

Italian Corporate Outlook

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**Recovery Is Gaining Pace,
Now Is The Time To Invest**

Perugia, October 27, 2017



S&P Global
Ratings

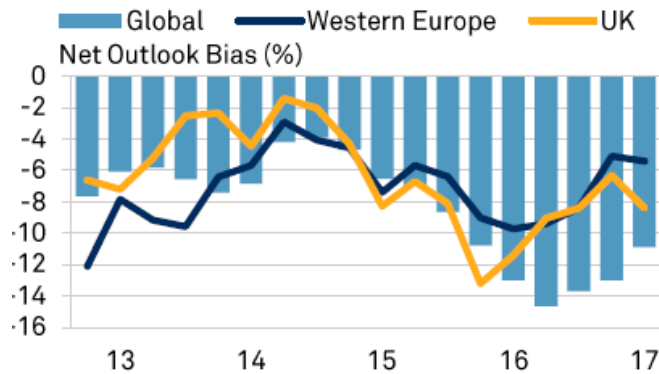
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Agenda

- **Eurozone Economic Recovery: This Time Is Different ?**
- **Italian Corporate Outlook: Recovery is gaining pace, now it is time to invest**
- **Technology Disruption: A common theme to all sectors**

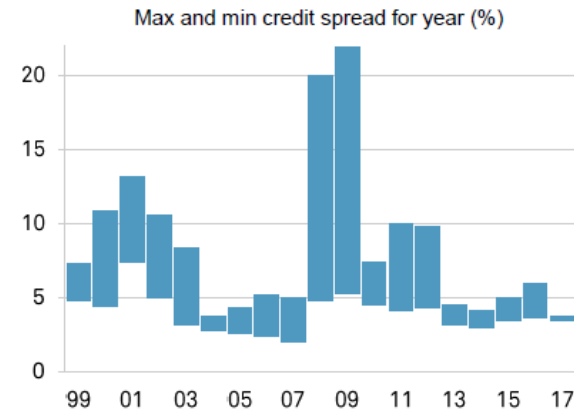
Eurozone Economic Recovery: This Time Is Different ?

S&P rated corporates net outlook bias trend



Net outlook bias shows percentage of positive outlooks fore rated universe less percentage of negative outlooks

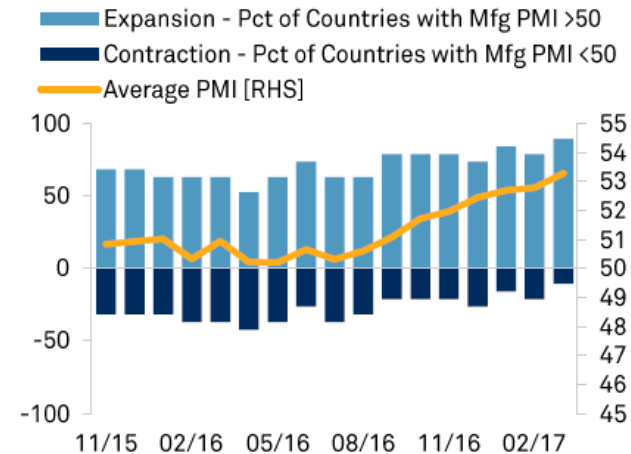
Yearly credit spread range for BofAML Euro High Yield BB/B constrained index



GDP and unemployment forecasts

%	Real GDP Baseline forecast				Unemployment Baseline forecast			
	2017f	2018f	2019f	2020f	2017f	2018f	2019f	2020f
France	1.7	1.7	1.6	1.5	9.4	8.8	8.5	8.2
Germany	2.1	1.7	1.6	1.4	3.8	3.5	3.4	3.3
Italy	1.4	1.3	1.3	1.2	11.3	10.7	10.3	10.0
Netherlands	3.0	1.9	1.8	1.7	5.0	4.6	4.3	4.0
Spain	3.0	2.6	2.0	1.7	17.3	15.6	14.5	13.6
Eurozone	2.2	1.8	1.6	1.5	9.1	8.5	8.1	7.7
Switzerland	1.1	1.7	1.6	1.7	3.3	3.3	3.2	3.2
U.K.	1.4	0.9	1.3	1.6	4.5	4.8	5.0	5.0

