.2	232	33.3	20	78	NM
Net profit (loss) attributable to the Group	292	178	-39.0	231	29.8	23	76	NM

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	614	360	-41.4	407	13.1	116	163	40.5
Net change in working capital	67	259	NM	255	-1.5	-473	-477	0.8
CFO	681	619	-9.1	662	6.9	-357	-314	-12.0
Capex	-268	-262	-2.2	-240	-8.4	-52	-30	-42.3
FCF	413	357	-13.6	422	18.2	-409	-344	-15.9
Dividends	-119	-70	-41.2	-70	0.0	0	0	NM
Discretionary FCF	294	287	-2.4	352	22.6	-409	-344	-15.9
RCF	302	299	-1.0	96	-67.9	-402	-605	50.5
Change in equity	2	1	-50.0	1	0.0	0	0	NM
Change in debt	-237	-170	-28.3	442	NM	-25	587	NM
CFF	-235	-169	-28.1	443	NM	-25	587	NM
RCF + CFF	67	130	94.0	539	NM	-427	-18	-95.8
Change in liquidity	69	94	36.2	523	NM	-439	-10	-97.7

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	2,124	2,052	-3.4	1,997	-2.7	2,101	5.2
Property, plant & equipment	2,705	2,657	-1.8	2,648	-0.3	2,669	0.8
Financial and equity investments	311	311	0.0	312	0.3	326	4.5
Total non-current assets	5,381	5,279	-1.9	5,255	-0.5	5,414	3.0
Inventory	1,507	1,505	-0.1	1,531	1.7	1,802	17.7
Trade receivables	1,507	1,668	10.7	1,374	-17.6	1,755	27.7
Cash and current financial assets	751	474	-36.9	1,194	151.9	1,163	-2.6
Total current assets	4,549	4,506	-0.9	4,673	3.7	5,605	19.9
Total assets	9,930	9,789	-1.4	9,930	1.4	11,021	11.0
Long-term debt	3,058	3,048	-0.3	3,045	-0.1	3,328	9.3
Provisions for risks and charges	537	527	-1.9	545	3.4	547	0.4
Total non-current liabilities	3,801	3,798	-0.1	3,804	0.2	4,105	7.9
Short-term debt	277	159	-42.6	173	8.8	380	119.7
Trade payables	1,728	1,671	-3.3	1,958	17.2	2,155	10.1
Total current liabilities	3,614	3,545	-1.9	3,703	4.5	4,168	12.6
Minorities	181	171	-5.5	164	-4.1	171	4.3
Shareholders' equity	2,334	2,273	-2.6	2,259	-0.6	2,748	21.6
Total equity	2,515	2,444	-2.8	2,423	-0.9	2,748	13.4
Total liabilities and equity	9,930	9,789	-1.4	9,930	1.4	11,021	11.0
Net debt	2,516	2,669	6.1	1,986	-25.6	2,325	17.1
Adjusted net debt	2,527	2,678	6.0	1,995	-25.5	2,333	16.9

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	7.8	7.3	7.7	5.3	6.9
Adjusted EBITDA margin	8.7	8.4	8.4	7.6	7.6
EBIT margin	4.7	3.3	3.9	2.2	4.2
Adjusted EBIT margin	6.0	5.1	5.2	4.5	4.8
EBITDA/net interest expense (x)	7.2	7.2	9.0	5.1	15.0
EBIT/net interest expense (x)	4.4	3.3	4.5	2.1	9.0
Leverage ratio (x)	30.06.20	30.09.20	31.12.20	31.03.21	
Net debt/EBITDA	3.2	3.5	2.7	3.0	
Adjusted Net Debt/Adjusted EBITDA (x)	2.8	2.7	2.4	2.8	
Net debt/FFO	4.5	5.1	5.5	5.7	
Net debt/equity	1.0	1.1	0.8	0.8	

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

Saipem: Credit View NEGATIVE

(Moody's Ba2 / Stable, Fitch -)

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

Key credit drivers

- 1Q21 results were weak with a significant contraction in EBITDA (below consensus estimates). Cash flow was weak and net debt was materially higher causing a spike in leverage to 5.5x (vs. 2.9x at YE20). Force majeure was called on the Mozambique project (c. EUR 1.4Bn of the 2021 backlog run-off and EUR 4Bn of the total backlog). New orders were however reasonably good for what is typically a seasonally low quarter, although project rephrasing persisted in E&C. Liquidity remained relatively solid after the recent taps, and the debt maturity profile eased.
- Guidance. Saipem held back from confirming guidance (stable adjusted EBITDA margin yoy in 2021) given the declared force majeure on its Mozambique project (due to security issues) as the impact was deemed uncertain. Assessments being made in order to preserve the value of the project.
- In the absence of a stabilisation in the operating environment, the credit rating could face downward pressure in our view.
- Our SELL recommendation reflects our view that Saipem could underperform. This is based on our thinking that there are currently no signs that an operating turnaround could emerge over the short-term and we see rating pressure building should this fail to materialize. The Mozambique project issue is likely to add to this pressure in our view.

Strengths

- Backlog run-off provides some visibility for 2021.
- Increasing diversification away from traditional oil and gas.
- Potential to tap opportunities in the energy transition.
- Covid vaccine potential and oil price recovery could feed a pick-up in client investment.
- Reasonable liquidity with little short-term debt maturity pressure. Maturities covered to 2026 (or 2023 if the 7/2023 RCF is not extended).

Weaknesses

- Exposed to volatile oil and gas markets and cuts to client capex budgets.
- Litigation risk.
- High vessel idleness with historically low onshore drilling fleet utilisation rates, partly reflecting the slowdown in activities and some project rephrasing, particularly in the Middle East.
- Force majeure on the Mozambique project adds to uncertainty vis a vis the value of the project.

Outperformer¹ YTD - Senior Unsecured

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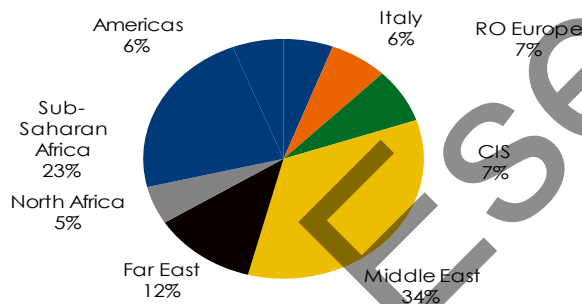
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Underperformance¹ YTD - Senior Unsecured

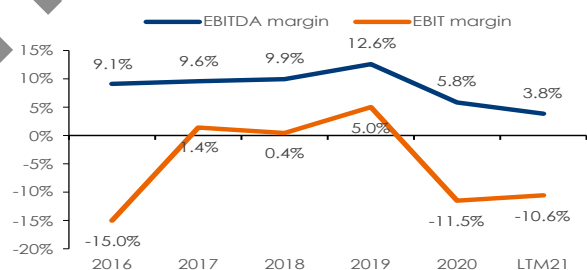
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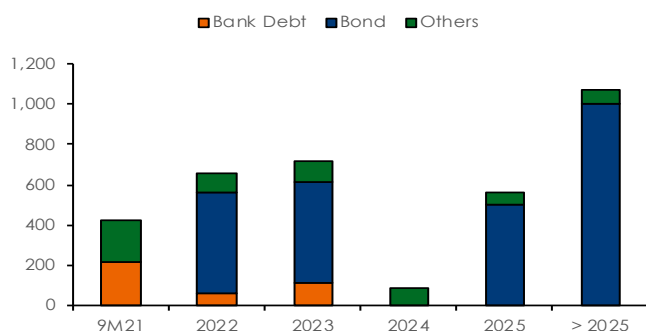
Sales by geographic area (2020)



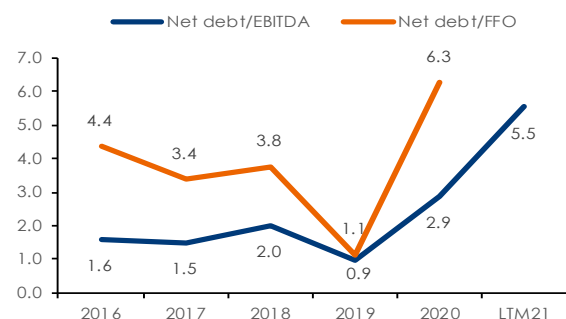
Trend in profitability



Debt maturity profile (EUR M, 31.03.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Saipem bonds in Appendix 1 (page 94)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	9,099	7,342	-19.3	6,788	-7.5	2,172	1,618	-25.5
EBITDA	1,146	428	-62.7	261	-39.0	240	73	-69.6
Adjusted EBITDA	1,226	614	-49.9	462	-24.8	240	88	-63.3
EBIT	456	-845	NM	-717	-15.1	-177	-49	-72.3
Adjusted EBIT	609	23	-96.2	-94	NM	83	-34	-141.0
Net interest expense	-210	-166	-21.0	-137	-17.5	-60	-31	-48.3
Income (loss) on equity investments	-18	37	NM	35	-5.4	-8	-10	25.0
Profit before tax	228	-974	NM	-819	-15.9	-245	-90	-63.3
Net profit (loss)	98	-1,117	NM	-970	-13.2	-267	-120	-55.1
Net profit (loss) attributable to the Group	12	-1,136	NM	-987	-13.1	-269	-120	-55.4

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	946	195	-79.4	20	-89.7	154	-21	-113.6
Net change in working capital	311	-72	-123.2	36	-150.0	-206	-98	-52.4
CFO	1,257	123	-90.2	56	-54.5	-52	-119	128.8
Capex	-336	-322	-4.2	-330	2.5	-59	-67	13.6
FCF	921	-199	-121.6	-274	37.7	-111	-186	67.6
Dividends	-62	-69	11.3	-53	-23.2	-16	0	-100.0
Discretionary FCF	859	-268	-131.2	-327	22.0	-127	-186	46.5
RCF	664	-409	-161.6	-466	13.9	-127	-184	44.9
Change in equity	0	0	NM	-26	NM	0	-26	NM
Change in debt	-1	-153	NM	-153	0.0	-14	-14	0.0
CFF	-1	-169	NM	-195	15.4	-14	-40	185.7
RCF + CFF	663	-578	-187.2	-661	14.4	-141	-224	58.9
Change in liquidity	598	-585	-197.8	-667	14.0	-140	-222	58.6

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	698	697	-0.1	701	0.6	699	-0.3
Property, plant & equipment	3,450	3,363	-2.5	3,284	-2.3	3,277	-0.2
Financial and equity investments	150	119	-20.7	166	39.5	121	-27.1
Total non-current assets	5,143	4,535	-11.8	4,851	7.0	4,413	-9.0
Inventory	1,474	NA	NA	1,575	NA	NA	NA
Trade receivables	2,527	NA	NA	2,351	NA	NA	NA
Cash and current financial assets	1,445	2,000	38.4	1,687	-15.7	1,500	-11.1
Total current assets	6,167	NA	NA	6,411	NA	NA	NA
Total assets	11,310	NA	NA	11,262	NA	NA	NA
Long-term debt	2,467	NA	NA	2,577	NA	NA	NA
Provisions for risks and charges	NA	NA	NA	NA	NA	NA	NA
Total non-current liabilities	3,022	NA	NA	3,411	NA	NA	NA
Short-term debt	714	NA	NA	458	NA	NA	NA
Trade payables	4,107	NA	NA	4,079	NA	NA	NA
Total current liabilities	5,106	NA	NA	4,903	NA	NA	NA
Minorities	50	48	-4.0	25	-47.9	25	0.0
Shareholders' equity	3,132	3,025	-3.4	2,923	-3.4	2,776	-5.0
Total equity	3,182	3,073	-3.4	2,948	-4.1	2,801	-5.0
Total liabilities and equity	11,310	NA	NA	11,262	NA	NA	NA
Net debt	1,360	1,399	2.9	1,226	-12.4	1,448	18.1
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	12.6	5.8	3.8	11.0	4.5
Adjusted EBITDA margin	13.5	8.4	6.8	11.0	5.4
EBIT margin	5.0	-11.5	-10.6	-8.1	-3.0
Adjusted EBIT margin	6.7	0.3	-1.4	3.8	-2.1
EBITDA/net interest expense (x)	5.5	2.6	1.9	4.0	2.4
EBIT/net interest expense (x)	2.9	0.1	-5.2	1.4	-1.1
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		1.6	2.2	2.9	5.5
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		2.4	2.9	6.3	72.4
Net debt/equity		0.4	0.5	0.4	0.5

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

Sisal Group: Credit View NEUTRAL

(Moody's B1 / Stable, Fitch)

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

Key credit drivers

- 1Q21 results were mixed, supported by a solid performance from the Online and International businesses, partly offset by the COVID-19-related shutdown of retail gaming channels in Italy. Adjusted leverage increased slightly qoq, to 1.84x from 1.77x at YE20, following higher net debt (+5%, to EUR 327M), driven by EUR 9M of negative FCF.
- 2021 outlook still penalised by COVID-19-related restrictions on retail gaming operations in Italy in 1H21, though a re-opening is planned in July. Sisal expects to see ongoing growth in the Online business (supported by initiatives implemented to strengthen market leadership in Italy) and plans to continue to develop the International business (ie, Fourth National Lottery Licence in the UK).
- Stable outlook assigned by Moody's, based on its expectations that adjusted leverage will return towards 2.0x in 2021, after a spike to close to 4.0x in 2020.
- HOLD recommendation confirmed on Sisal's bonds, as they become callable at par in July, when the company could take the opportunity to refinance them.

Strengths

- A diversified product range across the gaming business. Strong growth in the Online segment, with market leadership in Italy.
- Award of the nine-year NTNG licence renewal till 12/2030.
- Geographical expansion in Spain, Turkey and Morocco.

Weaknesses

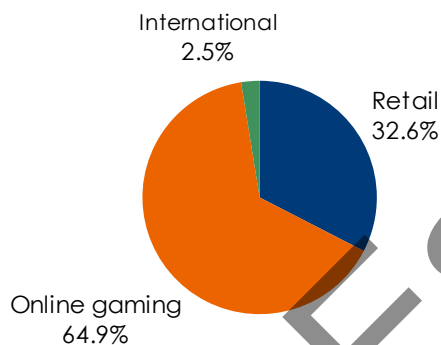
- Shutdown of retail gaming operations in Italy in 1H21; re-opening expected in July 2021.
- Exposure to fiscal and regulatory changes.
- High capex due to new contracts (Italy, Spain, Turkey).

Performer¹ YTD - Senior Secured

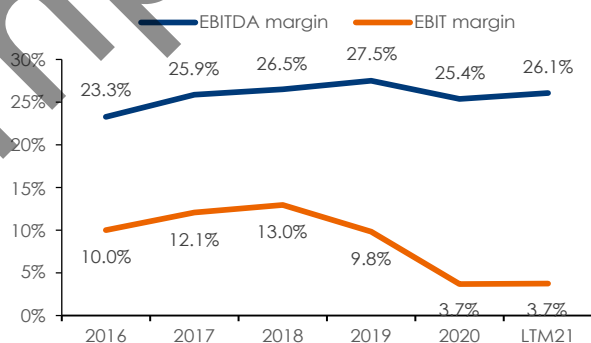
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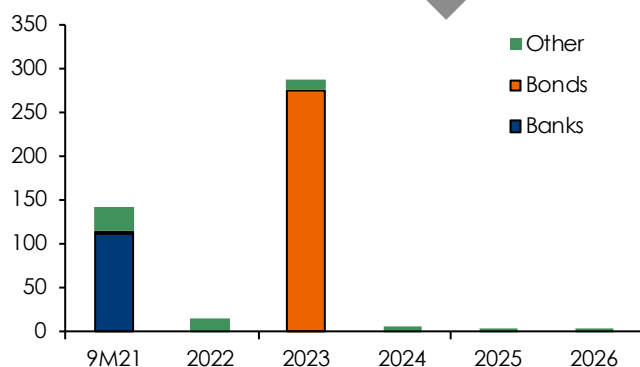
EBITDA by segment (LTM21)



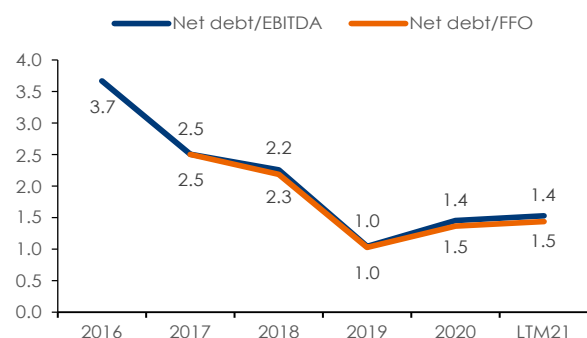
Trend in profitability



Debt maturity profile (EUR M, 31.03.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Sisal Group bonds in Appendix 1 (page 96)

Sisal Group in Brief

Sisal Group offers a wide range of on- and offline games, lotteries, bets, casino games and ADI. Sisal Group serves clients mostly in Italy.

Consolidated income statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	869	828	-4.8	808	-2.4	147	127	-13.4
EBITDA	239	210	-12.2	211	0.3	48	49	1.2
Adjusted EBITDA	260	256	-1.2	258	0.5	50	52	2.6
EBIT	85	31	-64.3	30	-0.8	16	16	-1.6
Adjusted EBIT	105	76	-28.2	NA	NA	NA	NA	NA
Net interest expense	-75	-72	-3.7	-74	2.5	-4	-5	50.5
Income (loss) on equity investments	-0	0	-100.0	0	NM	0	0	NM
Profit before tax	11	-41	NM	-43	5.0	12	10	-16.6
Net profit (loss)	-14	-40	195.2	-41	1.8	8	7	-8.8
Net profit (loss) attributable to the Group	-12	-30	162.5	-32	6.2	8	7	-22.0

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	243	224	-7.9	224	0.2	48	49	0.8
Net change in working capital	-158	-120	-23.7	-173	44.2	20	-34	NM
CFO	85	104	21.2	51	-51.0	68	15	-77.6
Capex	-105	-154	46.7	-144	-6.1	-33	-24	-28.3
FCF	-19	-50	158.7	-94	86.3	35	-9	-124.8
Dividends	0	0	NM	0	NM	0	0	NM
Discretionary FCF	-19	-50	158.7	-94	86.3	35	-9	-124.8
RCF	-26	-50	94.5	-92	83.4	33	-9	-126.0
Change in equity	0	4	NM	4	0.0	0	0	NM
Change in debt	-57	90	NM	-17	-119.2	87	-20	-123.5
CFF	-57	94	NM	-14	-114.5	87	-20	-123.5
RCF + CFF	-83	44	-152.7	-105	NM	120	-29	-124.2
Change in liquidity	-83	44	-152.7	-105	NM	120	-29	-124.2

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	679	677	-0.4	680	0.5	676	-0.5
Property, plant & equipment	169	168	-0.8	182	8.5	174	-4.4
Financial and equity investments	150	150	0.0	150	0.0	150	0.0
Total non-current assets	1,146	1,139	-0.6	1,140	0.1	1,131	-0.8
Inventory	8	8	-4.6	8	4.0	8	3.1
Trade receivables	101	109	7.4	75	-30.9	22	-71.1
Cash and current financial assets	171	143	-16.5	147	2.4	118	-19.8
Total current assets	623	703	12.8	675	-3.9	666	-1.4
Total assets	1,769	1,842	4.1	1,816	-1.4	1,797	-1.0
Long-term debt	330	322	-2.6	322	0.0	311	-3.4
Provisions for risks and charges	16	16	3.3	27	64.5	26	-1.3
Total non-current liabilities	458	448	-2.1	446	-0.4	435	-2.6
Short-term debt	129	125	-3.5	131	5.1	142	8.1
Trade payables	144	170	18.4	150	-12.0	92	-38.5
Total current liabilities	581	656	13.0	634	-3.4	620	-2.2
Minorities	4	2	-34.1	4	67.7	4	11.7
Shareholders' equity	727	735	1.1	731	-0.5	737	0.8
Total equity	730	737	0.9	735	-0.3	742	0.9
Total liabilities and equity	1,769	1,842	4.1	1,816	-1.4	1,797	-1.0
Net debt	287	303	5.6	305	0.9	322	5.4
Adjusted net debt	293	309	5.2	311	0.8	327	5.1

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	27.5	25.4	26.1	32.9	38.4
Adjusted EBITDA margin	29.9	31.0	31.9	34.2	40.6
EBIT margin	9.8	3.7	3.7	10.9	12.4
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	3.2	2.9	2.9	13.5	9.1
EBIT/net interest expense (x)	1.1	0.4	0.4	4.5	2.9
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		1.6	1.8	1.5	1.5
Adjusted Net Debt/Adjusted EBITDA (x)		1.7	1.6	1.8	1.8
Net debt/FFO		1.6	1.8	1.4	1.4
Net debt/equity		0.4	0.4	0.4	0.4

Note: NA=not available, NM=not meaningful. Source: Intesa Sanpaolo Research elaboration 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

- Solid Q1 results, which included rising contributions from new businesses related to the energy transition. Net income was above consensus, driven by stronger results from associates and lower financial expenses.
- Outlook. Snam confirmed its previously provided 2021 guidance, with: i) a net profit of EUR 1.17Bn; ii) investments of around EUR 1.4Bn; and iii) net debt of around EUR 14Bn, including the effect of the De Nora acquisition (EUR 400M).
- As we do for other Italian regulated companies, we consider the ongoing regulatory review to be one of the current main catalysts for Snam. The Italian regulator, ARERA, should publish a first consultation paper in July.
- HOLD recommendation confirmed on Snam's bonds, based on current spreads and the company's low-risk business profile.

Strengths

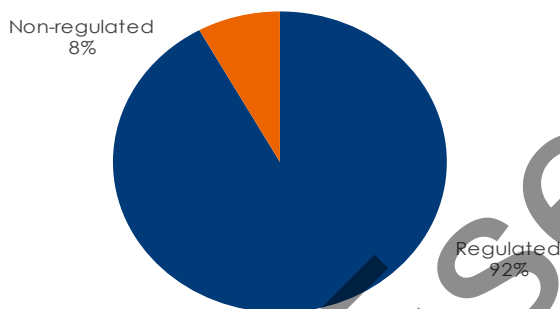
- Solid operating profile, given fully regulated business.
- Supportive regulatory framework, with negligible exposure of revenues to changes in gas demand.
- Commitment to preserving current rating and risk profile.
- Solid financial position.

Outperformer¹ YTD - Senior Unsecured

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Sales breakdown (2020)



Weaknesses

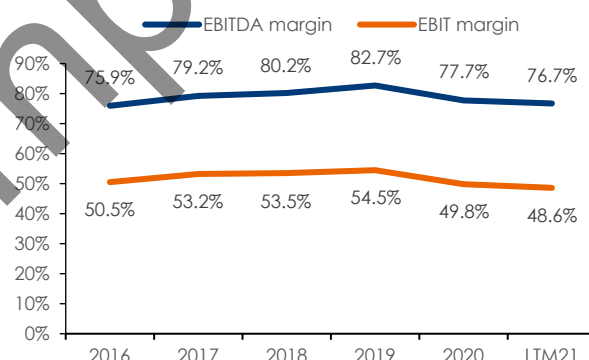
- Risk of lower remuneration for regulated activities from 2022.
- Capex plan and dividends limit cash generation.
- Low inflation could impact RAB growth and the net debt/RAB ratio.

Underperformance¹ YTD - Senior Unsecured

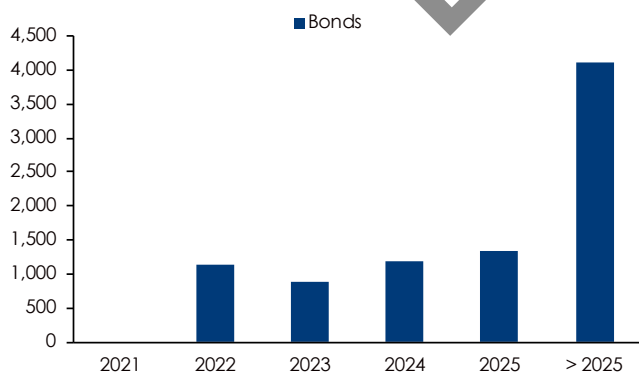
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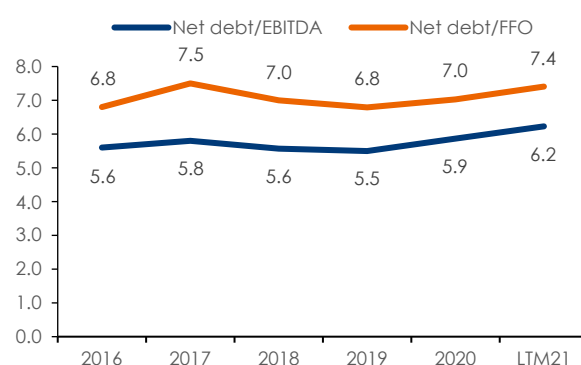
Trend in profitability



Debt maturity profile (EUR M, 31.3.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Snam bonds in Appendix 1 (page 91, 92)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	2,665	2,770	3.9	2,796	0.9	691	717	3.8
EBITDA	2,204	2,153	-2.3	2,145	-0.4	567	559	-1.4
Adjusted EBITDA	2,169	2,197	1.3	2,201	0.2	555	559	0.7
EBIT	1,452	1,380	-5.0	1,359	-1.5	380	359	-5.5
Adjusted EBIT	1,417	1,424	0.5	1,415	-0.6	368	359	-2.4
Net interest expense	-203	-158	-22.2	-148	-6.3	-35	-25	-28.6
Income (loss) on equity investments	216	249	15.3	266	6.8	52	69	32.7
Profit before tax	1,465	1,471	0.4	1,477	0.4	397	403	1.5
Net profit (loss)	1,090	1,101	1.0	1,116	1.4	298	313	5.0
Net profit (loss) attributable to the Group	1,090	1,101	1.0	1,116	1.4	298	313	5.0

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	1,756	1,834	4.4	1,851	0.9	538	555	3.2
Net change in working capital	-270	-237	-12.2	-693	192.4	144	-312	NM
CFO	1,486	1,597	7.5	1,158	-27.5	682	243	-64.4
Capex	-954	-1,166	22.2	-1,155	-0.9	-231	-220	-4.8
FCF	532	431	-19.0	3	-99.3	451	23	-94.9
Dividends	-746	-779	4.4	-779	0.0	0	0	NM
Discretionary FCF	-253	-462	82.6	-757	63.9	27	-268	NM
RCF	-306	-940	NM	-1,427	51.8	-333	-820	146.2
Change in equity	0	0	NM	0	NM	0	0	NM
Change in debt	1,285	1,133	-11.8	1,294	14.2	270	431	59.6
CFF	1,285	1,133	-11.8	1,294	14.2	270	431	59.6
RCF + CFF	979	193	-80.3	-133	-168.9	-63	-389	NM
Change in liquidity	979	193	-80.3	NA	NA	NA	NA	NA

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	1,031	1,045	1.4	1,125	7.7	1,131	0.5
Property, plant & equipment	16,469	16,600	0.8	16,815	1.3	16,775	-0.2
Financial and equity investments	1,805	2,103	16.5	1,923	-8.6	2,493	29.6
Total non-current assets	20,061	NA	NA	20,717	NA	NA	NA
Inventory	122	NA	NA	98	NA	NA	NA
Trade receivables	1,318	NA	NA	1,676	NA	NA	NA
Cash and current financial assets	3,169	3,157	-0.4	3,184	0.9	2,656	-16.6
Total current assets	4,609	NA	NA	4,958	NA	NA	NA
Total assets	24,670	NA	NA	25,675	NA	NA	NA
Long-term debt	10,887	NA	NA	10,332	NA	NA	NA
Provisions for risks and charges	696	NA	NA	798	NA	NA	NA
Total non-current liabilities	11,972	NA	NA	11,497	NA	NA	NA
Short-term debt	5,105	NA	NA	5,605	NA	NA	NA
Trade payables	1,222	NA	NA	2,029	NA	NA	NA
Total current liabilities	6,474	NA	NA	7,706	NA	NA	NA
Minorities	3	3	0.0	3	0.0	24	NM
Shareholders' equity	6,221	6,507	4.6	6,469	-0.6	6,821	5.4
Total equity	6,224	6,510	4.6	6,472	-0.6	6,845	5.8
Total liabilities and equity	24,670	NA	NA	25,675	NA	NA	NA
Net debt	12,888	12,805	-0.6	12,887	0.6	13,709	6.4
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	82.7	77.7	76.7	82.1	78.0
Adjusted EBITDA margin	81.4	79.3	78.7	80.3	78.0
EBIT margin	54.5	49.8	48.6	55.0	50.1
Adjusted EBIT margin	53.2	51.4	50.6	53.3	50.1
EBITDA/net interest expense (x)	10.9	13.6	14.5	16.2	22.4
EBIT/net interest expense (x)	7.2	8.7	9.2	10.9	14.4
Leverage ratio (x)	30.06.20	30.09.20	31.12.20	31.03.21	
Net debt/EBITDA	5.9	5.8	5.9	6.2	
Adjusted Net Debt/Adjusted EBITDA (x)	-	-	-	-	
Net debt/FFO	7.4	7.3	7.0	7.4	
Net debt/equity	2.1	2.0	2.0	2.0	

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

Stellantis: Credit View NEUTRAL

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

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

Key credit drivers

- Stellantis' 1Q21 sales climbed by 14%, to EUR 37Bn (above Bloomberg consensus estimates), reflecting both robust consumer demand and improved pricing and mix across most regions, despite the negative impact on production due to the semiconductor shortage.
- 2021 guidance confirmed, pointing to a recovery in performance vs 2020, with an adjusted EBIT margin of 5.5-7.5% (5.3% in 2020, 7% in 2019), sales in the range of EUR 150-160Bn, and positive FCF (negative FCF expected in 1H21 due to NWC outflow, but should be more than offset by positive FCF in 2H21). The group's performance will be supported by a combination of three new Jeep launches in North America, strong pricing and mix in North America, low levels of global inventories, and cost savings. On the other hand, the main headwinds will be raw materials cost inflation, production losses from semiconductor shortages (with 2Q21 worse vs 1Q21, but improvements seen in 2H21), higher product costs for the electrification offensive, and negative FX.
- Moody's upgraded FCA's rating to Baa3 following completion of the merger with PSA on 16 January, reflecting a larger and more diversified group with significant synergy potential and a better ability to withstand the challenges faced by the automotive industry.
- HOLD Stellantis' bonds as they trade almost in line with the iBoxx NFI index for BBB-rated bonds.

Strengths

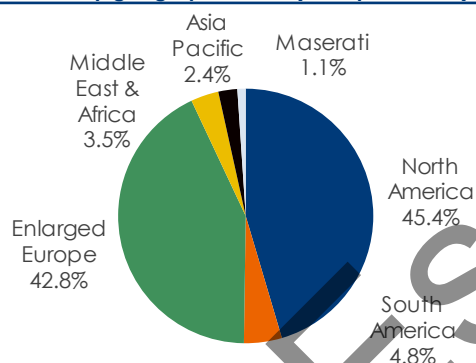
- The world's fourth-largest car maker, leader in Europe and South America, and fourth-largest in the US.
- Sizeable merger synergies potential and good track record in integration with other players and cost discipline.
- Solid net cash position and ample available liquidity.

Outperformer¹ YTD - Senior Unsecured

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Stellantis - Sales by geographic area (2020 pro-forma)



Weaknesses

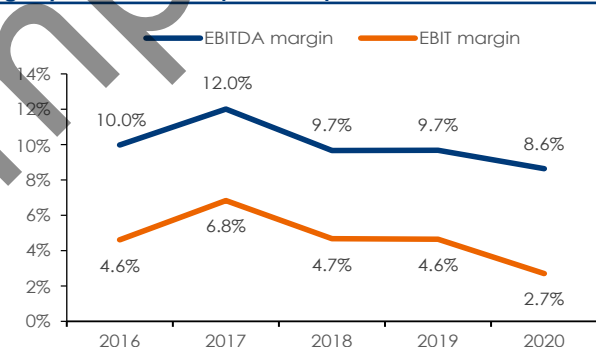
- Weak presence in Asia, especially in China.
- Profit concentration in North America (75% of EBIT in 2020).
- Execution risks and long time needed to achieve synergies.
- Cyclical demand, high price competition and cost pressures.
- Heavy investment in new technologies/low emissions vehicles.

Underperformance¹ YTD - Senior Unsecured

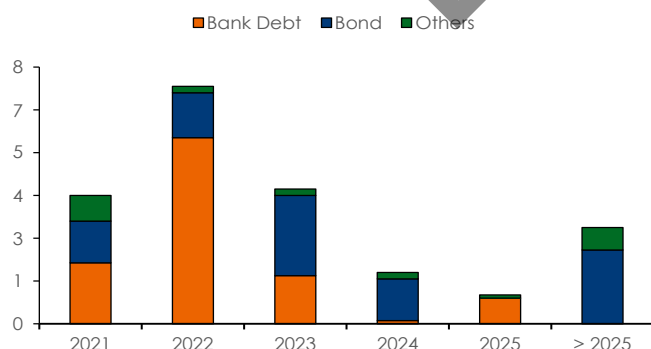
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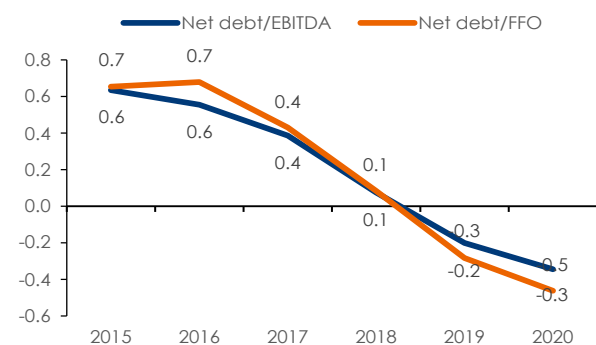
Legacy FCA - Trend in profitability



Legacy FCA - Debt maturity profile (EUR Bn, 31.12.20)



Legacy FCA - Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Stellantis bonds in Appendix 1 (page 91, 92)

Stellantis in Brief

The merger between FCA NV and Peugeot SA became effective on 16 January, leading to the creation of Stellantis NV. Stellantis manufactures and markets automobiles, commercial vehicles, and production systems for the automobile industry.