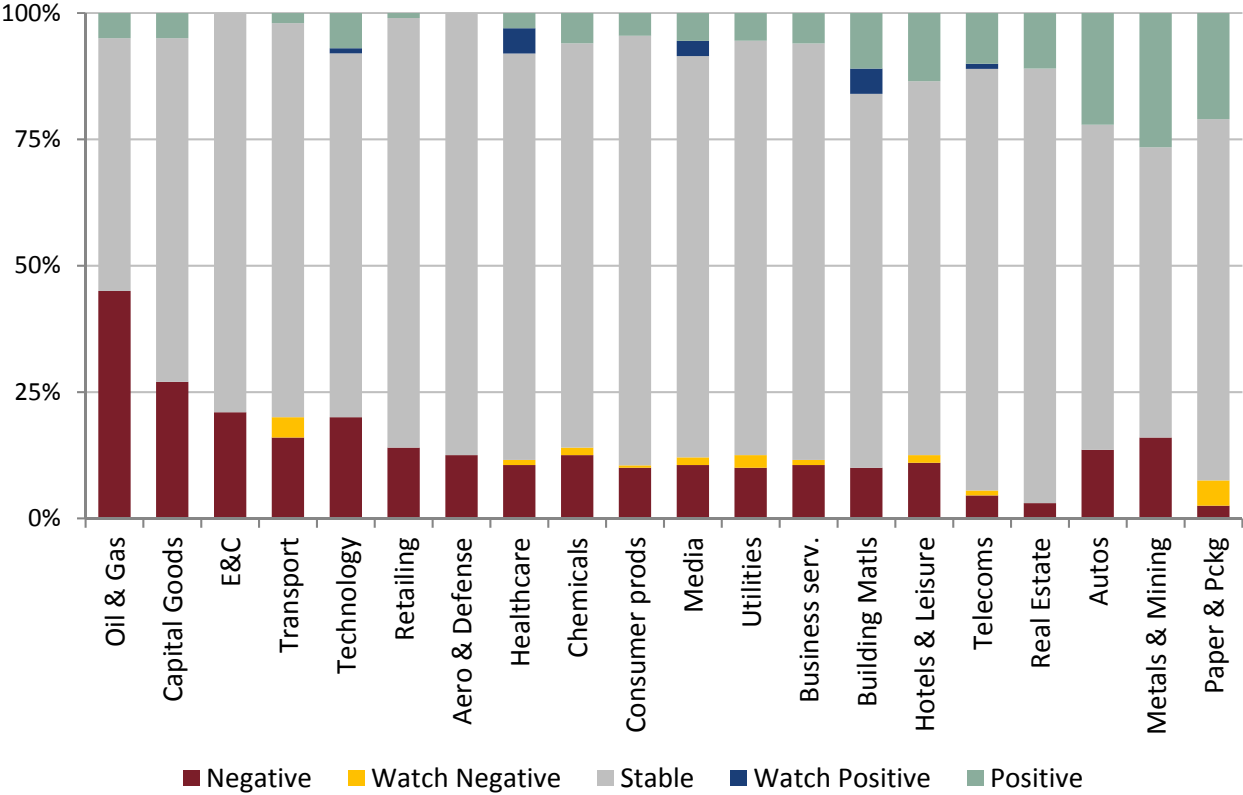
Global Manufacturing PMIs



Source: S&P Global. European Corporate Credit Outlook Q2 2017; EMEA Credit Conditions, October 2, 2017

European Corporate Outlook: Keeping Calm, Carrying On

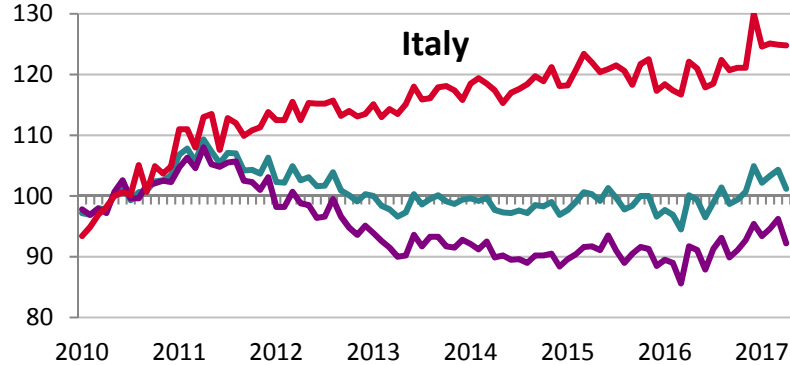
Outlook and CreditWatch distribution by industry



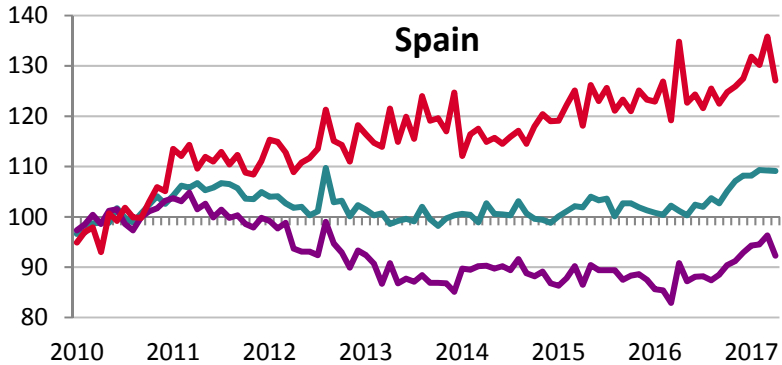
Source: S&P Global. European Corporate Credit Outlook Q2 2017

Industry turnover: Italy Domestic Market Has Still A Gap On France and Germany

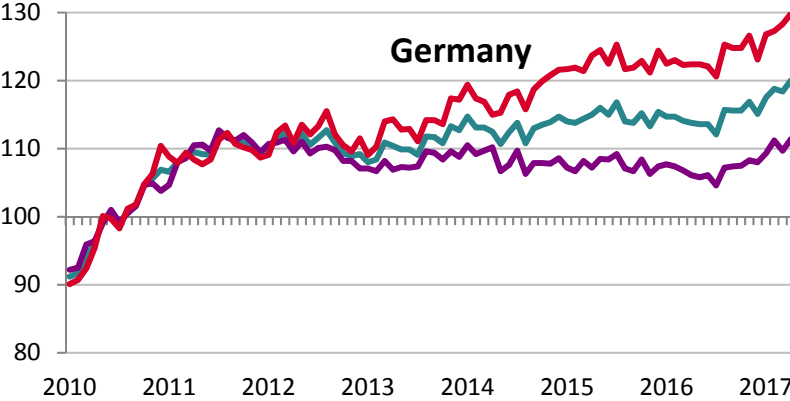
Italy: Industry turnover, Index (2010=100)



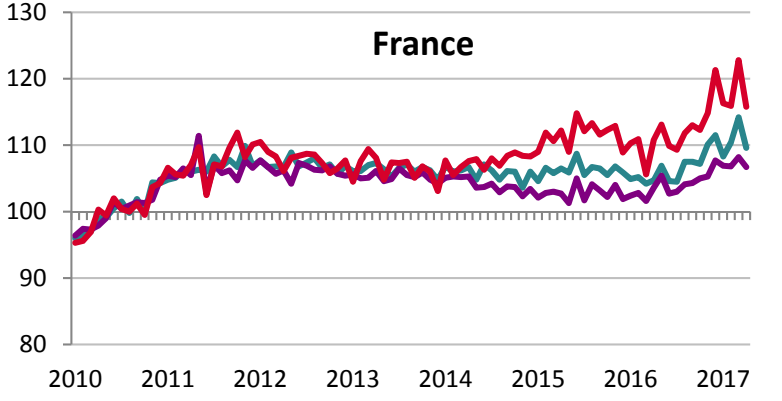
Spain: Industry turnover, Index (2010=100)



Germany: Industry turnover, Index (2010=100)



France: Industry turnover, Index (2010=100)

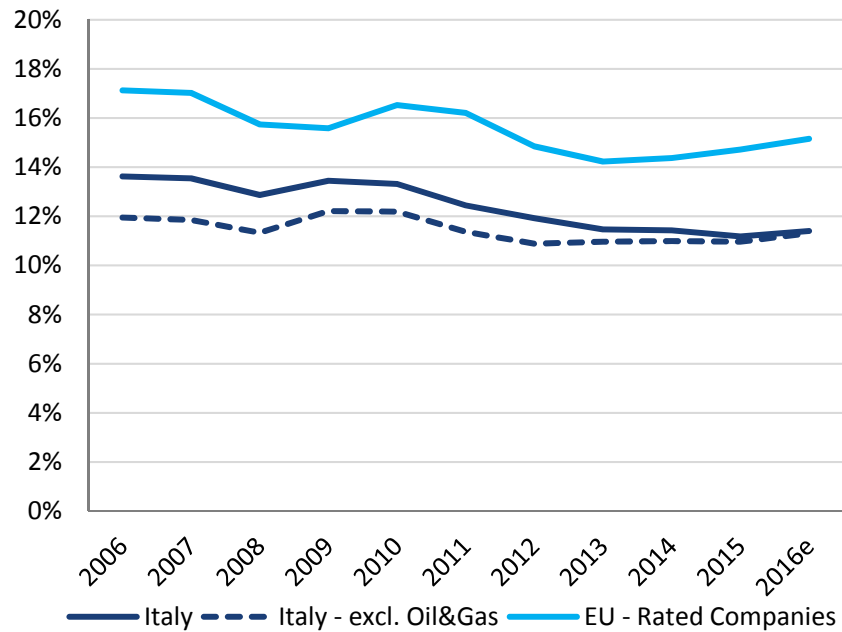


Source: ISTAT, OECD

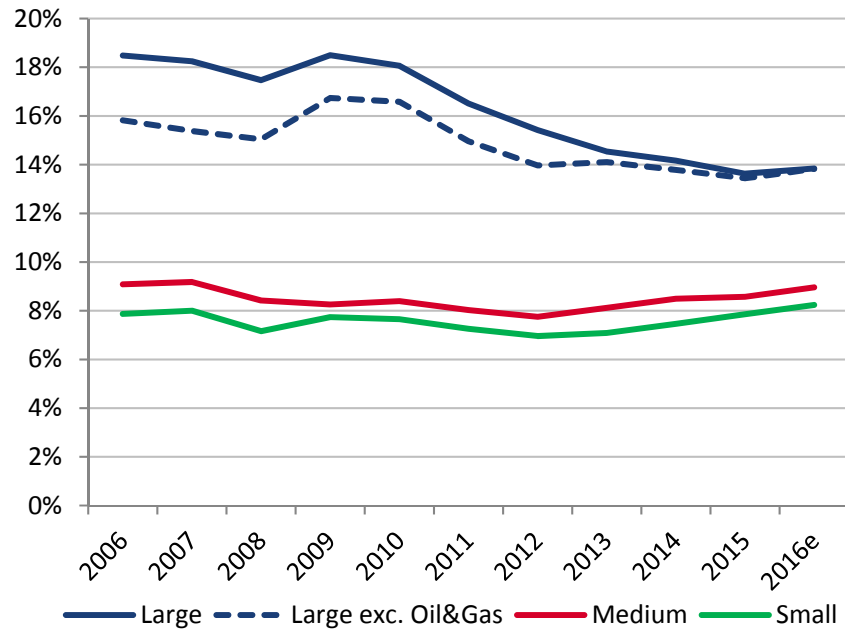
■ Total Turnover ■ Domestic Market ■ Non Domestic Market

Italian Corporates: Profitability Turned To A Recovery Path, But Gap With Europe Persists