Consolidated income statement - main items

(EUR M)	2019	2020	Chg %	4Q19	4Q20	Chg %
Sales	108,187	86,676	-19.9	29,643	28,588	-3.6
EBITDA	10,471	7,487	-28.5	3,516	3,307	-5.9
Adjusted EBITDA	12,113	8,885	-26.6	3,480	3,638	4.5
EBIT	5,026	2,344	-53.4	2,151	2,011	-6.5
Adjusted EBIT	6,668	3,742	-43.9	2,115	2,342	10.7
Net interest expense	-1,005	-988	-1.7	-221	-243	10.0
Income (loss) on equity investments	209	179	-14.4	50	61	22.0
Profit before tax	4,021	1,356	-66.3	1,930	1,768	-8.4
Net profit (loss)	6,630	24	-99.6	1,538	1,561	1.5
Net profit (loss) attributable to the Group	6,622	29	-99.6	1,536	1,565	1.9

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	4Q19	4Q20	Chg %
FFO	8,593	6,624	-22.9	2,935	4,429	50.9
Net change in working capital	1,869	2,559	36.9	1,433	1,856	29.5
CFO	10,462	9,183	-12.2	4,368	6,285	43.9
Capex	-8,385	-8,600	2.6	-2,903	-2,420	-16.6
FCF	2,077	583	-71.9	1,465	3,865	163.8
Dividends	-3,056	NA	NA	0	0	NM
Discretionary FCF	-979	583	-159.6	1,465	3,865	163.8
RCF	4,421	1,268	-71.3	1,474	3,564	141.8
Change in equity	NA	NA	NA	0	0	NM
Change in debt	-2,771	9,087	NM	-2,090	-5,113	144.6
CFF	-2,771	9,087	NM	-2,090	-5,113	144.6
RCF + CFF	1,650	10,355	NM	-616	-1,549	151.5
Change in liquidity	1,862	8,842	NM	-943	-2,165	129.6

Consolidated balance sheet - main items

(EUR M)	31.03.20	30.06.20	Chg %	30.09.20	Chg %	31.12.20	Chg %
Intangible assets	27,152	27,014	-0.5	26,316	-2.6	25,574	-2.8
Property, plant & equipment	28,511	28,063	-1.6	27,684	-1.4	27,582	-0.4
Financial and equity investments	2,284	2,200	-3.7	2,250	2.3	2,417	7.4
Total non-current assets	62,469	61,632	-1.3	60,401	-2.0	59,677	-1.2
Inventory	11,368	9,639	-15.2	9,146	-5.1	8,094	-11.5
Trade receivables	5,525	5,251	-5.0	5,690	8.4	5,545	-2.5
Cash and current financial assets	13,289	14,719	10.8	26,995	83.4	24,697	-8.5
Total current assets	32,730	31,670	-3.2	43,537	37.5	39,734	-8.7
Total assets	95,515	93,608	-2.0	104,248	11.4	99,730	-4.3
Long-term debt	14,893	21,181	42.1	27,017	27.7	21,750	-19.5
Provisions for risks and charges	22,820	21,093	-7.6	20,688	-1.9	21,141	2.2
Total non-current liabilities	NA	NA	NA	NA	NA	NA	NA
Short-term debt	NA	NA	NA	NA	NA	NA	NA
Trade payables	20,498	15,957	-22.2	20,378	27.7	20,576	1.0
Total current liabilities	NA	NA	NA	NA	NA	NA	NA
Minorities	135	124	-8.1	130	4.8	124	-4.6
Shareholders' equity	26,385	24,776	-6.1	25,051	1.1	25,737	2.7
Total equity	26,520	24,900	-6.1	25,181	1.1	25,861	2.7
Total liabilities and equity	95,515	93,608	-2.0	104,248	11.4	99,730	-4.3
Net debt	1,663	6,390	NM	40	-99.4	-3,061	NM
Adjusted net debt	-1	5,107	NM	-1,282	-125.1	-4,595	NM

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	4Q19	4Q20
EBITDA margin	9.7	8.6	11.9	11.6
Adjusted EBITDA margin	11.2	10.3	11.7	12.7
EBIT margin	4.6	2.7	7.3	7.0
Adjusted EBIT margin	6.2	4.3	7.1	8.2
EBITDA/net interest expense (x)	10.4	7.6	15.9	13.6
EBIT/net interest expense (x)	5.0	2.4	9.7	8.3
Leverage ratio (x)	31.03.20	30.06.20	30.09.20	31.12.20
Net debt/EBITDA	0.2	0.8	0.0	-0.3
Adjusted Net Debt/Adjusted EBITDA (x)	-0.0	0.6	-0.2	-0.5
Net debt/FFO	0.2	1.3	0.0	-0.5
Net debt/equity	0.1	0.3	0.0	-0.1

Note: the above data refer to legacy FCA only, as the merger with PSA occurred in January 2021 and no consolidated data are available yet post-merger. NA=not available, NM=not meaningful. Source: Intesa Sanpaolo Research elaboration on company data

Telecom Italia: Credit View NEUTRAL

(Moody's Ba2 / Negative , Fitch BB+ /Stable)

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

Key credit drivers

- 1Q21 results were broadly in line with company provided consensus estimates on an organic (comparable) basis, but below on a reported basis. Figures were affected by marked negative forex effects, while the more stable data from domestic fixed were still undermined by the continued contraction in domestic mobile. Net debt and leverage (comparable basis) declined, largely due to the expected inorganic actions (KKR deal).
- 2021 guidance confirmed: Stable to low single digit growth in organic service revenues (stable for domestic operations) and stable to low single digit growth in organic EBITDA AL (stable for domestic operations). TIM is also aiming for adjusted leverage (net debt AL / EBITDA AL) of 2.6x by YE23 (currently 2.7x), with adjusted net debt AL in the region of EUR 16.58n by 2023 (excluding Oi).
- Downward rating pressure could build if operating fundamentals fail to stabilise in our view. Rating agencies also underscore issues due to the partial monetisation of infrastructure assets and the impact on proportional EBITDA and the business profile. This is likely to partly offset deleveraging achievements from a rating perspective.
- HOLD recommendation. Despite signs of improving operating trends in domestic fixed, and with ongoing uncertainty over the single network debate, we currently view limited potential for relative outperformance.

Strengths

- TIM has some of the most valuable 5G spectrum in Italy.
- Many strategic initiatives feeding through.
- Signs of a stabilisation in domestic fixed operating trends.
- Could benefit from the EU Next Generation funding to drive UBB take-up and the digitalisation process.
- DAZN partnership (Serie A offer) expected to improve UBB take-up (away from the traditional satellite platform) and TIMVISION take-up.
- Oi transaction likely to be accretive after the initial impact.

Weaknesses

- Uncertainty remains regarding the eventual outcome of the single fibre network debate.
- A material portion of 5G spectrum costs are due in 2022.
- Domestic EBITDA still under pressure. Some uncertainty over the impact of Iliad's entry in fixed.
- The purchase of Oi's mobile assets (Brazil) is likely to act a slight drag on deleveraging until synergies kick-in.
- Rating agencies penalizing TIM for partial monetisation of infrastructure assets and applying proportional EBITDA criteria.

Outperformer¹ YTD - Senior Unsecured

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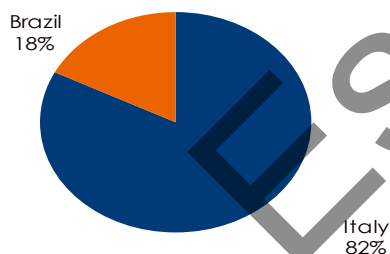
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Underperformance¹ YTD - Senior Unsecured

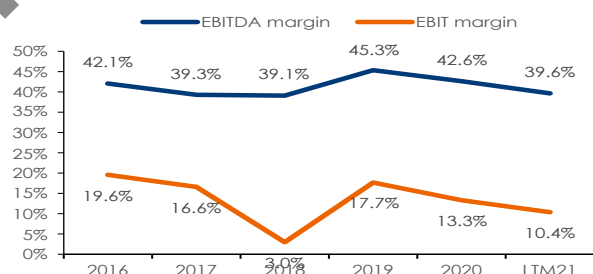
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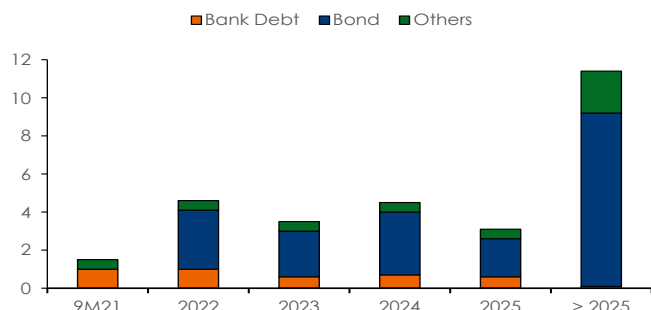
Sales by geographic area (1Q21)



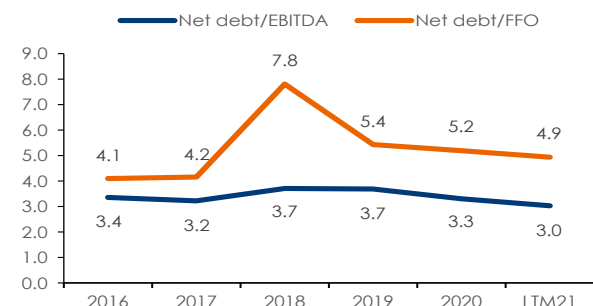
Trend in profitability



Debt maturity profile (EUR Bn, 31.03.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Telecom Italia bonds in Appendix 1 (page 94)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	17,974	15,805	-12.1	15,593	-1.3	3,964	3,752	-5.3
EBITDA	8,151	6,739	-17.3	6,181	-8.3	1,735	1,177	-32.2
Adjusted EBITDA	7,505	7,063	-5.9	7,042	-0.3	1,599	1,578	-1.3
EBIT	3,175	2,104	-33.7	1,616	-23.2	533	45	-91.6
Adjusted EBIT	NA	NA	NA	NA	NA	572	NA	NA
Net interest expense	-1,436	-1,179	-17.9	-1,166	-1.1	-301	-288	-4.3
Income (loss) on equity investments	0	472	NM	42	-91.1	441	11	-97.5
Profit before tax	1,739	1,397	-19.7	492	-64.8	673	-232	-134.5
Net profit (loss)	1,242	7,352	NM	6,567	-10.7	591	-194	-132.8
Net profit (loss) attributable to the Group	916	7,224	NM	6,448	-10.7	560	-216	-138.6

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	5,095	4,494	-11.8	4,321	-3.8	901	728	-19.2
Net change in working capital	-321	1,241	NM	351	-71.7	1,048	158	-84.9
CFO	4,774	5,735	20.1	4,672	-18.5	1,949	886	-54.5
Capex	-3,649	-3,477	-4.7	-3,215	-7.5	-1,136	-874	-23.1
FCF	1,125	2,258	100.7	1,457	-35.5	813	12	-98.5
Dividends	-279	-390	39.8	-374	-4.1	-40	-24	-40.0
Discretionary FCF	846	1,868	120.8	1,083	-42.0	773	-12	-101.6
RCF	2,400	3,084	28.5	2,268	-26.5	1,212	396	-67.3
Change in equity	10	1,164	NM	1,164	0.0	0	0	NM
Change in debt	-845	-2,781	NM	-2,237	-19.6	-1,065	-521	-51.1
CFF	-835	-1,619	93.9	-1,074	-33.7	-1,066	-521	-51.1
RCF + CFF	1,581	1,465	-7.3	1,195	-18.4	145	-125	-186.2
Change in liquidity	1,571	1,306	-16.9	1,105	-15.4	62	-139	NM

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	29,737	29,452	-1.0	29,587	0.5	29,297	-1.0
Property, plant & equipment	12,986	12,800	-1.4	13,141	2.7	12,980	-1.2
Financial and equity investments	2,922	5,516	88.8	5,049	-8.5	4,875	-3.4
Total non-current assets	56,946	55,819	-2.0	62,422	11.8	61,667	-1.2
Inventory	256	272	6.3	287	5.5	331	15.3
Trade receivables	4,685	4,580	-2.2	4,366	-4.7	4,328	-0.9
Cash and current financial assets	3,603	2,858	-20.7	4,829	69.0	4,370	-9.5
Total current assets	9,587	9,036	-5.7	10,791	19.4	12,059	11.8
Total assets	66,557	64,855	-2.6	73,213	12.9	73,726	0.7
Long-term debt	29,187	27,873	-4.5	27,854	-0.1	21,357	-23.3
Provisions for risks and charges	753	750	-0.4	770	2.7	769	-0.1
Total non-current liabilities	34,629	33,002	-4.7	33,227	0.7	30,876	-7.1
Short-term debt	4,382	4,416	0.8	4,308	-2.4	5,742	33.3
Trade payables	6,152	5,964	-3.1	6,838	14.7	7,286	6.6
Total current liabilities	10,534	10,380	-1.5	11,146	7.4	13,028	16.9
Minorities	1,313	1,246	-5.1	2,625	110.7	4,439	69.1
Shareholders' equity	20,081	20,227	0.7	26,215	29.6	25,383	-3.2
Total equity	21,394	21,473	0.4	28,840	34.3	29,822	3.4
Total liabilities and equity	66,557	64,855	-2.6	73,213	12.9	73,726	0.7
Net debt	25,971	25,469	-1.9	23,326	-8.4	21,326	-8.6
Adjusted net debt	21,095	20,741	-1.7	18,594	-10.4	16,591	-10.8

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	45.3	42.6	39.6	40.1	40.1
Adjusted EBITDA margin	44.3	44.6	45.2	42.6	42.1
EBIT margin	17.7	13.3	10.4	13.4	1.2
Adjusted EBIT margin	-	-	-	14.4	0
EBITDA/net interest expense (x)	5.7	5.7	5.3	5.8	4.1
EBIT/net interest expense (x)	2.2	1.8	1.4	1.8	0.2
Leverage ratio (x)	30.06.20	30.09.20	31.12.20	31.03.21	
Net debt/EBITDA	3.8	3.9	3.3	3.0	
Adjusted Net Debt/Adjusted EBITDA (x)	3.6	3.8	3.5	3.5	
Net debt/FFO	7.1	5.4	5.2	4.9	
Net debt/equity	1.2	1.2	0.8	0.7	

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

Terna: Credit View NEUTRAL

(Moody's Baa2 / Stable , Fitch)

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

Key credit drivers

- Positive Q1 results, slightly above consensus. The performance was driven by both: i) regulated revenues (+4% yoy, to EUR 2.15Bn); and ii) non-regulated and international revenues (EUR 85M, +67% yoy). Net debt rose by +2% vs YE20, mainly due to higher capex (+11% yoy).
- Outlook. Terna's 2021 guidance envisages the following targets: i) revenues of around EUR 2.57Bn (EUR 2.51Bn in 2020); ii) EBITDA of approximately EUR 1.84Bn (from EUR 1.83Bn); and iii) capex increasing to roughly EUR 1.48Bn (from EUR 1.35Bn). As we do for other Italian regulated companies, we consider the ongoing regulatory review to be one of the current main catalysts for Terna. The Italian regulator, ARERA, should publish a first consultation paper in July.
- HOLD recommendation confirmed, based on current spreads and the company's centrality in the energy transition in Italy.

Strengths

- Monopolist in Italy, owning c.99% of the country's electricity transportation grid.
- Almost fully regulated business (c.90% of total revenues). Limited exposure of revenues to changes in electricity demand.
- Committed to the current rating and a low-risk business risk profile

Weaknesses

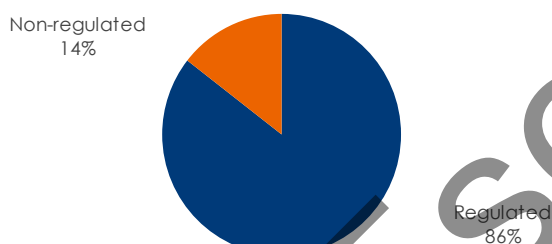
- Risk of lower remuneration for regulated activities from 2022.
- Leverage ratios expected to rise, due to higher capex envisaged in the 2021-2025 strategic plan.
- Low inflation could impact RAB growth and the net debt/RAB ratio.

Outperformer¹ YTD - Senior Unsecured

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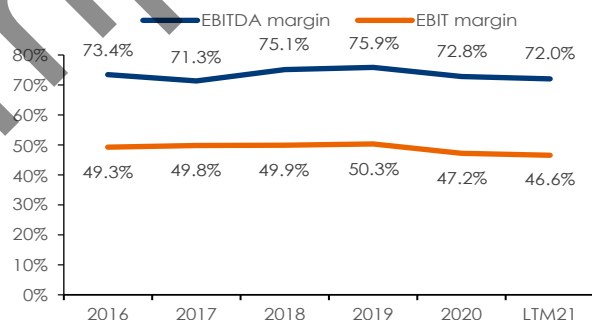
Sales breakdown (2020)

Underperformance¹ YTD - Senior Unsecured

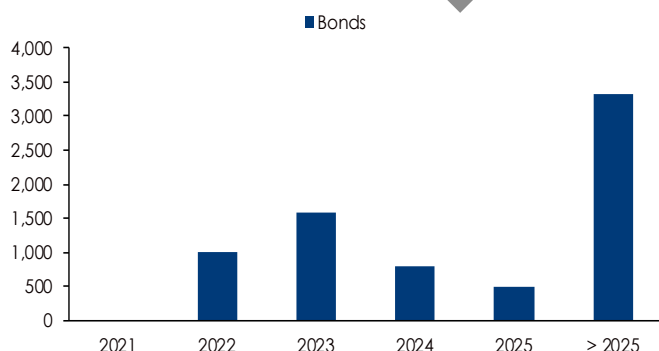
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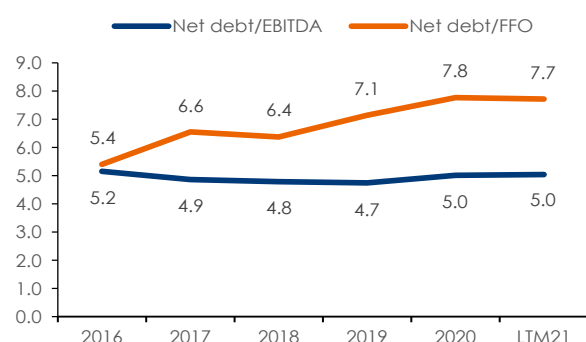
Trend in profitability



Debt maturity profile (EUR M, 31.3.21)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Terna bonds in Appendix 1 (page 92)

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)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
Sales	2,295	2,514	9.5	2,568	2.2	568	622	9.6
EBITDA	1,741	1,830	5.1	1,850	1.1	434	454	4.5
Adjusted EBITDA	NA	NA	NA	NA	NA	NA	NA	NA
EBIT	1,155	1,187	2.7	1,195	0.7	282	291	3.1
Adjusted EBIT	NA	NA	NA	NA	NA	NA	NA	NA
Net interest expense	-89	-89	0.0	-91	2.8	-19	-22	13.0
Income (loss) on equity investments	3	-4	NM	NA	NA	NA	NA	NA
Profit before tax	1,008	1,008	0.0	1,014	0.6	263	269	2.4
Net profit (loss)	764	795	4.1	800	0.6	186	191	2.4
Net profit (loss) attributable to the Group	757	786	3.7	789	0.5	187	190	2.0

Consolidated cash flow statement - main items

(EUR M)	2019	2020	Chg %	LTM21	Chg %	1Q20	1Q21	Chg %
FFO	1,156	1,181	2.1	1,208	2.3	306	333	8.8
Net change in working capital	NA	NA	NA	NA	NA	-219	-270	23.1
CFO	1,295	941	-27.3	918	-2.5	86	63	-27.4
Capex	-1,121	-1,187	5.9	-1,211	2.0	-218	-242	11.0
FCF	174	-245	NM	-293	19.5	-131	-179	36.4
Dividends	-475	-526	10.7	-526	0.0	0	0	NM
Discretionary FCF	-301	-771	156.4	-819	6.2	-131	-179	36.4
RCF	-354	-859	142.6	-850	-1.0	-150	-141	-6.0
Change in equity	NA	NA	NA	NA	NA	NA	NA	NA
Change in debt	83	2,491	NM	NA	NA	NA	NA	NA
CFF	83	2,491	NM	NA	NA	NA	NA	NA
RCF + CFF	-272	1,632	NM	NA	NA	NA	NA	NA
Change in liquidity	-272	1,632	NM	NA	NA	NA	NA	NA