Ebitda margin: Italy vs Europe



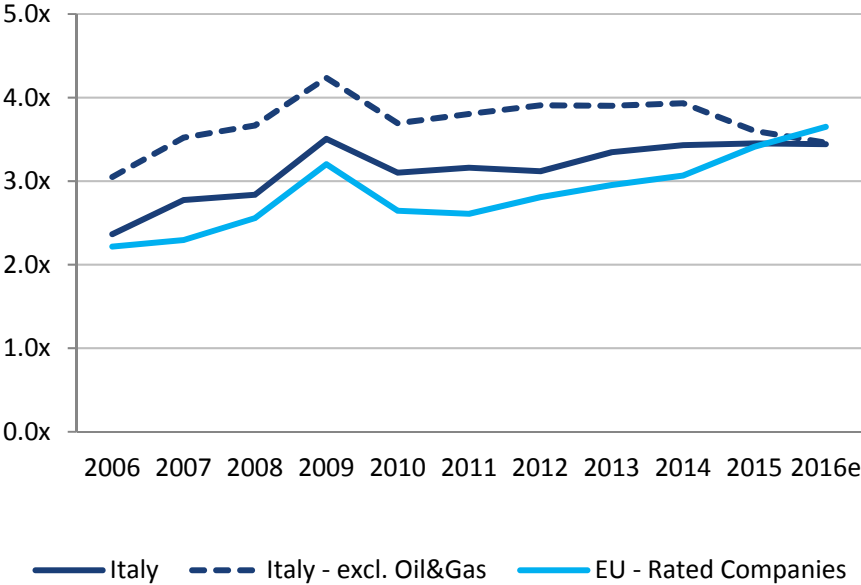
Ebitda margin: Italian Corporates by size



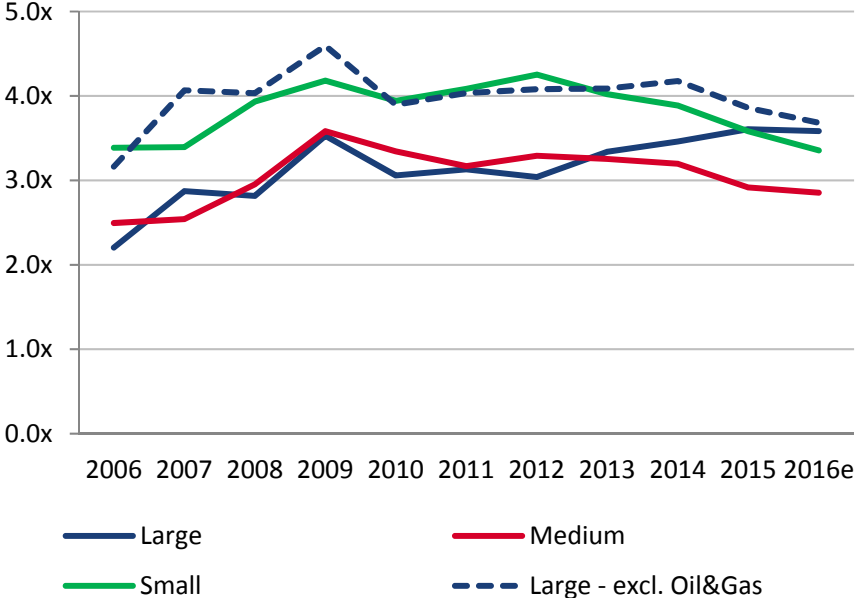
Source: S&P Capital IQ, S&P Global Ratings calculations

Italian Corporates: Financial Leverage Recovered And Is Now On A Par With Europe

Debt/Ebitda: Italy vs Europe



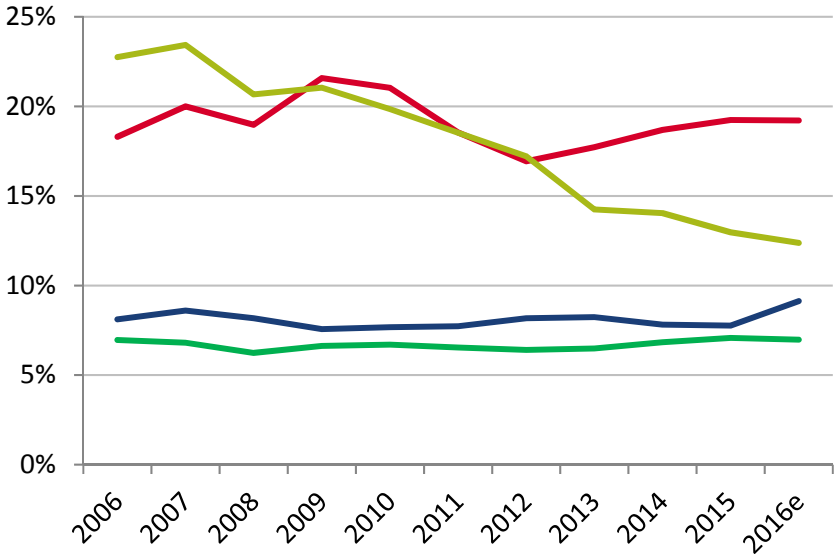
Debt/Ebitda: Italian Corporates by size



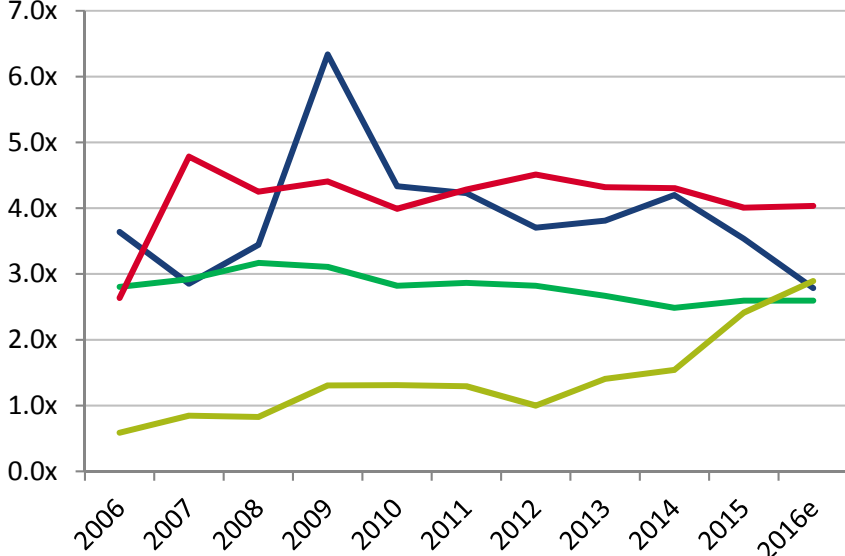
Source: S&P Capital IQ, S&P Global Ratings calculations

Italian Corporates: Recovery Is Spread Across Industry, With The Exception Of Oil & Gas

Italian companies Ebitda margin by Industry



Italian companies Debt/Ebitda by Industry

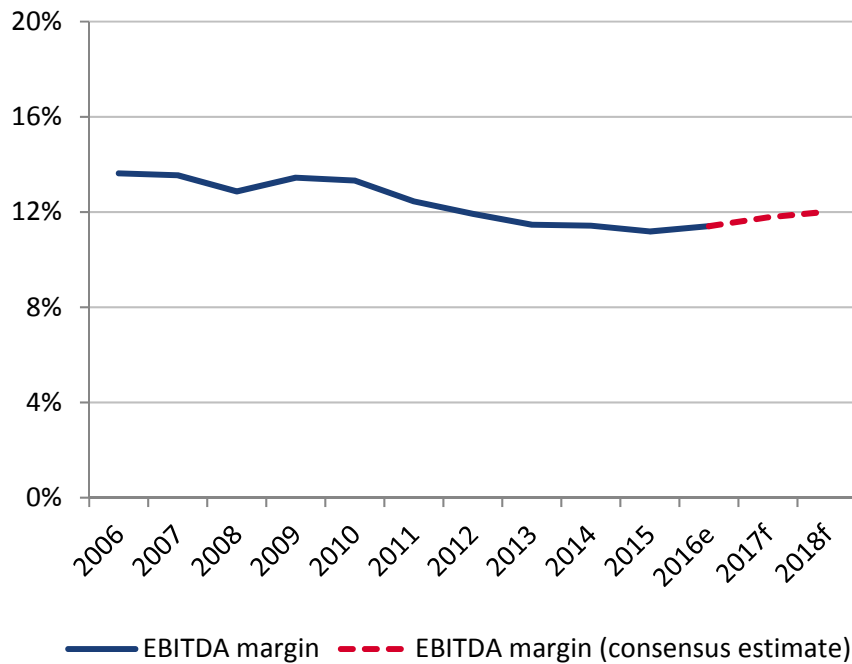


Automotive/Cap Goods Utilities Consumer Goods Oil & Gas

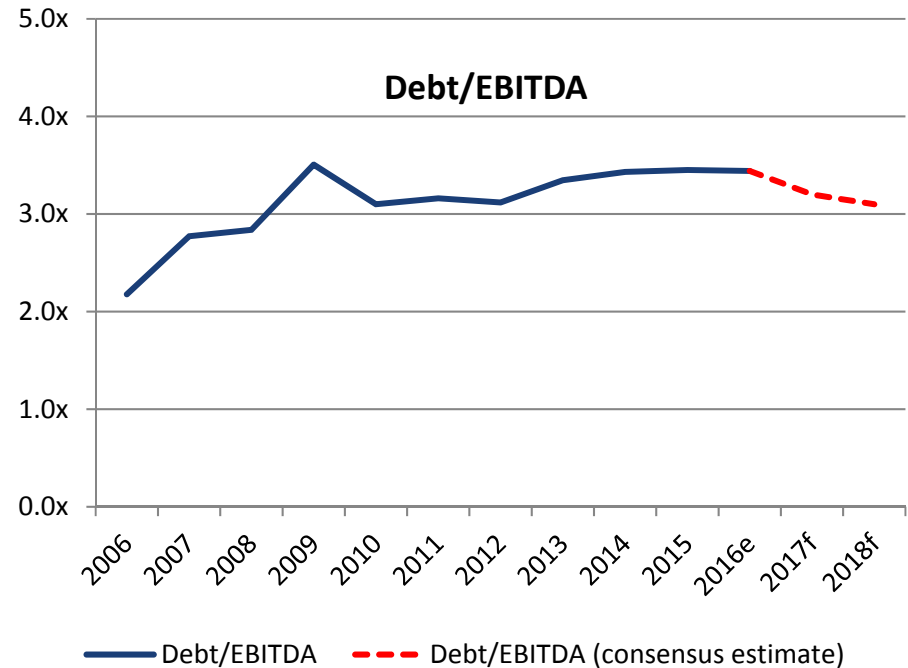
Source: S&P Capital IQ, S&P Global Ratings calculations