Consolidated balance sheet - main items

(EUR M)	30.06.20	30.09.20	Chg %	31.12.20	Chg %	31.03.21	Chg %
Intangible assets	542	547	1.0	578	5.6	577	-0.2
Property, plant & equipment	14,003	14,147	1.0	14,560	2.9	14,634	0.5
Financial and equity investments	642	NA	NA	695	NA	NA	NA
Total non-current assets	15,202	NA	NA	15,852	NA	15,714	-0.9
Inventory	76	NA	NA	66	NA	NA	NA
Trade receivables	1,461	NA	NA	1,245	NA	NA	NA
Cash and current financial assets	1,756	2,998	70.7	3,328	11.0	2,250	-32.4
Total current assets	3,393	NA	NA	4,777	NA	NA	NA
Total assets	18,594	NA	NA	20,630	NA	NA	NA
Long-term debt	8,299	NA	NA	9,860	NA	NA	NA
Provisions for risks and charges	196	NA	NA	171	NA	NA	NA
Total non-current liabilities	9,622	NA	NA	11,184	NA	NA	NA
Short-term debt	2,069	NA	NA	2,390	NA	NA	NA
Trade payables	2,248	550	-75.6	2,217	NM	NA	NA
Total current liabilities	4,764	NA	NA	5,031	NA	NA	NA
Minorities	42	44	4.1	46	5.5	39	-15.7
Shareholders' equity	4,166	4,334	4.0	4,370	0.8	4,593	5.1
Total equity	4,208	4,377	4.0	4,416	0.9	4,632	4.9
Total liabilities and equity	18,594	NA	NA	20,630	NA	NA	NA
Net debt	8,846	8,825	-0.2	9,173	3.9	9,321	1.6
Adjusted net debt	NA	NA	NA	NA	NA	NA	NA

Key consolidated economic data - financial indicators

Profitability and coverage ratio (%)	2019	2020	LTM21	1Q20	1Q21
EBITDA margin	75.9	72.8	72.0	76.5	72.9
Adjusted EBITDA margin	-	-	-	-	-
EBIT margin	50.3	47.2	46.6	49.7	46.8
Adjusted EBIT margin	-	-	-	-	-
EBITDA/net interest expense (x)	19.6	20.6	20.3	22.5	20.8
EBIT/net interest expense (x)	13.0	13.4	13.1	14.6	13.3
Leverage ratio (x)		30.06.20	30.09.20	31.12.20	31.03.21
Net debt/EBITDA		5.0	4.9	5.0	5.0
Adjusted Net Debt/Adjusted EBITDA (x)		-	-	-	-
Net debt/FFO		6.9	6.7	7.8	7.7
Net debt/equity		2.1	2.0	2.1	2.0

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

Webuild: Credit View NOT ASSIGNED

(Moody's -, Fitch BB /Stable)

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

Key credit drivers

- Selected financial disclosures for 1Q21 showed new orders of approximately EUR 2.6Bn, with the commercial pipeline exceeding EUR 35Bn (including tenders awaiting outcome for EUR 10Bn) while the company expects to participate in tenders for more than EUR 13Bn by YE21. The latest available figures (FY20) include Astaldi for two months. 2020 revenues and EBITDA (net of badwill) contracted yoy with weaker margins. However, proforma 12-month data (proforma for Astaldi) showed revenues and EBITDA were higher yoy. Net debt was lower thanks to both positive working capital effects and the change in scope. The January 2021 bond tap eased the debt maturity profile pushing refinancing pressure back to 2025.
- Guidance confirmed at 1Q21: 2021 revenue EUR 6.5-EUR 7.2Bn, EBITDA margin to recover to approximately 8%, supported by a cost efficiency programme, with net debt (company basis) of EUR 0.5-0.3Bn. Book-to-bill ratio target of >1x for 2021.
- Any Credit Rating developments will be based on, in our view, the effects of the integration of Astaldi and stabilisation of the operating environment, as well as any benefits from pick-ups in Italian and global investment in infrastructure assets.

Strengths

- Major global player with broad geographic diversification, strengthened after the Astaldi transaction.
- Well positioned to benefit from an increase in infrastructure investment in the EU, US and globally, and in particular from the Italy's National Recovery and Resilience Plan (infrastructure investments of c. EUR 62Bn, including EUR 42Bn in sustainable mobility and EUR 3.2Bn in water infrastructure).
- Focus on de-risking and on UN SDG projects; shift to lower risk geographic areas; and lower project concentration.

Weaknesses

- Industry-specific business risk on long-term projects.
- Some remaining exposure to high-risk countries, some of which has led to material write-downs over recent years.
- Litigation risks.
- Exposure to FX and to some off-balance-sheet JV debt.
- Integration risks relating to Astaldi.
- Some ongoing uncertainty regarding developments in relation to the Coronavirus pandemic.

Outperformer¹ YTD - Senior Unsecured

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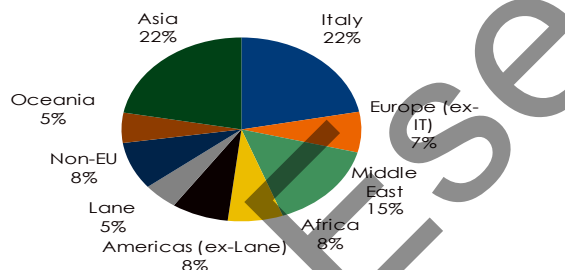
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Underperformance¹ YTD - Senior Unsecured

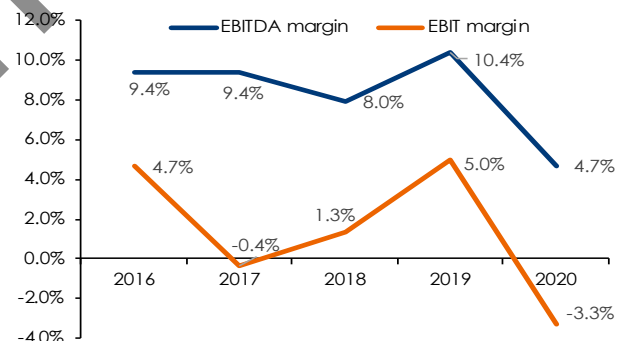
IPGIM 3 5/8 12/15/25

-185

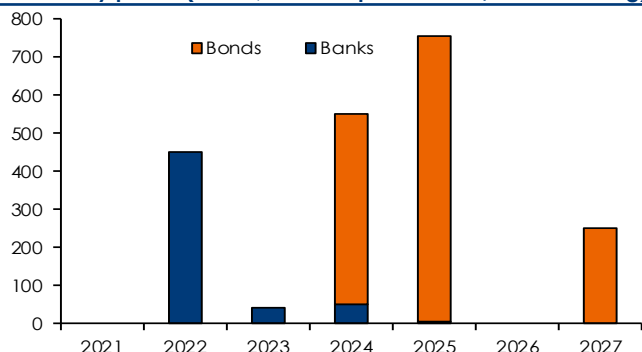
Sales by geographic area (2020)



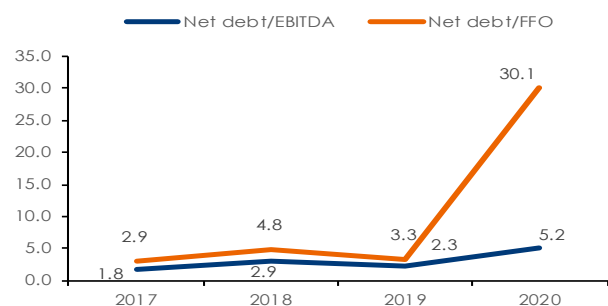
Trend in profitability



Debt maturity profile (EUR M, 31.12.20 proforma 01/21 refinancing)



Leverage trend (x)



Source: Intesa Sanpaolo Research elaboration on Bloomberg data (bond performance table) and company data (charts)

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1. List of Webuild bonds in Appendix 1 (page 94)

Webuild In Brief

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

Consolidated income statement - main items

(EUR M)	2018	2019	Chg %	2020	Chg %
Sales	5,198	5,130	-1.3	4,474	-12.8
EBITDA	413	531	28.5	212	-60.1
Adjusted EBITDA	423	423	0.0	779	84.2
EBIT	68	257	NM	-147	-157.2
Adjusted EBIT	221	184	-16.6	563	NM
Net interest expense	-86	-77	-10.1	-75	-3.7
Income (loss) on equity investments	-29	-128	NM	-109	-14.8
Profit before tax	-34	56	NM	174	NM
Net profit (loss)	41	-1	-102.2	142	NM
Net profit (loss) attributable to the Group	-13	-22	71.8	147	NM

Consolidated cash flow statement - main items

(EUR M)	2018	2019	Chg %	2020	Chg %
FFO	253	375	48.2	37	-90.2
Net change in working capital	-565	-289	-49.0	159	-155.2
CFO	-312	87	-127.8	196	125.9
Capex	-121	-99	-18.0	-184	85.9
FCF	-433	-12	-97.2	12	NM
Dividends	-54	-6	-88.8	-30	NM
Discretionary FCF	-487	-18	-96.3	-17	-4.0
RCF	-139	-209	50.2	388	NM
Change in equity	2	593	NM	0	-100.0
Change in debt	-237	-382	60.9	977	NM
CFF	-236	212	-189.8	1,098	NM
RCF + CFF	-375	3	-100.7	1,486	NM
Change in liquidity	-355	13	-103.7	1,446	NM

Consolidated balance sheet - main items

(EUR M)	31.12.18	31.12.19	Chg %	31.12.20	Chg %
Intangible assets	274	261	-4.6	656	151.2
Property, plant & equipment	416	334	-19.8	477	43.2
Financial and equity investments	538	642	19.4	640	-0.4
Total non-current assets	1,669	2,013	20.6	2,630	30.6
Trade receivables	1,931	1,827	-5.4	1,890	3.4
Cash and current financial assets	1,107	1,021	-7.8	2,455	140.5
Total current assets	5,778	6,194	7.2	8,989	45.1
Total assets	7,453	8,219	10.3	11,629	41.5
Long-term debt	1,762	1,942	10.2	2,155	11.0
Provisions for risks and charges	141	200	41.5	196	-1.7
Total non-current liabilities	1,914	2,149	12.3	2,552	18.7
Short-term debt	556	309	-44.5	1,404	NM
Trade payables	2,386	2,613	9.5	2,707	3.6
Total current liabilities	4,606	4,566	-0.9	6,977	52.8
Minorities	96	109	12.9	656	NM
Shareholders' equity	836	1,395	67.0	1,429	2.4
Total equity	932	1,504	61.4	2,085	38.6
Total liabilities and equity	7,453	8,219	10.3	11,629	41.5
Net debt	1,210	1,229	1.6	1,101	-10.4
Adjusted Net Debt	1,571	1,466	-6.6	1,427	-2.7

Key consolidated economic data - financial indicators

	Profitability and coverage ratio (%)			2018	2019	2020
EBITDA margin				8.0	10.4	4.7
Adjusted EBITDA margin				7.8	7.9	14.7
EBIT margin				1.3	5.0	-3.3
Adjusted EBIT margin				4.1	3.5	10.6
EBITDA/net interest expense (x)				4.8	6.9	2.8
EBIT/net interest expense (x)				0.8	3.3	-2.0
	Leverage ratio (x)			31.12.18	31.12.19	31.12.20
Net debt/EBITDA				2.9	2.3	5.2
Adjusted Net Debt/Adjusted EBITDA (x)				2.9	2.9	1.4
Net debt/FFO				4.8	3.3	30.1
Net debt/equity				1.3	0.8	0.5

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

Appendix 1 – The European Credit Markets Trend: Cash and CDS Spreads

Credit spread IG

iBoxx IG Euro Corporates indices by market sector - ASW spread trend

bps	14.07.2021	-1W 07.07.2021	-1M 14.06.2021	YTD 04.01.2021	52-week range	
					Min	Max
Corporates	60	-2	-3	-14	60	119
Financials	65	-2	-3	-14	65	128
Banks	54	-2	-3	-9	54	105
Financial Services	61	-2	-1	-21	61	132
Insurance	105	-2	-3	-20	105	188
Non-Financials	57	-2	-3	-13	57	115
Automobile & Parts	67	-2	-1	-30	67	173
Basic Materials	46	-2	-3	-17	46	111
Chemicals	40	-2	-4	-21	40	103
Construction and Materials	49	-2	-3	-15	49	120
Food & Beverages	49	-2	-3	-11	49	96
Health Care	56	-2	-7	-14	56	101
Industrial Goods and Services	50	-2	-3	-18	50	123
Media	52	-2	-3	-24	52	133
Oil and Gas	77	-2	-3	-4	73	121
Personal & Households Goods	59	-2	-3	-11	59	108
Retail	53	-2	0	-19	53	137
Telecommunications	64	-2	-3	-12	64	117
Travel & Leisure	50	-2	0	-6	49	110
Utilities	58	-2	-3	-9	58	102

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx IG Euro Corporates indices by maturity and rating - ASW spread trend (weekly change)

bps	AAA	chg	AA	chg	A	chg	BBB	chg	Total	chg
1.0 to 3.0	NM	-	15	-1	27	-1	46	-1	35	-1
3.0 to 5.0	NM	-	21	-2	37	-2	63	-2	51	-2
5.0 to 7.0	NM	-	26	-2	43	-2	73	-3	58	-2
7.0 to 10.0	NM	-	25	-2	50	-2	82	-2	65	-2
10+	NM	-	45	-1	62	-2	89	-2	72	-2
Total	22	-2	30	-2	47	-2	75	-2	60	-2

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx IG Euro Corporates indices by rating, credit curve and maturity - ASW spread trend

bps	14.07.2021	-1W 07.07.2021	-1M 14.06.2021	YTD 04.01.2021	52-week range	
					Min	Max
Corporates	60	-2	-3	-14	60	119
AAA	22	-2	-1	-2	19	41
AA	30	-2	-2	-8	30	58
A	47	-2	-3	-10	47	95
BBB	75	-2	-3	-20	75	154
Credit Curve						
A-AAA	25	0	-1	-8	25	54
A-AA	17	0	-1	-2	17	37
BBB-AAA	53	0	-2	-18	53	113
BBB-AA	45	0	-2	-12	45	96
BBB-A	28	0	-1	-10	28	59
Maturity						
1.0 to 3.0	35	-1	-2	-16	35	92
3.0 to 5.0	51	-2	-3	-15	51	112
5.0 to 7.0	58	-2	-2	-15	58	120
7.0 to 10.0	65	-2	-3	-10	65	120
10+	72	-2	-4	-13	72	133

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx IG Euro Financials indices by maturity and rating - ASW spread trend (weekly change)

bps	AAA	chg	AA	chg	A	chg	BBB	chg	Total	chg
1.0 to 3.0	-	-	13	-1	28	-2	50	-1	33	-1
3.0 to 5.0	NM	-	21	-2	42	-2	75	-2	56	-2
5.0 to 7.0	NM	-	27	-2	51	-2	92	-2	67	-2
7.0 to 10.0	-	-	27	-2	64	-2	102	-2	78	-2
10+	-	-	47	-1	68	-1	108	-2	86	-2
Total	NM	-	25	-2	52	-2	88	-2	65	-2

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx IG Euro Financials indices by rating, credit curve and maturity - ASW spread trend

bps	14.07.2021	-1W 07.07.2021	-1M 14.06.2021	YTD 04.01.2021	52-week range	
					Min	Max
Financials	65	-2	-3	-14	65	128
AAA	NM	-	-	-	-	-
AA	25	-2	-2	-8	25	47
A	52	-2	-3	-8	52	105
BBB	88	-2	-4	-25	88	183
Credit Curve						
A-AAA	-	-	-	-	19	36
A-AA	26	0	0	0	26	58
BBB-AAA	-	-	-	-	58	114
BBB-AA	63	0	-2	-17	63	136
BBB-A	36	0	-2	-17	36	78
Maturity						
1.0 to 3.0	33	-1	-2	-16	33	91
3.0 to 5.0	56	-2	-2	-15	56	117
5.0 to 7.0	67	-2	-1	-12	67	132
7.0 to 10.0	78	-2	-4	-12	78	139
10+	86	-2	-3	-27	86	163

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx IG Euro Non-Financials indices by maturity and rating - ASW spread trend (weekly change)

bps	AAA	chg	AA	chg	A	chg	BBB	chg	Total	chg
1.0 to 3.0	NM	-	18	-1	25	-1	45	-1	37	-1
3.0 to 5.0	-	-	21	-2	31	-2	55	-2	46	-2
5.0 to 7.0	-	-	26	-2	35	-2	63	-3	52	-2
7.0 to 10.0	NM	-	23	-2	38	-2	75	-2	59	-2
10+	NM	-	44	-1	61	-2	84	-2	69	-2
Total	22	-2	33	-2	44	-2	69	-2	57	-2

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx IG Euro Non-Financials indices by rating, credit curve and maturity - ASW spread trend

bps	14.07.2021	-1W 07.07.2021	-1M 14.06.2021	YTD 04.01.2021	52-week range	
					Min	Max
Non-Financials	57	-2	-3	-13	57	115
AAA	22	-2	-1	-1	18	39
AA	33	-2	-2	-7	32	65
A	44	-2	-3	-11	44	88
BBB	69	-2	-3	-18	69	143
Credit Curve						
A-AAA	22	0	-1	-10	22	49
A-AA	11	0	-1	-5	11	23
BBB-AAA	47	-1	-2	-17	47	105
BBB-AA	36	0	-2	-12	36	78
BBB-A	25	0	-1	-7	25	55
Maturity						
1.0 to 3.0	37	-1	-2	-17	37	92
3.0 to 5.0	46	-2	-3	-15	46	108
5.0 to 7.0	52	-2	-3	-17	52	113
7.0 to 10.0	59	-2	-2	-10	59	112
10+	69	-2	-4	-11	69	128

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

Credit spread HY

iBoxx HY Euro Financials indices by maturity and rating - ASW spread trend (weekly change)

bps	14.07.2021	-1W 07.07.2021	-1M 14.06.2021	YTD 04.01.2021	52-week range	
					Min	Max
Corporates*	279	-1	9	-45	269	452
Financials	277	-1	5	-49	270	451
Banks**	241	0	-2	-49	238	419
Non-Financials	280	-1	11	-44	268	453
Basic Materials***	273	1	13	-74	254	500
Construction & Materials	306	0	6	-144	299	565
Consumer Goods***	252	-3	16	-36	237	466
Consumer Services***	353	1	11	-124	337	688
Energy	254	-2	0	-15	246	381
Health Care	311	-1	2	-32	281	426
Industrials***	277	0	13	-55	264	451
Media	219	-8	-6	-81	219	410
Sub-Industrials	309	2	6	11	276	435
Technology	269	-3	25	-38	244	400
Telecommunications	268	-1	9	-34	258	392
TMT (Technology, Media and Telecom)	260	-2	9	-42	250	396
Utilities	229	-3	1	-30	225	361

Notes (*) It refers to iBoxx EUR High Yield Capped cum-crossover index; (**) It refers to iBoxx EUR High Yield Banks index; (***) It refers to Economic Sector: Basic Materials includes Chemicals and Basic Resources market sectors, Consumers Goods includes Automobiles & Parts, Food & Beverage, Personal & Household Goods market sectors, Consumer Services includes Retail, Media and Travel & Leisure market sectors, Industrials includes Construction & Materials and Industrial Good & Services market sectors.