Italian Corporates: Market Consensus on Large Companies Indicates Continuation of Recovery in 2017-2018

Consensus estimate of Ebitda margin



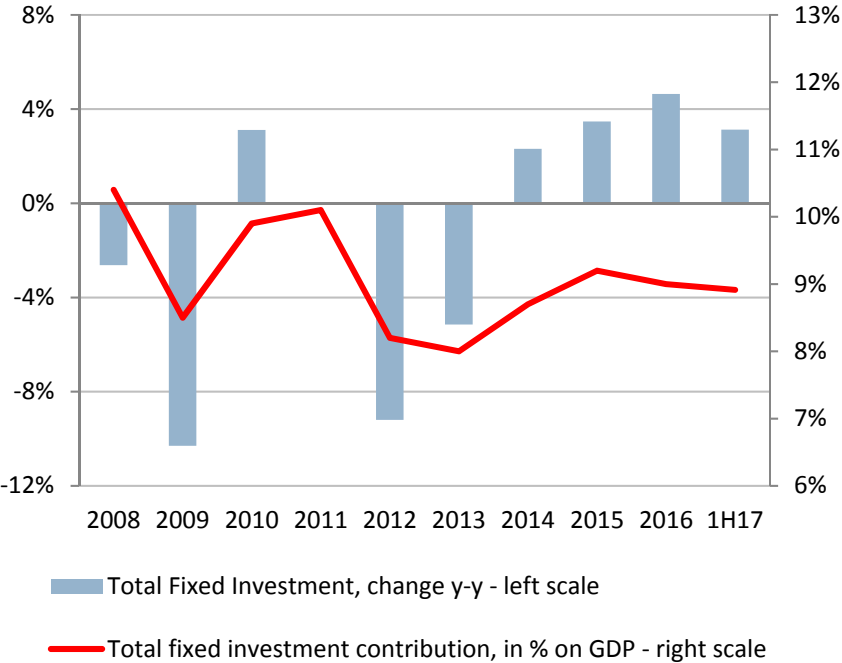
Consensus estimate of Debt/Ebitda margin



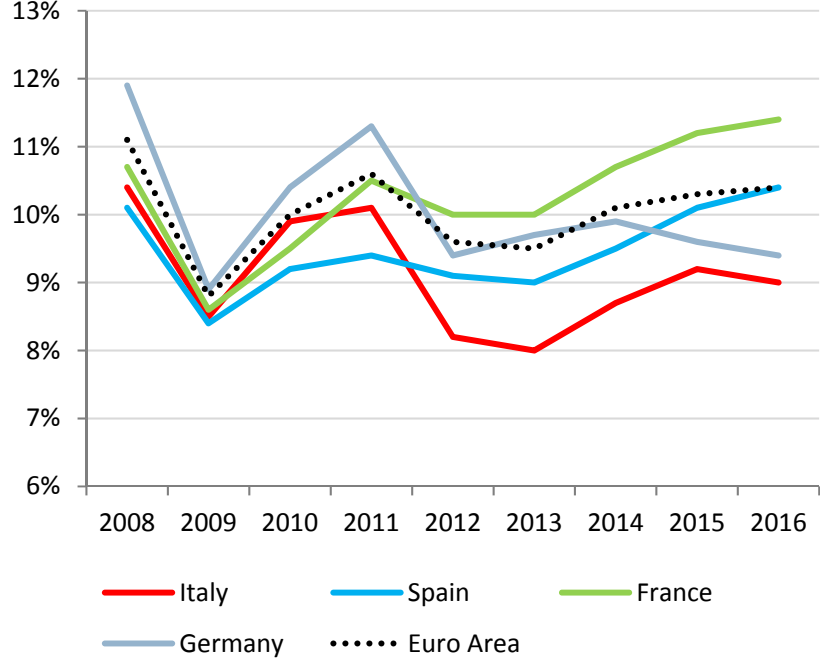
Source: S&P Capital IQ, S&P Global Ratings calculations

Italian Corporates Investments: A Modest Recovery In 2015-2017, But Gap With Europe Persists

Italian Corporate Investment Trend 2008-2017



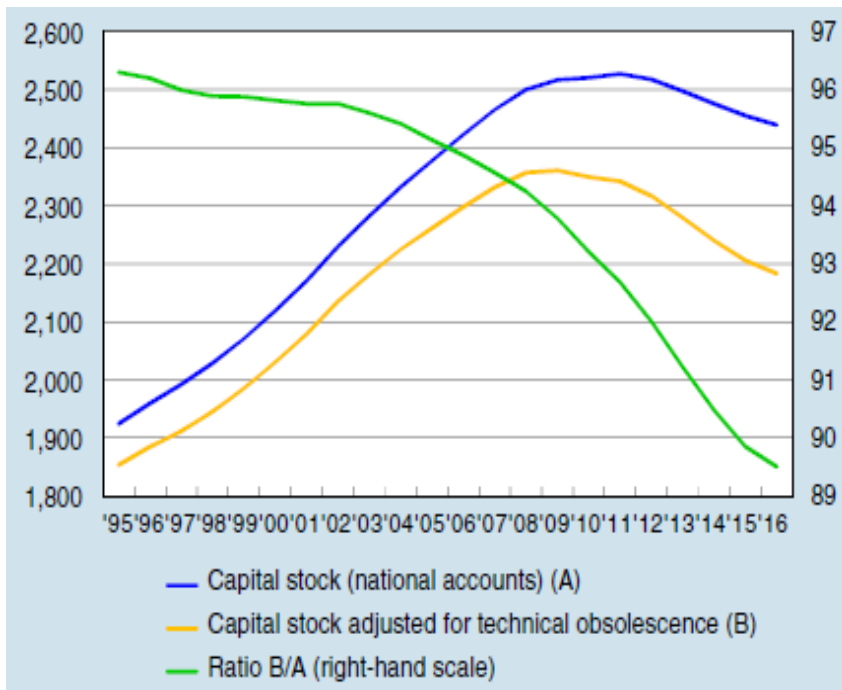
Corporate Investments on GDP: Italy vs Europe



Source: ISTAT, OECD, S&P Global Ratings calculations

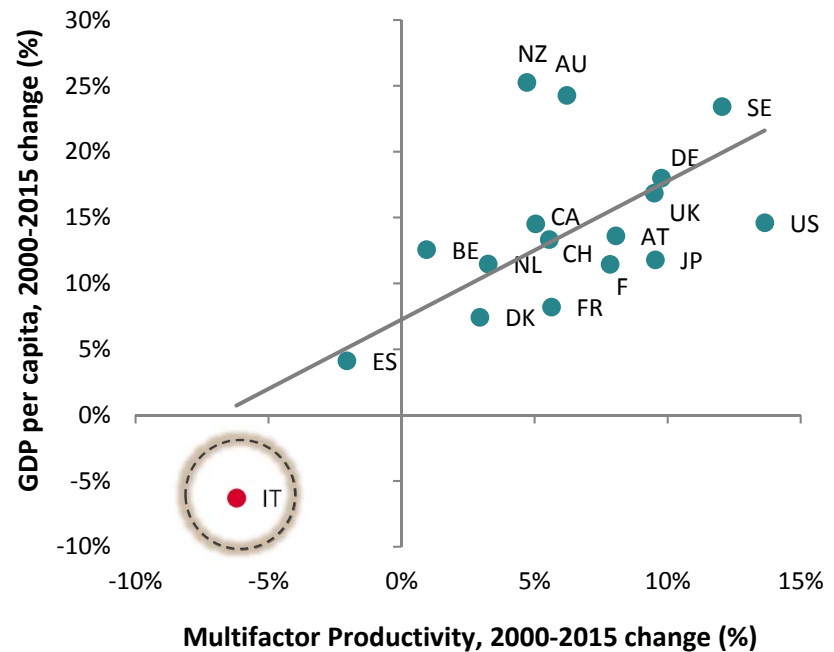
Capital Obsolescence has Impaired Multifactor Productivity And Ultimately GDP Per Capita Growth

Bank of Italy Estimates of Italy Capital Stock net of Technical Obsolescence



Source: Bank of Italy Economic Bulletin n. 3 2017

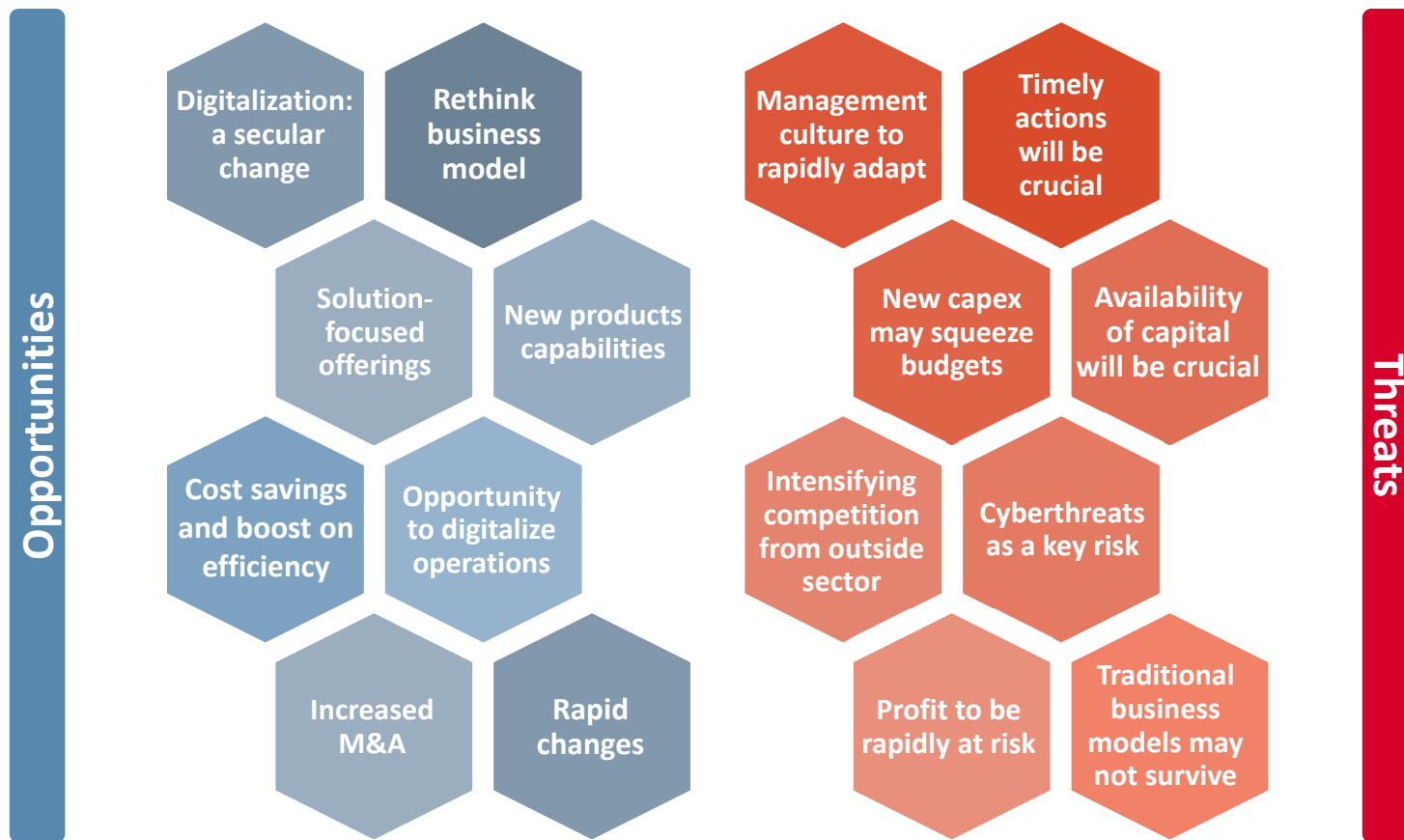
Multifactor Productivity and GDP per capita of selected countries, 2000-2015 change (%)