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx HY Euro Capped cum-crossover indices by market sector - ASW spread trend

bps	14.07.2021	-1W 07.07.2021	-1M 14.06.2021	YTD 04.01.2021	52-week range	
					Min	Max
Corporates*	279	-1	9	-45	269	452
BB	225	-2	7	-34	217	373
B	423	3	13	-60	409	626
CCC	678	2	12	-135	642	1022
Credit Curve						
B-BB	197	5	6	-25	185	274
CCC-BB	452	3	5	-101	414	695
CCC-B	255	-1	-1	-75	218	435
Maturity						
1.0 to 3.0	234	-3	0	-129	233	528
3.0 to 5.0	287	0	11	-45	274	469
5.0 to 7.0	294	-2	10	-18	283	439
7.0 to 10.0	264	-2	10	-33	247	389
10+	309	-1	5	-101	286	473

Note (*) It refers to iBoxx EUR High Yield Capped cum-crossover index

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx HY Euro Capped cum-crossover indices by rating, credit curve and maturity - ASW spread trend

bps	BB	chg	B	chg	CCC	chg	Total*	chg
1.0 to 3.0	207	-5	239	0	1310	-1	301	-3
3.0 to 5.0	228	-3	341	0	708	11	270	-2
5.0 to 7.0	282	0	NM	-	-	-	285	0
7.0 to 10.0	225	0	-	-	NM	-	274	0
Total*	235	-2	336	1	860	9	277	-1

Note (*) It refers to iBoxx HY Capped Financials cum-crossover indices

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx HY Euro Capped Financials cum-crossover indices by rating, credit curve and maturity - ASW spread trend

bps	14.07.2021	-1W 07.07.2021	-1M 14.06.2021	YTD 04.01.2021	52-week range Min	Max
Financials	277	-1	5	-49	270	451
BB	235	-2	4	-46	230	401
B	336	1	12	-75	303	661
CCC	860	9	20	-138	718	1309
Credit Curve						
B-BB	101	3	8	-28	55	271
CCC-BB	625	11	16	-92	469	933
CCC-B	523	8	8	-63	362	777
Maturity						
1.0 to 3.0	301	-3	0	-65	291	502
3.0 to 5.0	270	-2	5	-61	262	461
5.0 to 7.0	285	0	3	-6	265	412
7.0 to 10.0	274	0	6	-99	264	499
10+	-	-	-	-	-	-

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx HY Euro Non-Financials indices by maturity and rating - ASW spread trend (weekly change)

bps	BB	chg	B	chg	CCC	chg	Total*	chg
1.0 to 3.0	151	-3	477	25	879	9	213	-3
3.0 to 5.0	217	-1	461	2	630	-4	294	1
5.0 to 7.0	242	-1	421	2	581	3	295	-2
7.0 to 10.0	227	-2	367	-2	509	-2	263	-2
Total*	223	-1	433	4	599	1	280	-1

Note (*) It refers to iBoxx HY Capped Non-Financials cum-crossover indices

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iBoxx IG Euro Non-Financials indices by rating, credit curve and maturity - ASW spread trend

bps	14.07.2021	-1W 07.07.2021	-1M 14.06.2021	YTD 04.01.2021	52-week range Min	Max
Non-Financials	280	-1	11	-44	268	453
BB	223	-1	9	-31	213	365
B	433	4	13	-58	420	624
CCC	599	1	7	-147	590	991
Credit Curve						
B-BB	210	5	4	-27	202	281
CCC-BB	376	2	-1	-116	367	661
CCC-B	166	-3	-5	-89	160	389
Maturity						
1.0 to 3.0	213	-3	-1	-150	212	547
3.0 to 5.0	294	1	13	-38	280	471
5.0 to 7.0	295	-2	11	-22	283	445
7.0 to 10.0	263	-2	10	-28	242	381
10+	309	-1	5	-101	286	473

Source: Intesa Sanpaolo Research elaboration on IHS Markit iBoxx data (at close of market on 14/07/2021)

iTraxx indices trend

iTraxx indices trend

bps		14.07.2021	-1W 07.07.2021	-1M 14.06.2021	Roll 22.03.21	YTD ¹ 04.01.2021	52-week range ¹	
							Min	Max
iTraxx S35 Europe	3Y	27	0.3	0.2	-8.2	0.3		
	5Y	47	0.5	-0.5	-8.1	-1.9	25	44
	7Y	65	0.5	0.1	-6.3	0.4	45	65
	10Y	87	0.7	-0.3	0.9	1.5	63	83
iTraxx S35 Crossover	5Y	233	2.5	0.8	-38.5	-18.2	84	103
	10Y	316	2.7	9.0	-9.5	13.9	225	378
iTraxx S35 Senior Fin.	5Y	54	0.2	-1.0	-9.8	-5.0	286	411
	10Y	83	0.9	-1.2	-10.1	-6.3	53	85
iTraxx S35 Sub Fin.	5Y	103	1.2	-0.2	-13.5	-8.2	82	115
	10Y	150	2.0	0.1	-14.2	-7.9	100	166

Note: 1) data refer to generic iTraxx. Source: Intesa Sanpaolo Research elaboration on Bloomberg data (at close of market on 14/07/2021)

Main equity indices trend

Main equity indices trend

%	Price	-1W	-1M	YTD 04.01.2021	-12M	%	Vol. Impl.	-1W	-1M	YTD 04.01.2021	-12M
NASDAQ	14,645	-0.1	3.3	15.3	39.6	NASDAQ	14.1	-0.5	-2.3	-4.5	-9.8
EURO STOXX 50	4,099	0.5	-0.8	15.0	23.4	EURO STOXX 50	13.6	0.4	1.5	-8.4	-15.4
FTSE 100	7,091	-0.8	-0.8	7.9	14.7	FTSE 100	11.7	-0.1	0.6	-7.4	-14.5
CAC 40	6,558	0.5	-0.9	17.3	31.0	CAC 40	12.1	0.5	1.6	-11.2	-17.0
DAX	15,789	0.6	0.7	15.0	24.3	DAX	14.1	0.2	1.5	-8.0	-16.5
FTSE MIB	25,194	-0.4	-2.2	12.9	26.7	FTSE MIB	14.0	0.5	2.0	-8.6	-14.4
NIKKEI	28,608	0.9	-1.9	5.0	26.7	NIKKEI	18.6	-0.2	0.9	4.5	-4.3
IBEX 35	8,658	-2.2	-6.7	6.9	17.8	IBEX 35	14.2	-0.1	1.6	-11.9	-16.7
HANG SENG INDEX	27,787	-0.6	-3.7	1.1	9.1	HANG SENG INDEX	15.2	1.3	0.4	0.7	-9.6
SHANGHAI SE COMPOSITE	3,529	-0.7	-1.7	0.7	3.3	SHANGHAI SE COMPOSITE	11.1	-0.1	0.0	-1.6	-6.3
						VIX	16.3	0.1	-0.1	-10.6	-13.2
						V2X	17.7	0.4	1.6	-7.2	-11.3

Note: 60-day historical volatility; Source: Intesa Sanpaolo Research elaboration on Datastream data (at close of market on 14/07/2021)

Note: "NM" (Not Meaningful) refers to valued indices but made up of less than 3 bonds.

Appendix 2- Italian Non-Financial Corporate Bonds

Italian non-financial corporate bonds

Italian corporate bonds denominated in euro - Senior Unsecured

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD	-1W (bps)	-1M (bps)	YTD (bps)	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
							15.7.21			4.1.21					
Investment Grade															
2i Rete Gas SpA															
FIREIT 3 07/16/24	-	FX	600	109.2	-0.1	ASW	38	-1	-3	-10.4	64	38	Baa2	-	BBB
FIREIT 2.195 09/11/25	06/25	FX	500	108.4	0.2	ASW	44	-2	-6	-16.6	84	44	Baa2	-	BBB
FIREIT 1 3/4 08/28/26	05/26	FX	435	107.9	0.2	ASW	46	-3	-6	-28.3	103	46	Baa2	-	BBB
FIREIT 1.608 10/31/27	07/27	FX	730	107.8	0.4	ASW	58	-2	-4	-13.8	99	57	Baa2	-	BBB
FIREIT 0.579 01/29/31 ¹	10/30	FX	500	99.3	0.7	ASW	66	-	-	-			Baa2	-	BBB
A2A SpA															
AEMSPA 3 5/8 01/13/22	-	FX	500	101.9	-0.3	ASW	18	2	-2	-18.5	62	16	Baa2	-	BBB
AEMSPA 4 12/04/23	-	FX	300	110.2	-0.3	ASW	21	-4	-8	-43.4	84	21	Baa2	-	-
AEMSPA 1 1/4 03/16/24	-	FX	300	103.7	-0.2	ASW	28	-1	-5	-7.5	62	28	-	-	-
AEMSPA 1 3/4 02/25/25	11/24	FX	300	106.1	0.1	ASW	35	-2	-5	-7.4	78	35	Baa2	-	BBB
AEMSPA 1 5/8 10/19/27	07/27	FX	300	108.6	0.2	ASW	45	-2	-3	-1.1	95	43	Baa2	-	BBB
AEMSPA 1 07/16/29	04/29	FX	400	105.4	0.3	ASW	44	-3	-4	2.4	98	36	Baa2	-	BBB
AEMSPA 0 5/8 07/15/31 ¹	04/31	FX	500	100.6	0.6	ASW	57	-	-	-5.2	62	57	Baa2	-	BBB
AEMSPA 0 5/8 10/28/32	07/32	FX	500	98.9	0.7	ASW	63	-	-	-			Baa2	-	BBB
ACEA SpA															
ACEIM 2 5/8 07/15/24	04/24	FX	600	107.6	0.1	ASW	31	-2	-3	-10.4	79	31	Baa2	BBB+	BBB
ACEIM 0 09/28/25 ¹	06/25	FX	300	100.3	-0.1	ASW	28	-2	-3	-10.4	40	28	Baa2	BBB+	BBB
ACEIM 1 10/24/26	07/26	FX	500	104.3	0.2	ASW	45	-2	-2	-13.7	97	43	Baa2	BBB+	BBB
ACEIM 1 1/2 06/08/27	03/27	FX	700	107.3	0.2	ASW	48	-2	-2	-18.0	98	45	Baa2	BBB+	BBB
ACEIM 1 3/4 05/23/28	02/28	FX	500	109.6	0.3	ASW	52	-2	-2	-15.7	116	49	Baa2	BBB+	BBB
ACEIM 0 1/2 04/06/29	01/29	FX	500	100.5	0.4	ASW	59	-1	-2	-14.9	110	51	Baa2	BBB+	BBB
ACEIM 0 1/4 07/28/30 ¹	04/30	FX	600	98.6	0.4	ASW	45	-2	-2	-15.8	63	41	Baa2	BBB+	BBB
ACEIM Float 02/08/23	-	FL	300	100.4	-0.2	DISC	31	-1	1	-11.2	99	27	Baa2	BBB+	BBB
Aeroporti di Roma SpA															
ADRT 1 5/8 06/08/27	03/27	FX	500	106.0	0.6	ASW	84	-2	-19	-91.3	248	83	Baa3	BBB- *	BBB-
ADRT 1 5/8 02/02/29	11/28	FX	300	106.2	0.8	ASW	94	-3	-20	-90.8	188	94	Baa3	BBB- *	BBB-
ADRT 1 3/4 07/30/31 ¹	04/31	FX	500	105.7	1.1	ASW	117	-3	-20	-51.8	168	117	Baa3	BBB- *	BBB-
Buzzi Unicem SpA															
BZUIM 2 1/8 04/28/23	01/23	FX	500	103.5	0.1	ASW	31	2	1	-1.7	92	18	-	-	-
CNH Industrial Finance Europe SA															
CNHI 2 7/8 09/27/21	-	FX	367	100.6	-0.5	ASW	7	-2	-10	-19.8	120	5	Baa3	BBB-	BBB-
CNHI 2 7/8 05/17/23	-	FX	369	105.5	-0.1	ASW	37	-1	0	-13.5	128	36	Baa3	BBB-	BBB-
CNHI 0 04/01/24	03/24	FX	750	100.1	0.0	ASW	39	-1	-3	-15.6	55	39	Baa3	BBB-	BBB-
CNHI 1 3/4 09/12/25	06/25	FX	650	106.5	0.2	ASW	46	-1	-2	-24.1	176	46	Baa3	BBB-	BBB-
CNHI 1 7/8 01/19/26	10/25	FX	500	107.4	0.2	ASW	49	-1	-2	-33.0	214	49	Baa3	BBB-	BBB-
CNHI 1 3/4 03/25/27	12/26	FX	600	107.5	0.4	ASW	66	-2	-3	-45.7	222	65	Baa3	BBB-	BBB-
CNHI 1 5/8 07/03/29	04/29	FX	500	107.4	0.7	ASW	80	-2	-1	-46.9	228	80	Baa3	BBB-	BBB-
Enel Finance International NV															
ENELIM 5 09/14/22	-	FX	1,949	106.3	-0.4	ASW	9	0	-3	-19.1	40	8	Baa1	A-	BBB+
ENELIM 4 7/8 04/17/23	-	FX	585	109.2	-0.4	ASW	9	0	-4	-14.7	33	9	Baa1	A-	BBB+
ENELIM 5 1/4 09/29/23	-	FX	300	112.2	-0.3	ASW	18	-1	-4	-20.0	55	17	Baa1	A-	BBB+
ENELIM 0 06/17/24	05/24	FX	1,000	100.8	-0.3	ASW	15	0	-2	-19.6	58	15	Baa1	A-	BBB+
ENELIM 1 09/16/24	-	FX	1,250	103.8	-0.2	ASW	23	-1	-2	-13.0	52	23	Baa1	A-	BBB+
ENELIM 1.966 01/27/25	-	FX	985	107.5	-0.2	ASW	24	2	1	-18.2	54	23	Baa1	A-	BBB+

Italian corporate bonds denominated in euro - Senior Unsecured

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD	-1W (bps)	-1M (bps)	YTD (bps)	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
														15.7.21	
ENELIM 1 1/2 07/21/25	04/25	FX	1,000	106.3	-0.1	ASW	22	-1	-3	-14.9	52	22	Baa1	A-	BBB+
ENELIM 1 3/8 06/01/26	-	FX	882	107.0	-0.1	ASW	27	-2	-1	-16.0	55	27	Baa1	A-	BBB+
ENELIM 1 1/8 09/16/26	06/26	FX	1,250	105.7	0.0	ASW	29	-2	-2	-4.4	54	28	Baa1	A-	BBB+
ENELIM 0 3/8 06/17/27	03/27	FX	1,000	101.7	0.1	ASW	34	-1	0	-10.9	78	26	Baa1	A-	BBB+
ENELIM 0 06/17/27 ¹	03/27	FX	1,000	99.4	0.1	ASW	35	-2	-1	-1.2	38	35	Baa1	A-	BBB+
ENELIM 0 1/2 06/17/30 ¹	03/30	FX	1,250	101.2	0.4	ASW	44	-3	-3	-3.6	49	44	Baa1	A-	BBB+
ENELIM 1 1/8 10/17/34	07/34	FX	500	106.5	0.6	ASW	46	-2	-4	-11.8	92	40	Baa1	A-	BBB+
ENELIM 0 7/8 06/17/36 ¹	03/36	FX	1,000	101.3	0.8	ASW	53	-2	-3	-4.7	59	53	Baa1	A-	BBB+
Enel SpA															
ENELIM 5 1/4 05/20/24	-	FX	750	115.6	-0.2	ASW	21	0	-1	-13.4	50	19	Baa1	A-	BBB+
ENELIM 5 5/8 06/21/27	-	FX	850	132.9	0.1	ASW	39	-1	-6	-15.0	78	39	Baa1	A-	BBB+
Eni Finance International SA															
ENIIM 5.441 04/18/28	-	FX	100	129.3	0.9	ASW	134	-4	-5	-47.7	225	131	Baa1	A-	BBB+
Eni SpA															
ENIIM 2 5/8 11/22/21	-	FX	800	101.1	-0.5	ASW	4	2	-1	-7.9	48	2	Baa1	A-	BBB+
ENIIM 0 3/4 05/17/22	-	FX	700	101.0	-0.4	ASW	11	0	-2	-12.6	56	10	Baa1	A-	BBB+
ENIIM 3 1/4 07/10/23	-	FX	1,000	107.1	-0.3	ASW	16	0	-3	-12.1	54	16	Baa1	A-	BBB+
ENIIM 1 3/4 01/18/24	-	FX	750	104.9	-0.2	ASW	23	-1	-2	-13.2	58	23	Baa1	A-	BBB+
ENIIM 0 5/8 09/19/24	-	FX	900	102.6	-0.2	ASW	23	-1	-2	-11.8	73	23	Baa1	A-	BBB+
ENIIM 1 03/14/25	-	FX	650	104.1	-0.1	ASW	28	-2	-3	-11.0	75	27	Baa1	A-	BBB+
ENIIM 3 3/4 09/12/25	-	FX	1,200	115.8	-0.1	ASW	33	0	0	-10.3	81	29	Baa1	A-	BBB+
ENIIM 1 1/2 02/02/26	-	FX	1,000	107.2	-0.1	ASW	27	-2	-2	-19.9	83	27	Baa1	A-	BBB+
ENIIM 1 1/4 05/18/26	-	FX	1,000	106.2	0.0	ASW	30	-2	-3	-23.6	83	30	Baa1	A-	BBB+
ENIIM 1 1/2 01/17/27	-	FX	750	107.9	0.1	ASW	35	-2	-2	-19.3	88	35	Baa1	A-	BBB+
ENIIM 1 5/8 05/17/28	-	FX	800	110.0	0.2	ASW	37	-2	0	-19.1	91	36	Baa1	A-	BBB+
ENIIM 0 3/8 06/14/28	-	FX	1,000	101.1	0.2	ASW	41	-2	-3	-5.2	46	41	Baa1	A-	A-
ENIIM 1 1/8 09/19/28	-	FX	600	106.5	0.2	ASW	40	-2	1	-13.9	91	37	Baa1	A-	BBB+
ENIIM 3 5/8 01/29/29	-	FX	1,000	124.8	0.3	ASW	52	0	7	-11.4	106	35	Baa1	A-	BBB+
ENIIM 0 5/8 01/23/30	-	FX	1,000	102.0	0.4	ASW	48	-2	-3	-4.9	95	41	Baa1	A-	BBB+
ENIIM 2 05/18/31	-	FX	1,000	114.2	0.5	ASW	57	-3	-3	-4.8	109	51	Baa1	A-	BBB+
ENIIM 1 10/11/34	-	FX	750	104.6	0.6	ASW	47	-3	-6	-10.8	96	46	Baa1	A-	BBB+
ERG SpA															
ERGIM 1 7/8 04/11/25	01/25	FX	500	106.4	0.2	ASW	45	-1	-3	-3.4	102	44	-	BBB-	-
ERGIM 0 1/2 09/11/27	06/27	FX	600	100.5	0.4	ASW	66	-1	-1	-7.3	92	63	-	BBB-	-
EssilorLuxottica SA															
EFFP 2 5/8 02/10/24	-	FX	500	107.7	-0.4	ASW	7	-2	-5	-26.3	48	6	-	-	-
EXOR NV															
EXOIM 2 1/8 12/02/22	09/22	FX	602	102.7	0.1	ASW	20	2	-2	-23.2	94	18	-	-	-
EXOIM 2 1/2 10/08/24	-	FX	500	108.6	-0.2	ASW	27	-1	-2	-42.0	132	26	-	-	-
EXOIM 1 3/4 01/18/28	10/27	FX	500	108.4	0.4	ASW	65	-2	-2	-31.0	170	61	-	-	-
EXOIM 2 1/4 04/29/30	01/30	FX	500	112.2	0.8	ASW	91	-2	-3	-49.2	223	87	-	-	-
EXOIM 0 7/8 01/19/31 ¹	10/30	FX	500	100.4	0.8	ASW	87	-1	0	-18.9	105	80	-	-	-
EXOIM 1 3/4 10/14/34	07/34	FX	500	107.7	1.1	ASW	98	-2	-2	-53.6	222	96	-	-	-
Ferrovie dello Stato Italiane SpA															
FERROV 3 1/2 12/13/21	-	FX	600	101.6	-0.4	ASW	18	-2	-9	-34.9	77	14	-	BBB-	BBB-
FERROV 0 7/8 12/07/23	-	FX	600	102.7	-0.3	ASW	19	0	-3	-29.9	93	18	-	BBB-	BBB-
FERROV 0 12/15/23	-	FX	80	100.7	-0.3	ASW	14	-1	-2	-23.0	42	14	-	BBB-	BBB-
FERROV 1 1/2 06/27/25	-	FX	1,000	106.1	0.0	ASW	34	-2	-3	-38.1	129	33	-	BBB-	BBB-
FERROV 1 1/8 07/09/26	-	FX	700	105.7	0.0	ASW	31	-2	-2	-28.1	127	31	-	BBB-	BBB-
FERROV 0 3/8 03/25/28 ¹	-	FX	1,000	101.3	0.2	ASW	39	-2	-2	-16.4	56	39	-	BBB-	BBB-
FERROV 1.035 08/07/29	-	FX	100	103.8	0.5	ASW	68	2	0	-19.7	155	58	-	BBB-	BBB-
FERROV Float 07/18/22	-	FL	350	100.1	0.1	DISC	57	0	0	-3.5	136	49	-	BBB-	BBB-

Italian corporate bonds denominated in euro - Senior Unsecured

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD	-1W (bps)	-1M (bps)	YTD (bps)	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
							15.7.21			4.1.21					
FERROV Float 06/23/24	-	FL	190	100.8	-0.3	DISC	26	0	0	-16.8	95	25	-	BBB-	BBB-
FERROV Float 12/22/25	-	FL	100	98.1	0.7	DISC	122	-2	-1	48.3	133	48	-	BBB-	BBB-
FERROV Float 12/31/25	-	FL	300	99.9	0.7	DISC	118	0	0	21.0	189	93	-	BBB-	BBB-
FERROV Float 12/23/29	-	FL	140	102.9	0.0	DISC	56	1	-1	-17.6	173	47	-	BBB-	BBB-
FERROV Float 03/26/30	-	FL	200	97.3	0.8	DISC	129	-1	-10	45.4	181	77	-	BBB-	BBB-
FERROV Float 04/23/41 ¹	-	FL	250	NA	NM	DISC	NM	NM	NM	NM	NM	NM	-	-	-
Fiat Chrysler Finance Europe SENC															
STLA 4 3/4 07/15/22	-	FX	1,350	104.9	-0.2	ASW	30	-2	-2	-42.3	294	26	Baa3	BBB-	BBB-
Hera SpA															
HERIM 3 1/4 10/04/21	-	FX	250	100.8	-0.4	ASW	13	0	-8	-30.8	69	10	Baa2	-	BBB
HERIM 2 3/8 07/04/24	-	FX	329	107.5	-0.1	ASW	29	-3	-3	-20.4	78	29	Baa2	-	BBB
HERIM 0 7/8 10/14/26	-	FX	400	103.9	0.1	ASW	42	-2	-2	-10.0	73	42	Baa2	-	BBB
HERIM 0 7/8 07/05/27	04/27	FX	500	104.6	0.1	ASW	34	-2	-1	-7.7	84	33	Baa2	-	BBB
HERIM 5.2 01/29/28	-	FX	641	133.1	0.1	ASW	41	-1	0	-23.8	113	36	Baa2	-	BBB
HERIM 0 1/4 12/03/30	09/30	FX	500	98.1	0.5	ASW	48	-2	-2	1.8	56	40	Baa2	-	BBB
Iren SpA															
IREIM 3 07/14/21	-	FX	182	NA	NM	ASW	NM	NM	NM	NM	NM	NM	-	-	-
IREIM 2 3/4 11/02/22	-	FX	360	104.0	-0.3	ASW	19	1	-5	-27.0	76	18	-	BBB	-
IREIM 0 7/8 11/04/24	-	FX	500	103.1	-0.1	ASW	33	-2	-3	-16.3	73	33	-	BBB	-
IREIM 1.95 09/19/25	06/25	FX	500	107.5	0.2	ASW	43	-2	-4	-9.8	77	40	-	BBB	-
IREIM 1 1/2 10/24/27	07/27	FX	500	107.4	0.3	ASW	53	-2	-2	0.3	83	40	-	BBB	-
IREIM 0 7/8 10/14/29	07/29	FX	500	103.1	0.5	ASW	61	-2	-3	8.3	90	40	-	BBB	-
IREIM 1 07/01/30	04/30	FX	500	103.7	0.6	ASW	65	-2	-2	1.8	114	47	-	BBB	-
IREIM 0 1/4 01/17/31	10/30	FX	300	97.1	0.6	ASW	57	-2	-2	-0.6	62	42	-	BBB	-
Italgas SpA															
IGIM 0 1/2 01/19/22	-	FX	112	100.5	-0.4	ASW	10	0	-3	-22.3	53	7	Baa2	BBB+	BBB
IGIM 1 1/8 03/14/24	-	FX	381	103.4	-0.1	ASW	29	-1	-3	-11.1	59	29	Baa2	BBB+	BBB
IGIM 0 1/4 06/24/25	-	FX	500	100.9	0.0	ASW	40	-1	-3	1.4	66	34	Baa2	BBB+	BBB
IGIM 1 5/8 01/19/27	-	FX	750	108.3	0.1	ASW	41	-1	-1	3.7	75	34	Baa2	BBB+	BBB
IGIM 0 02/16/28 ¹	-	FX	500	98.1	0.3	ASW	50	-2	0	5.0	53	44	Baa2	BBB+	BBB
IGIM 1 5/8 01/18/29	-	FX	750	109.5	0.3	ASW	52	-1	1	9.9	85	38	Baa2	BBB+	BBB
IGIM 0 7/8 04/24/30	-	FX	600	103.2	0.5	ASW	58	-2	1	16.8	81	37	Baa2	BBB+	BBB
IGIM 1 12/11/31	-	FX	500	103.4	0.7	ASW	64	-2	2	20.0	85	40	Baa2	BBB+	BBB
IGIM 0 1/2 02/16/33 ¹	-	FX	500	97.3	0.7	ASW	63	-2	1	4.6	67	54	Baa2	BBB+	BBB
PSA Tesorerie GIE															
PEUGOT 6 09/19/33	-	FX	600	152.7	1.3	ASW	154	-2	-5	-63.0	362	153	Baa3	BBB-	BBB-
RAI-Radiotelevisione Italiana SpA															
RATEIT 1 3/8 12/04/24	09/24	FX	300	103.6	0.3	ASW	63	-4	-9	-36.9	149	62	Baa3	-	-
Snam SpA															
SRGIM 5 1/4 09/19/22	-	FX	582	106.8	NM	ASW	NM	NM	NM	NM	NM	NM	Baa2	BBB+	BBB
SRGIM 1 1/2 04/21/23	-	FX	190	103.3	-0.4	ASW	12	0	-1	-8.8	57	11	Baa2	BBB+	BBB
SRGIM 1 09/18/23	06/23	FX	522	102.8	-0.3	ASW	4	1	-2	-13.6	58	3	Baa2	BBB+	BBB
SRGIM 1 3/8 11/19/23	-	FX	167	104.0	-0.3	ASW	13	-1	-2	-12.3	54	13	Baa2	BBB+	BBB
SRGIM 3 1/4 01/22/24	-	FX	385	109.1	-0.4	ASW	9	-1	-1	-10.7	54	7	Baa2	BBB+	BBB
SRGIM 0 05/12/24	02/24	FX	700	100.5	-0.2	ASW	23	-2	-3	-2.1	56	20	Baa2	BBB+	BBB
SRGIM 1 1/4 01/25/25	-	FX	339	104.9	-0.1	ASW	26	-1	-1	1.2	65	19	Baa2	BBB+	BBB
SRGIM 0 08/15/25 ¹	05/25	FX	500	100.2	-0.1	ASW	31	-2	-3	-4.3	37	31	Baa2	BBB+	BBB
SRGIM 1 1/4 08/28/25	05/25	FX	500	105.2	0.0	ASW	28	-2	-3	-3.0	69	25	Baa2	BBB+	BBB
SRGIM 0 7/8 10/25/26	-	FX	1,250	104.1	0.1	ASW	40	-1	-2	-0.9	67	30	Baa2	BBB+	BBB
SRGIM 1 3/8 10/25/27	07/27	FX	650	107.2	0.2	ASW	44	-1	-1	5.3	67	29	Baa2	BBB+	BBB
SRGIM 0 12/07/28	09/28	FX	600	97.6	0.3	ASW	48	-2	-1	6.8	50	37	Baa2	BBB+	BBB
SRGIM 1 5/8 01/07/30	10/29	FX	250	110.0	0.4	ASW	52	-	11	19.8	132	19	Baa2	BBB+	BBB

Italian corporate bonds denominated in euro - Senior Unsecured

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD	-1W (bps)	-1M (bps)	YTD (bps)	52-week range		Ratings			
											max	min	Mdy	Fitch	BBG	
							15.7.21				4.1.21					
SRGIM 0 3/4 06/17/30	03/30	FX	750	102.7	0.4	ASW	51	-3	-3	5.0	76	42	Baa2	BBB+	BBB	
SRGIM 0 5/8 06/30/31 ¹	03/31	FX	500	100.7	0.6	ASW	56	-4	-	-5.8	62	56	Baa2	BBB+	BBB	
SRGIM 1 09/12/34	06/34	FX	600	102.9	0.8	ASW	60	-2	-3	7.8	90	47	Baa2	BBB+	BBB	
SRGIM Float 02/21/22	-	FL	151	100.3	-0.4	DISC	13	1	-2	-13.5	73	6	Baa2	BBB+	BBB	
Societa Metropolitana Acque Torino SpA																
SOMTAT 1.95 04/13/24	-	FX	135	105.6	-0.1	ASW	35	-1	-3	-16.7	79	35	-	-	-	
Stellantis NV																
STLA 2 3/8 04/14/23	-	FX	500	104.4	-0.2	ASW	31	0	-2	-26.2	199	31	Baa3	BBB-	BBB-	
STLA 3 3/8 07/07/23	04/23	FX	1,250	106.0	0.3	ASW	38	-1	-2	-43.7	323	38	Baa3	BBB-	BBB-	
STLA 2 03/23/24	-	FX	700	105.6	-0.1	ASW	36	-1	-4	-39.5	191	36	Baa3	BBB-	BBB-	
STLA 3 3/4 03/29/24	-	FX	1,250	110.0	0.0	ASW	48	-2	-3	-60.0	318	48	Baa3	BBB-	BBB-	
STLA 2 03/20/25	12/24	FX	650	106.5	0.2	ASW	50	-2	-3	-33.0	221	50	Baa3	BBB-	BBB-	
STLA 3 7/8 01/05/26	10/25	FX	1,250	115.1	0.4	ASW	67	-2	-2	-61.6	381	67	Baa3	BBB-	BBB-	
STLA 2 3/4 05/15/26	02/26	FX	1,000	111.3	0.4	ASW	63	-2	-5	-25.9	265	63	Baa3	BBB-	BBB-	
STLA 0 5/8 03/30/27 ¹	12/26	FX	1,250	101.1	0.4	ASW	70	-2	-3	-26.2	96	70	Baa3	BBB-	BBB-	
STLA 4 1/2 07/07/28	04/28	FX	1,000	125.5	0.7	ASW	95	-2	-1	-72.7	423	95	Baa3	BBB-	BBB-	
STLA 0 3/4 01/18/29 ¹	10/28	FX	1,250	100.4	0.7	ASW	85	-1	-	-2.3	89	84	Baa3	BBB-	BBB-	
STLA 1 1/8 09/18/29	06/29	FX	600	104.0	0.6	ASW	75	-3	-4	-8.0	218	60	Baa3	BBB-	BBB-	
STLA 1 1/4 06/20/33 ¹	03/33	FX	1,250	100.7	1.2	ASW	107	-2	-	-9.2	118	107	Baa3	BBB-	BBB-	
Terna SPA																
TRNIM 0 7/8 02/02/22	-	FX	1,000	100.7	-0.4	ASW	10	0	-1	-14.4	59	10	Baa2	-	BBB	
TRNIM 1 07/23/23	-	FX	1,000	102.7	-0.3	ASW	14	1	-3	-10.0	63	13	Baa2	-	BBB	
TRNIM 4.9 10/28/24	-	FX	800	116.6	-0.2	ASW	28	0	-2	-1.1	63	23	Baa2	-	BBB	
TRNIM 0 1/8 07/25/25	-	FX	500	100.9	-0.1	ASW	27	-1	-2	-2.5	60	23	Baa2	-	BBB	
TRNIM 1 04/10/26	-	FX	500	104.9	0.0	ASW	30	-2	-3	-8.0	70	30	Baa2	-	BBB	
TRNIM 1 3/8 07/26/27	-	FX	1,000	107.4	0.1	ASW	41	-1	-2	4.2	69	31	Baa2	-	BBB	
TRNIM 1 10/11/28	-	FX	750	105.6	0.2	ASW	40	-2	0	0.4	75	32	Baa2	-	BBB	
TRNIM 0 3/8 06/23/29 ¹	03/29	FX	600	101.1	0.2	ASW	38	-	-	-	-	-	Baa2	-	BBB	
TRNIM 0 3/8 09/25/30	06/30	FX	500	99.5	0.4	ASW	47	-3	-5	4.7	67	38	Baa2	-	BBB	
TRNIM 0 3/4 07/24/32	-	FX	500	101.5	0.6	ASW	54	-2	-3	9.0	82	39	Baa2	-	BBB	
High Yield and Unrated																
Alerion Cleanpower SpA																
ARNIM 3 3/4 12/29/24	08/21	FX	150	103.4	NM	ASW	NM	NM	NM	NM	NM	NM	-	-	-	
ARNIM 3 1/8 12/19/25	12/22	FX	200	103.1	2.4	ASW	252	-	-	-29.9	333	249	-	-	-	
Alperia SpA																
ALPERI 1.41 06/30/23	-	FX	100	99.3	1.8	ASW	223	-3	4	-87.3	325	50	-	-	-	
ALPERI 1.68 06/28/24	-	FX	125	98.8	2.1	ASW	248	-2	8	-71.0	330	63	-	-	-	
ALPERI 2 1/2 12/23/26	-	FX	150	100.0	2.5	ASW	274	-1	17	-63.8	341	165	-	-	-	
Amplifon SpA																
AMPIM 1 1/8 02/13/27	11/26	FX	350	101.1	0.9	ASW	120	-1	2	-36.3	182	114	-	-	-	
Ansaldo Energia SpA																
ANSALD 2 3/4 05/31/24	-	FX	350	101.7	2.1	ASW	254	-	13	-76.5	407	231	-	-	-	
Atlantia SpA																
ATLIM 1 5/8 02/03/25	-	FX	750	102.8	0.8	ASW	122	-1	12	-84.9	324	110	Ba3	BB+ *	BB-	
ATLIM 1 7/8 07/13/27	04/27	FX	1,000	104.0	1.2	ASW	143	0	7	-96.2	321	135	Ba3	BB+ *	BB-	
ATLIM 1 7/8 02/12/28 ¹	11/27	FX	1,000	103.4	1.3	ASW	155	-2	5	-62.2	233	149	Ba3	BB+ *	BB-	
Autostrade per l'Italia SpA																
ATOSTR 1 1/8 11/04/21	-	FX	480	100.4	-0.1	ASW	42	7	5	-169.5	421	28	Ba3	BB+ *	BB	
ATOSTR 1 5/8 06/12/23	-	FX	750	102.2	0.5	ASW	94	-4	-8	-112.8	338	93	Ba3	-	BB-	
ATOSTR 5 7/8 06/09/24	-	FX	1,000	115.6	0.4	ASW	95	-3	-8	-117.9	322	95	Ba3	BB+ *	BB	
ATOSTR 4 3/8 09/16/25	-	FX	500	115.3	0.6	ASW	108	-1	0	-105.8	301	105	Ba3	BB+ *	BB	
ATOSTR 1 7/8 11/04/25	-	FX	500	104.6	0.8	ASW	114	-2	-1	-102.5	317	114	Ba3	BB+ *	BB	