Note: for Spain (ES) we used 2000-2014 variations of GDP and productivity.

Source: ISTAT, OECD, S&P Global Ratings calculations

Technology Disruption: Opportunities and Challenges To Companies



Global Sector Exposure to Disruptive Technological Change

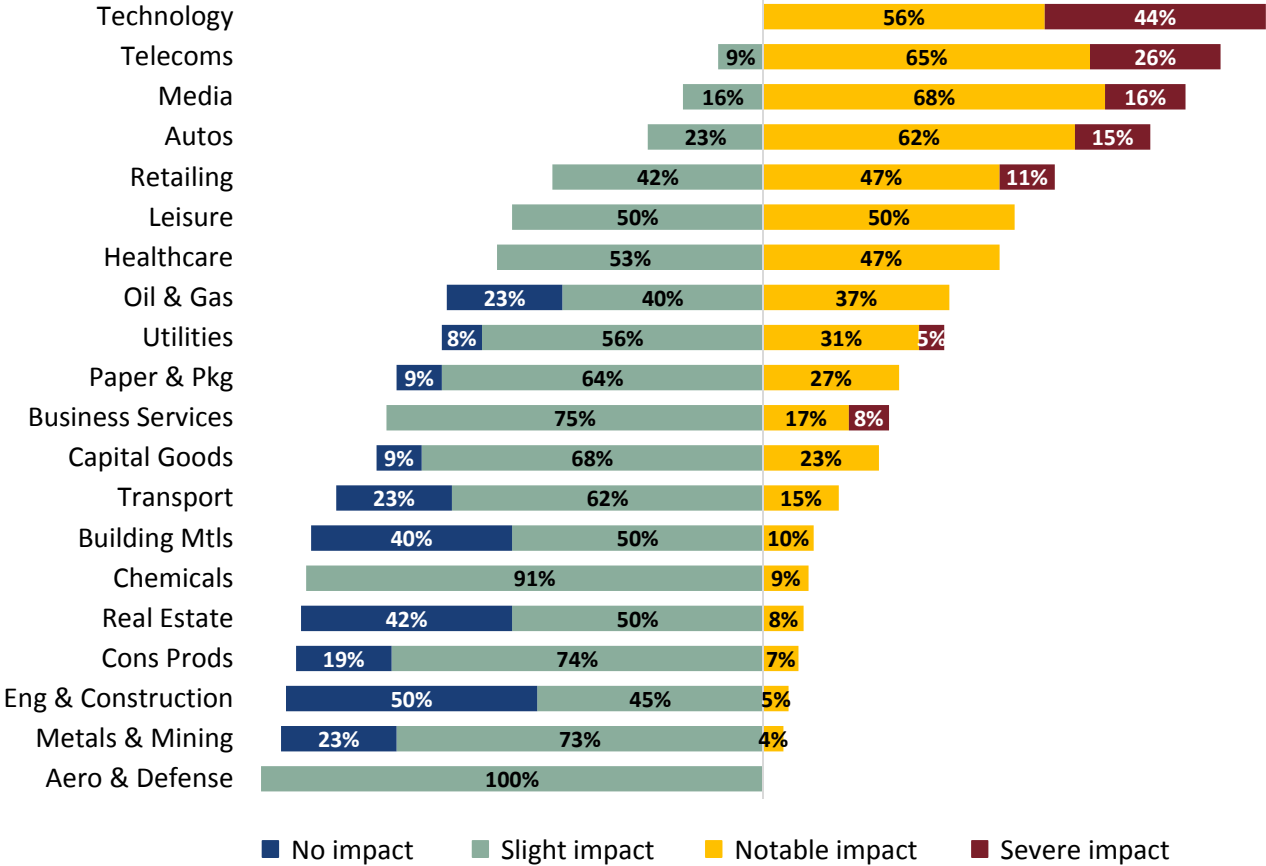


Chart shows percentage of analysts responses to question “How vulnerable is your industry to disruptive technological change?”. Results based on 422 responses.

Source: S&P Global Ratings Global Corporate Analyst Survey 2017.

Thank you

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