Italian corporate bonds denominated in euro - Senior Unsecured

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD	-1W (bps)	-1M (bps)	YTD (bps)	52-week range		Ratings			
											max	min	Mdy	Fitch	BBG	
15.7.21																
4.1.21																
ATOSTR 1 3/4 06/26/26	-	FX	750	104.0	0.9	ASW	126	-1	2	-95.1	322	119	Ba3	BB+ **	BB	
ATOSTR 1 3/4 02/01/27	-	FX	600	103.7	1.1	ASW	135	-2	6	-79.4	319	126	Ba3	BB+ **	BB	
ATOSTR 2 12/04/28	09/28	FX	1,250	105.1	1.3	ASW	146	-2	5	-78.5	230	136	Ba3	BB+ **	BB	
ATOSTR 1 7/8 09/26/29	06/29	FX	700	104.0	1.3	ASW	148	-2	8	-74.0	302	136	Ba3	BB+ **	BB	
ATOSTR 2 01/15/30 ¹	10/29	FX	1,000	104.5	1.4	ASW	154	-3	2	-82.3	241	148	Ba3	BB+ **	BB	
Carraro International SE																
CARRAR 3 1/2 01/31/25	08/21	FX	180	103.5	NM	ASW	NM	NM	NM	NM	NM	NM	-	-	-	
Coesia SpA																
COESIA 3 10/01/21	-	FX	100	100.8	NM	ASW	NM	NM	NM	NM	NM	NM	-	-	-	
Davide Campari-Milano NV																
CPRIM 2.165 04/05/24	-	FX	150	102.9	1.1	ASW	151	-21	-11	18.1	322	86	-	-	-	
CPRIM 1.655 04/30/24	-	FX	150	102.5	0.7	ASW	117	0	-7	-1.9	322	108	-	-	-	
CPRIM 1 1/4 10/06/27	07/27	FX	550	102.9	0.8	ASW	102	-1	-2	-5.6	152	101	-	-	-	
Enav SpA																
ENAVIT 1.93 08/04/22	-	FX	180	102.0	0.0	ASW	50	-5	12	2.5	98	30	-	-	-	
Esercizi Aeroportuali SEA SpA																
SEASPA 3 1/2 10/09/25	07/25	FX	300	107.3	1.7	ASW	203	-1	-7	-59.5	381	202	-	-	-	
Esselunga SpA																
ESSLNG 0 7/8 10/25/23	07/23	FX	500	101.7	0.1	ASW	51	3	-3	-54.8	154	48	Ba1	-	BB+	
ESSLNG 1 7/8 10/25/27	07/27	FX	500	106.2	0.9	ASW	110	-1	-4	-43.2	215	110	Ba1	-	BB+	
Estra SpA																
ESTRAS 3 3/4 07/13/22	-	FX	100	101.5	2.2	ASW	270	8	0	-47.8	328	68	-	-	-	
Ferrari NV																
RACE 1 1/2 03/16/23	-	FX	385	102.5	0.0	ASW	49	0	-3	-26.2	85	46	-	-	-	
RACE 1 1/2 05/27/25	-	FX	650	104.2	0.4	ASW	79	-1	-2	-45.1	166	74	-	-	-	
IMA Industria Macchine Automatiche SpA																
IMAIM 1.923 06/25/26	-	FX	50	107.5	0.4	ASW	73	-1	-2	-27.1	165	73	-	-	-	
Immobiliare Grande Distribuzione SIQ SpA																
IGDIM 2 1/8 11/28/24	08/24	FX	400	100.8	1.9	ASW	227	-5	-18	-155.6	608	227	-	BBB-	BB+	
Infrastrutture Wireless Italiane SpA																
INWIM 1 7/8 07/08/26	04/26	FX	1,000	104.7	0.9	ASW	120	0	7	-19.3	207	109	-	BBB-	BB+	
INWIM 1 5/8 10/21/28	07/28	FX	750	102.5	1.3	ASW	144	0	2	-14.4	198	136	-	BBB-	BB+	
INWIM 1 3/4 04/19/31 ¹	01/31	FX	500	101.0	1.6	ASW	165	-	-	-	-	-	-	BBB-	BB+	
Italian Wine Brands SpA																
IWBIM 2 1/2 05/13/27 ¹	05/23	FX	130	102.0	2.1	ASW	243	-13	-17	-14.0	265	243	-	-	-	
IVS Group SA																
IVSIM 3 10/18/26	10/22	FX	300	101.3	2.7	ASW	302	-3	6	-50.8	453	282	-	-	-	
Juventus Football Club SpA																
JUVEIM 3 3/8 02/19/24	11/23	FX	175	101.2	2.9	ASW	328	-4	-38	-58.1	440	327	-	-	-	
Kedrion SpA																
KEDRIM 3 07/12/22	04/22	FX	200	101.7	1.3	ASW	122	-1	14	-210.4	560	64	-	-	-	
Leonardo SpA																
LDOIM 5 1/4 01/21/22	-	FX	556	102.8	-0.2	ASW	38	-10	6	-45.1	152	27	Ba1	BBB-	BB+	
LDOIM 1 1/2 06/07/24	03/24	FX	600	102.9	0.5	ASW	84	-1	-2	-50.2	203	83	Ba1	BBB-	BB+	
LDOIM 4 7/8 03/24/25	-	FX	500	114.8	0.8	ASW	126	0	0	-64.3	266	123	Ba1	BBB-	BB+	
LDOIM 2 3/8 01/08/26	10/25	FX	500	104.7	1.3	ASW	161	-1	1	-33.9	290	151	Ba1	BBB-	BB+	
Lkq Italia Bondco Di Lkq Italia Bondco Gp SRL E C SAPA																
LKQ 3 7/8 04/01/24	01/24	FX	500	108.1	0.8	ASW	101	-3	-1	-58.5	317	100	Ba2	BBB-	BB+	
Maire Tecnimont SpA																
MTIM 2 5/8 04/30/24	08/21	FX	165	102.2	NM	ASW	NM	NM	NM	NM	NM	NM	-	-	-	
Newlat Food SpA																
NEWFOD 2 5/8 02/19/27 ¹	02/24	FX	200	101.9	2.3	ASW	256	1	7	-11.0	273	244	-	-	-	

Italian corporate bonds denominated in euro - Senior Unsecured

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD	-1W (bps)	-1M (bps)	YTD (bps)	52-week range		Ratings		
											max	min	Mdy	Fitch	BBG
15.7.214.1.21															
Piaggio & C SpA															
PIAGIM 3 5/8 04/30/25	08/21	FX	250	102.0	3.1	ASW	167	-38	17	-15.4	413	-101	Ba3	-	B+
Pirelli & C SpA															
PCIM 1 3/8 01/25/23	10/22	FX	553	101.7	0.3	ASW	55	0	-3	-80.8	237	52	-	-	-
Pro-Gest SpA															
PROGST 3 1/4 12/15/24	07/21	FX	250	96.2	4.5	ASW	469	-3	-11	-47.6	1010	468	Caa2	-	CCC
Prysmian SpA															
PRYIM 2 1/2 04/11/22	-	FX	750	101.8	0.1	ASW	60	3	-3	-15.8	178	57	-	-	-
Saipem Finance International BV															
SPMIM 2 3/4 04/05/22	-	FX	500	101.8	0.2	ASW	75	-28	-4	-20.6	264	68	Ba2	-	BB
SPMIM 3 3/4 09/08/23	-	FX	500	106.1	0.9	ASW	136	-17	-4	-41.1	356	123	Ba2	-	BB
SPMIM 2 5/8 01/07/25	-	FX	500	103.4	1.6	ASW	202	-17	21	-14.7	409	179	Ba2	-	BB
SPMIM 3 3/8 07/15/26	04/26	FX	500	103.1	2.7	ASW	301	-12	31	15.6	453	246	Ba2	-	BB
SPMIM 3 1/8 03/31/28 ¹	12/27	FX	500	101.3	2.9	ASW	310	-10	28	-5.1	329	279	Ba2	-	BB
Saras SpA															
SRSIM 1.7 12/28/22	-	FX	200	100.2	1.5	ASW	201	10	-26	-45.4	293	175	-	-	-
Societa Elettrica Trentina Per La Distribuzione di Energia Elettrica SpA															
SETDIS 4.6 08/01/29	-	FX	110	130.8	0.7	ASW	92	-1	-2	-15.5	141	82	-	-	-
Telecom Italia Finance SA															
TITIM 7 3/4 01/24/33	-	FX	1,015	147.6	2.8	ASW	351	-1	5	-47.4	455	331	Ba2	BB+	BB
Telecom Italia SpA/Milano															
TITIM 5 1/4 02/10/22	-	FX	884	103.0	-0.1	ASW	41	-7	7	3.8	152	26	Ba2	BB+	BB
TITIM 3 1/4 01/16/23	-	FX	1,000	104.7	0.1	ASW	60	-1	-2	-47.9	185	60	Ba2	BB+	BB
TITIM 2 1/2 07/19/23	-	FX	1,000	104.3	0.3	ASW	83	-2	-3	-27.0	212	80	Ba2	BB+	BB
TITIM 3 5/8 01/19/24	-	FX	750	107.5	0.6	ASW	108	-3	-7	-60.5	266	108	Ba2	BB+	BB
TITIM 4 04/11/24	01/24	FX	1,250	108.0	1.0	ASW	124	0	-2	-43.6	279	122	Ba2	BB+	BB
TITIM 2 3/4 04/15/25	01/25	FX	1,000	105.6	1.2	ASW	152	0	-3	-43.6	287	150	Ba2	BB+	BB
TITIM 3 09/30/25	-	FX	1,000	107.2	1.2	ASW	165	-1	2	-33.6	283	153	Ba2	BB+	BB
TITIM 2 7/8 01/28/26	10/25	FX	750	106.4	1.4	ASW	172	-1	2	-31.5	291	166	Ba2	BB+	BB
TITIM 3 5/8 05/25/26	-	FX	1,000	111.3	1.2	ASW	161	0	-1	-50.6	305	157	Ba2	BB+	BB
TITIM 2 3/8 10/12/27	07/27	FX	1,250	104.4	1.6	ASW	187	0	4	-21.1	288	175	Ba2	BB+	BB
TITIM 1 5/8 01/18/29 ¹	10/28	FX	1,000	98.4	1.8	ASW	196	0	9	-7.8	206	177	Ba2	BB+	BB
TITIM 5 1/4 03/17/55	-	FX	670	124.0	3.9	ASW	410	0	12	-35.9	494	386	Ba2	BB+	BB
TITIM Float 01/01/22	-	FL	217	100.8	NM	DISC	NM	NM	NM	NM	NM	NM	-	-	-
Trasporto Passeggeri Emilia-Romagna SpA															
TRPAER 1.85 09/15/24	-	FX	95	104.1	0.5	ASW	7	-35	-40	-53.3	96	7	-	-	-
Webuild SpA															
IPGIM 1 3/4 10/26/24	-	FX	500	99.6	1.9	ASW	223	-2	-16	-185.4	560	223	-	-	-
IPGIM 5 7/8 12/15/25	06/25	FX	750	110.8	3.2	ASW	346	-2	-1	-200.5	619	336	-	BB	BB-
IPGIM 3 5/8 01/28/27	-	FX	250	103.9	2.8	ASW	316	-2	-8	-184.7	683	311	-	-	-

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. 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 2021. Source: Intesa Sanpaolo Research elaboration on Bloomberg data on 15/07/21 at 09:17.

Italian corporate bonds denominated in euro - Senior Secured

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD	-1W (bps)	-1M (bps)	YTD (bps)	52-week range		Ratings		
							15.7.21			4.1.21	max	min	Mdy	Fitch	BBG
Investment Grade															
ASTM SpA															
ATIM 3 3/8 02/13/24	-	FX	500	108.4	0.1	ASW	57	-1	-4	-53.5	226	57	Baa3	BBB-	BBB-
ATIM 1 5/8 02/08/28	11/27	FX	550	103.7	1.0	ASW	125	-2	0	-21.1	251	112	Baa3	BBB-	BBB-
High Yield and Unrated															
Almaviva-The Italian Innovation Co SpA															
ALMAIN 7 1/4 10/15/22	07/21	FX	250	101.8	5.7	ASW	10	-73	-24	-483.7	1,155	-938	B2	-	B
ASR Media and Sponsorship SpA															
ASRMED 5 1/8 08/01/24	08/21	FX	269	97.5	6.1	ASW	633	-	-	39.3	723	494	-	-	-
Azzurra Aeroporti SpA															
AZZAER 2 1/8 05/30/24	02/24	FX	360	102.5	1.2	ASW	158	-2	-10	-38.9	250	158	Ba1	-	-
AZZAER 2 5/8 05/30/27	02/27	FX	300	104.6	1.8	ASW	217	-2	-27	-86.4	343	217	Ba1	-	-
Bormioli Pharma Spa															
BORMPH Float 11/15/24	07/21	FL	280	99.7	3.6	DISC	416	1	5	-45.8	589	409	B3	-	B-
Brunello Bidco SpA															
TITANL 3 1/2 02/15/281¹	02/24	FX	300	100.0	3.5	ASW	367	0	2	-4.4	374	352	B3	B+	B-
TITANL Float 02/15/281¹	02/22	FL	850	100.0	3.8	DISC	430	1	64	94.5	430	325	B3	B+	B-
Cedacri Mergeco SPA															
CEDCRI Float 05/15/281¹	05/22	FL	650	100.6	4.5	DISC	448	-1	87	26.3	449	262	B3	B+(EXP)	B
Diocle Spa															
DOCGEN Float 06/30/26	07/21	FL	423	100.4	NM	DISC	NM	NM	NM	NM	NM	NM	B2	-	B
EVOCA SpA															
NWGLOV Float 11/01/26	07/21	FL	550	94.5	5.5	DISC	600	2	11	0.5	853	563	B3	-	B-
Fabric BC SpA															
FBRICC Float 11/30/24	08/21	FL	580	100.2	4.0	DISC	158	38	120	-313.6	542	-54	-	-	B
FBRICC Float 08/31/26	08/21	FL	225	100.4	4.0	DISC	399	-3	-16	-71.0	544	395	-	-	-
Gamma Bidco SpA															
GAMMAB 6 1/4 07/15/25	07/22	FX	340	105.6	4.7	ASW	426	-3	37	-117.1	748	377	B1	-	B
GAMMAB 5 1/8 07/15/251¹	07/22	FX	575	103.1	4.3	ASW	444	1	12	-91.7	542	425	B1	-	B
GAMMAB Float 07/15/25	08/21	FL	300	100.6	NM	DISC	NM	NM	NM	NM	NM	NM	B1	-	B
Golden Goose SpA															
GOLGOO Float 05/14/271	11/22	FL	480	98.8	5.1	DISC	566	-7	5	-7.4	583	544	B2	B+	B
Guala Closures SpA															
GCLIM 3 1/4 06/15/281¹	06/24	FX	500	100.6	3.1	ASW	339	-2	-	-1.2	341	334	B1	-	B+
IMA Industria Macchine Automatiche SpA															
IMAIM 3 3/4 01/15/28	01/23	FX	830	100.7	3.6	ASW	386	-5	8	18.8	408	364	B2	-	-
Inter Media and Communication SpA															
INTERM 4 7/8 12/31/22	07/21	FX	280	100.1	4.8	ASW	525	-	-	-	-	-	-	BB-	-
International Design Group SPA															
INTDGP 6 1/2 11/15/25	11/21	FX	400	104.6	5.3	ASW	274	0	46	-272.9	827	211	B2	B	B
International Game Technology PLC															
IGT 3 1/2 07/15/24	01/24	FX	500	105.0	1.8	ASW	193	-4	18	-54.1	465	168	Ba3	-	BB-
IGT 3 1/2 06/15/26	06/22	FX	750	102.5	3.0	ASW	309	0	92	39.4	487	195	Ba3	-	BB-
IGT 2 3/8 04/15/28	04/23	FX	500	97.9	2.7	ASW	284	2	27	7.7	442	254	Ba3	-	BB-
Italmatch Chemicals SpA															
FIREBC Float 09/30/24	07/21	FL	650	96.6	5.9	DISC	646	0	15	4.3	843	602	Caa1	-	CCC+
Kedrion SpA															
KEDRIM 3 3/8 05/15/261¹	05/23	FX	410	99.7	3.4	ASW	371	-2	9	4.0	374	358	B1	-	B
Libra Groupco SpA															
LBRGRP 5 05/15/271¹	05/23	FX	275	101.2	4.8	ASW	498	-	-	-	-	-	B2	-	-
Limacorporate SpA															
LIMACO Float 08/15/23	07/21	FL	275	100.1	NM	DISC	NM	NM	NM	NM	NM	NM	B3	-	B-

Italian corporate bonds denominated in euro - Senior Secured

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD	-1W	-1M	YTD	52-week range		Ratings		
								(bps)	(bps)	(bps)	max	min	Mdy	Fitch	BBG
								15.7.21		4.1.21					
Marcolin SpA															
MCLIM 6 1/8 11/15/261 ¹	05/23	FX	350	101.9	5.7	ASW	593	-3	23	-20.4	614	567	B3	-	B-
Moby SpA															
MOBYIT 7 3/4 02/15/23	07/21		300	33.9	NM	ASW	NM	NM	NM	NM	NM	NM	-	-	-
Mooney Group SpA															
MOONEY Float 12/17/26	08/21	FL	530	100.3	3.8	DISC	365	-20	59	-56.1	499	299	B2	-	B+
Rekeep SpA															
MANTEN 7 1/4 02/01/261 ¹	02/23	FX	370	108.2	5.2	ASW	467	-11	-7	-221.2	709	467	B2	-	B
Rossini Sarl															
ROSINI 6 3/4 10/30/25	10/21	FX	650	104.7	5.5	ASW	243	-23	83	-38.9	567	153	B3	-	B-
ROSINI Float 10/30/25	07/21	FL	650	100.2	NM	DISC	NM	NM	NM	NM	NM	NM	B3	-	B-
Sisal Group SpA															
SCHMAN 7 07/31/23	07/21	FX	275	100.8	NM	ASW	NM	NM	NM	NM	NM	NM	B1	-	B
Societa di Progetto Brebemi SpA															
SOCPRO 0 01/22/40	-		1,205	49.9	3.8	ASW	236	-1	4	3.9	245	189	-	BB+	BB+
Superstrada Pedemontana Veneta SpA															
SPRPED 8 06/30/27	-	FX	350	103.7	7.2	ASW	754	0	-18	245.3	838	509	-	-	-

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) YTD from launch date for bonds issued in 2021. Source: Intesa Sanpaolo Research elaboration on Bloomberg data on 15/07/21 at 09:17.

Italian corporate bonds denominated in euro - Hybrids

Bond	Next call	Type	Outst. EUR M	Price	YTM %	SPRD TYPE	SPRD	-1W (pts)1	-1M (pts)1	YTD (pts)1	52-week range1		Ratings		
							15.7.21			4.1.21	max	min	Mdy	Fitch	BBG
Investment Grade															
Enel SpA															
ENELIM 5.451 PERP	01/24	VR	297	112.6	0.3	ASW	86	0	0	-0.31	113	111	Baa3	BBB	BBB-
ENELIM 3 3/8 PERP	08/26	VR	750	111.5	1.0	ASW	152	0	1	0.32	112	104	Baa3	BBB	BBB-
ENELIM 2 1/2 PERP	08/23	VR	750	104.9	0.1	ASW	86	0	0	0.30	105	101	Baa3	BBB	BBB-
ENELIM 2 1/4 PERP	12/26	VR	600	105.6	1.2	ASW	153	0	1	0.88	106	99	Baa3	BBB	BBB-
ENELIM 1 3/8 PERP ¹	06/27	VR	1,250	99.8	1.4	ASW	163	0	1	1.34	100	97	Baa3	BBB	BBB-
ENELIM 1 7/8 PERP ¹	06/30	VR	1,000	99.1	2.0	ASW	200	0	1	0.86	99	97	Baa3	BBB	BBB-
ENELIM 3 1/2 05/24/80	02/25	VR	900	109.8	0.7	ASW	119	0	0	0.14	110	105	Baa3	BBB	BBB-
Eni SpA															
ENIIM 2 5/8 PERP	10/25	VR	1,500	105.4	1.3	ASW	169	0	0	0.55	106	99	Baa3	BBB	BBB-
ENIIM 3 3/8 PERP	07/29	VR	1,500	107.5	2.3	ASW	253	0	1	-0.53	109	99	Baa3	BBB	BBB-
ENIIM 2 PERP ¹	02/27	VR	1,000	101.2	1.8	ASW	204	0	1	1.46	101	99	Baa3	BBB	BBB-
ENIIM 2 3/4 PERP ¹	02/30	VR	1,000	102.0	2.5	ASW	256	0	1	2.62	102	99	Baa3	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) YTD from launch date for bonds issued in 2021. Source: Intesa Sanpaolo Research elaboration on Bloomberg data on 15/07/21 at 09:17.

Appendix 3 – Trading Ideas on Italian Non-Financial Corporate Bonds

Investment recommendation (bps)

Date	Bond/CDS	Type	Spread/ Price	Rate	Buy/ Sell	Entry level	Current level ¹	Pick- up	Status
Corporate IG									
8.7.21	IREIM 0 7/8 10/14/29	Sen	ASW	FX	BUY	60.6	60.6	0.0	OPEN
	AEMSPA 1 07/16/29	Sen	ASW	FX	SELL	43.9	43.9	0.0	Switch opened in expectation of an outperformance of IGIM 06/25 bond
8.7.21	IGIM 0 1/4 06/24/25	Sen	ASW	FX	BUY	41.0	39.1	1.9	OPEN
	TRNIM 0 1/8 07/25/25	Sen	ASW	FX	SELL	28.1	26.1	-2.0	Switch opened in expectation of an outperformance of IGIM 06/25 bond
24.06.21	FIREIT 1.608 10/31/27	Sen	ASW	FX	BUY	63.4	57.9	5.5	OPEN
	IGIM 1 5/8 01/19/27	Sen	ASW	FX	SELL	44.1	40.9	-3.2	Switch opened in expectation of an outperformance of FIREIT 1.608 10/27 bond
10.06.21	ENIIM 0 3/8 06/14/28	Sen	ASW	FX	BUY	45.6	41.3	0.1	OPEN
	ENIIM 1 5/8 05/17/28	Sen	ASW	FX	SELL	37.1	37.5	-0.4	Switch opened in expectation of an outperformance of ENIIM 0.375% 06/28 bond
10.06.21	ACEIM 0 1/2 04/06/29	Sen	ASW	FX	BUY	61.7	58.8	3.0	OPEN
	AEMSPA 1 07/16/29	Sen	ASW	FX	SELL	48.9	43.9	-5.0	Switch opened in expectation of outperformance of ACEIM's 2029 bond
27.05.21	HERIM 0 7/8 10/14/26	Sen	ASW	FX	BUY	47.3	42.3	4.9	OPEN
	HERIM 0 1/4 12/03/30	Sen	ASW	FX	SELL	51.9	47.8	-4.0	Switch opened in expectation of outperformance of HERIM's 2026 bond
27.05.21	ACEIM 2 5/8 07/15/24	Sen	ASW	FX	BUY	35.9	30.6	5.3	OPEN
	IREIM 0 7/8 11/04/24	Sen	ASW	FX	SELL	37.6	32.5	-5.0	Switch opened in expectation of outperformance of ACEIM's 2024 bond
13.05.21	ENIIM 2 PERP	Sub	Price	VR	BUY	99.2	101.3	2.1	OPEN
								0.9	Trading idea open on expectation of higher price.
13.05.21	ENIIM 2 3/4 PERP	Sub	Price	VR	BUY	98.8	102.2	3.4	OPEN
									Trading idea open on expectation of higher price.
08.04.21	ACEIM 0 1/2 04/06/29	Sen	ASW	FX	BUY	55.9	58.8	-2.8	OPEN
	iBoxx Non-Fin BBB 7-10Y	Sen	ASW	FX	SELL	78.1	74.7	-3.4	Switch opened in expectation of outperformance of ACEIM's 2029 bond.
08.04.21	IGIM 0 1/4 06/24/25	Sen	ASW	FX	BUY	40.3	39.1	1.2	OPEN
	IGIM 1 5/8 01/18/29	Sen	ASW	FX	SELL	44.7	51.6	6.9	Switch opened in expectation of a widening of the ASW gap.
08.04.21	iBoxx NFI BBB 1-3Y	Sen	ASW	FX	BUY	53.5	44.7	8.8	OPEN
	BZUIM 2 1/8 04/28/23	Sen	ASW	FX	SELL	27.4	31.4	4.0	Switch opened in expectation of a narrowing of the ASW gap.
25.03.21	STLA 0 5/8 03/30/27	Sen	ASW	FX	BUY	94.5	70.0	24.5	OPEN
	STLA 1 1/8 09/18/29	Sen	ASW	FX	SELL	94.9	74.8	-20.1	Switch opened in expectation of an inversion of the ASW gap.
04.03.21	STLA 3 7/8 01/05/26	Sen	ASW	FX	BUY	91.0	66.7	24.4	OPEN
	STLA 1 1/8 09/18/29	Sen	ASW	FX	SELL	91.9	74.8	-17.1	Switch opened in the expectation of an outperformance of the shorter-dated bond.
11.02.21	EXOIM 2 1/4 4/29/30	Sen	ASW	FX	BUY	91.0	91.0	0.1	OPEN
	EXOIM 1 3/4 1/18/28	Sen	ASW	FX	SELL	64.5	65.6	1.2	Switch opened in the expectation of a narrowing of the ASW gap.
05.01.21	EXOIM 3 1/8 02/15/38	Sen	ASW	FX	BUY	212.5	164.7	47.8	OPEN
	Corporates BBB +10Y	Sen	ASW	FX	SELL	112.0	82.5	-29.5	Switch opened in the expectation of a reduction of the ASW gap.
05.01.21	EXOIM 3 1/8 02/15/38	Sen	ASW	FX	BUY	212.5	164.7	47.8	OPEN
								18.3	Trading idea opened in the expectation of a tightening of the ASW.
12.12.20	ENELIM 3 1/2 05/24/80	Sub	Price	VR	BUY	109.5	109.8	0.3	OPEN
									Trading idea opened in the expectation of higher price.

FX = FIXED; VR = Variable. BZUIM = Buzzi Unicem; STLA = Stellantis; ENIIM = Eni; IREIM = Iren; ERGIM = ERG; FIREIT = 2i Rete Gas; EXOIM = EXOR; IGIM = Italgas; SRGIM = Snam; ACEIM = Acea; TERNIM = Terna; HERIM = Hera; AEMSPA = A2A; ENELIM = Enel. Notes: 1) "Current level" on 15.07.21 at 16:20 CET. Source: Intesa Sanpaolo Research elaboration on Bloomberg data

Investment recommendation (bps) - continue

Date	Bond/CDS	Type	Spread/ Price	Rate	Buy/ Sell	Entry level	Current level ¹	Pick- up	Status	
Corporate IG										
26.11.20	IGIM 0 1/4 06/24/25	Sen	ASW	FX	BUY	34.6	39.1	-4.5	OPEN	Trading idea opened in the expectation of a tightening of the ASW.
	IGIM 1 5/8 01/19/27	Sen	ASW	FX	SELL	33.9	40.9	7.1 2.5		
29.10.20	ERGIM 0 1/2 09/11/27	Sen	ASW	FX	BUY	76.5	65.9	10.6	OPEN	Trading idea opened in the expectation of a tightening of the ASW.
7.10.20	ENIIM 2 5/8 PERP	Sub	Price	VR	BUY	99.4	105.5	6.1	OPEN	Trading idea opened in the expectation of a higher price.
7.10.20	ENIIM 3 3/8 PERP	Sub	Price	VR	BUY	100.0	107.6	7.6	OPEN	Trading idea opened in the expectation of a higher price.
17.09.20	ENIIM 2 05/18/31	Sen	ASW	FX	BUY	91.4	57.1	34.3	OPEN	Switch opened in the expectation of an inversion of the ASW gap.
	ENIIM 1 10/11/34	Sen	ASW	FX	SELL	84.5	46.2	-38.3 -4.0		

FX = FIXED; VR = Variable; IGIM = Italgas; ERGIM = ERG; ENIIM = Eni. Notes: 1) "Current level" on 15.07.21 at 16:20 CET. Source: Intesa Sanpaolo Research elaboration on Bloomberg data

Investment recommendation (bps)ue

Date	Bond/CDS	Type	Spread/ Price	Rate	Buy/ Sell	Entry level	Current level ¹	Pick-up	Status	
Corporate HY										
24.06.21	IGT 3 1/2 06/15/26	Sen	ASW	FX	BUY	271.3	308.5	-37.1	OPEN	Trading idea opened in the expectation of a spread tightening.
14.5.21	SPMIM 3 3/4 09/08/23	Sen	ASW	FX	SELL	188.6	136.8	-51.8	OPEN	Outright SELL in expectation of spread widening
12.05.21	IGT 3 1/2 07/15/24	Sen	ASW	FX	BUY	236.5	192.5	44.0	OPEN	Trading idea opened in the expectation of a spread tightening.
12.05.21	IGT 2 3/8 04/15/28	Sen	ASW	FX	BUY	274.3	282.0	-7.8	OPEN	Switch opened in expectation of an outperformance of 2028 bond.
	iBoxx NFI BB 7-10Y	Sen	ASW	FX	SELL	223.4	227.1	3.7 -4.1		
01.04.21	ATOSTR 2 01/15/30	Sen	ASW	FX	BUY	178.3	154.3	24.0	OPEN	Trading idea opened in the expectation of a spread tightening.
01.04.21	ATOSTR 2 12/04/28	Sen	ASW	FX	BUY	173.1	145.9	27.2	OPEN	Trading idea opened in the expectation of a spread tightening.
1.03.21	ATLIM 1 7/8 02/12/28	Sen	ASW	FX	BUY	216.2	155.8	60.4	OPEN	Trading idea opened in the expectation of a spread tightening.
25.02.21	LDOIM 2 3/8 01/08/26	Sen	ASW	FX	BUY	176.8	160.6	16.2	OPEN	Switch opened in the expectation of a narrowing of the ASW gap.
	LDOIM 5 1/4 01/21/22	Sen	ASW	FX	SELL	56.5	40.1	-16.5 -0.2		

FX = FIXED; VR = Variable. ATLIM = Atlantia; ATOSTR = Autostrade per l'Italia; IGT = International Game Technology; KEDRIM = Kedrion; LDOIM = Leonardo; SPMIM = Saipem. Notes: 1) "Current level" 15.07.21 at 15:00 CET. Source: Intesa Sanpaolo Research elaboration on Bloomberg data

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Corporate credit view key

Credit rating key

Credit view	Definition
POSITIVE	We expect an improvement in fundamentals over the next six months
NEUTRAL	We expect substantially stable fundamentals over the next six months
NEGATIVE	We expect a deterioration in fundamentals or visibility on fundamentals over the next six months
SUSPENDED	The credit view and investment recommendation for this company have been suspended as there is not a sufficient fundament
	The previous credit view, if any, is no longer in effect for this company
NOT ASSIGNED	The company is or may be covered by the Research Department but no credit view and investment recommendation are c
	applicable regulations and/or firm policies in certain circumstances.

Historical Credit View and Investment Recommendation Changes

2i Rete Gas - Historical Credit View (-1Y)

Date	Credit View
A2A - Historical Credit View (-1Y)	
Date	Credit View
Acea - Historical Credit View (-1Y)	
Date	Credit View
ADR - Historical Credit View (-1Y)	
Date	Credit View
23-Jun-21	NEGATIVE
Atlantia - Historical Credit View (-1Y)	
Date	Credit View
17-Jul-20	UNDER REVIEW

ASPI - Historical Credit View (-1Y)

Date	Credit View
15-Jul-20	UNDER REVIEW
Buzzi Unicem - Historical Credit View (-1Y)	
Date	Credit View
11-Nov-20	NEUTRAL

2i Rete Gas - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
03-Feb-21	BUY

A2A - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
Acea - Historical Investment Recommendations (-1Y)	
Date	Investment Grade Senior Unsecured

ADR - Historical Investment Recommendations (-1Y)

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

Date	High Yield Senior Unsecured
01-Mar-21	BUY

ASPI - Historical Investment Recommendations (-1Y)

Date	High Yield Senior Unsecured
01-Apr-21	BUY
06-Aug-20	HOLD
15-Jul-20	BUY

Buzzi Unicem - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
30-Mar-21	SELL

CNH Ind. - Historical Credit View (-1Y)

Date	Credit View
01-Dec-20	NEUTRAL

Enel - Historical Credit View (-1Y)

Date	Credit View
14-Jan-21	NEUTRAL

Enel - Historical Investment Recommendations (-1Y)

Date	Investment Grade Hybrids
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Eni - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
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ERG - Historical Credit View (-1Y)

Date	Credit View
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EXOR - Historical Credit View (-1Y)

Date	Credit View
10-Sep-20	NEUTRAL

Hera - Historical Credit View (-1Y)

Date	Credit View
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IGT - Historical Credit View (-1Y)

Date	Credit View
------	-------------

Iren - Historical Credit View (-1Y)

Date	Credit View
------	-------------

Italgas - Historical Credit View (-1Y)

Date	Credit View
------	-------------

Kedrion - Historical Credit View (-1Y)

Date	Credit View
------	-------------

Leonardo - Historical Credit View (-1Y)

Date	Credit View
------	-------------

Prysmian - Historical Credit View (-1Y)

Date	Credit View
10-Dec-20	NEUTRAL

Saipem - Historical Credit View (-1Y)

Date	Credit View
14-Oct-20	NEGATIVE

Sisal Group - Historical Credit View (-1Y)

Date	Credit View
------	-------------

Snam - Historical Credit View (-1Y)

Date	Credit View
------	-------------

Stellantis - Historical Credit View (-1Y)

Date	Credit View
------	-------------

Telecom Italia - Historical Credit View (-1Y)

Date	Credit View
------	-------------

CNH Ind. - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
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Enel - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
07-Aug-20	HOLD

Eni - Historical Credit View (-1Y)

Date	Credit View
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Eni - Historical Investment Recommendations (-1Y)

Date	Investment Grade Hybrids
07-Oct-20	BUY

ERG - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
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EXOR - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
05-Jan-21	BUY

Hera - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
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IGT - Historical Investment Recommendations (-1Y)

Date	High Yield Senior Secured
12-May-21	BUY
09-Dec-20	HOLD

Iren - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
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Italgas - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
22-Jun-21	BUY
29-Jan-21	HOLD
28-Jul-20	BUY

Kedrion - Historical Investment Recommendations (-1Y)

Date	Unrated Senior Unsecured
23-Apr-21	HOLD

Leonardo - Historical Investment Recommendations (-1Y)

Date	High Yield Senior Unsecured
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Prysmian - Historical Investment Recommendations (-1Y)

Date	Unrated Senior Unsecured
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Saipem - Historical Investment Recommendations (-1Y)

Date	High Yield Senior Unsecured
14-May-21	SELL

Sisal Group - Historical Investment Recommendations (-1Y)

Date	High Yield Senior Secured
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Snam - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
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Stellantis - Historical Investment Recommendations (-1Y)

Date	Investment Grade Senior Unsecured
22-Jan-21	HOLD
29-Oct-20	BUY

Telecom Italia - Historical Investment Recommendations (-1Y)

Date	High Yield Senior Unsecured
21-Dec-20	HOLD

Terna - Historical Credit View (-1Y)		Terna - Historical Investment Recommendations (-1Y)	
Date	Credit View	Date	Investment Grade Senior Unsecured
		24-Nov-20	HOLD
Webuild - Historical Credit View (-1Y)		Webuild - Historical Investment Recommendations (-1Y)	
Date	Credit View	Date	High Yield Senior Unsecured

Credit View allocations

Intesa Sanpaolo Research Credit View distribution at July 2021

Number of Companies subject to credit views: 29*	Positive	Neutral	Negative
Total Credit Research coverage - last credit view** (%)	6.9	86.2	6.9
of which Intesa Sanpaolo's clients*** (%)	100	80	50

* Total number of companies covered is 33; **Last credit view refers to credit view as at end of the previous quarter; ***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.

Investment recommendations

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

Investment recommendation

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 (hereafter the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Organisational, Management and Control Model" pursuant to Legislative Decree 8 June 2001 no. 231 (available at the Intesa Sanpaolo website, <https://group.intesasnpaolo.com/en/governance/leg-decree-231-2001>) 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 <https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest> 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.

Furthermore, in accordance with the aforesaid regulations, the disclosures of the Intesa Sanpaolo Banking Group's conflicts of interest are available through the above-mentioned webpage. The conflicts of interest published on the internet site are updated to at least the day before the publishing date of this report.

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