



RATING ACTION COMMENTARY

Fitch Upgrades Trentino Trasporti to 'A-'; Outlook Stable

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Fitch Ratings - Milan - 20 Dec 2021: Fitch Ratings has upgraded Trentino Trasporti (TT) Long-Term Issuer Default Rating (IDR) to 'A-' from 'BBB+'. The Outlook is Stable. A full list of rating actions is detailed below.

KEY RATING DRIVERS

The upgrade of TT reflects the upgrade of its sponsor, the Autonomous Province of Trento (PAT) to 'A-' from 'BBB+' on 15 December 2021 (see "Fitch Upgrades Autonomous Province of Trento to 'A-' on Sovereign Rating Action; Outlook Stable" on www.fitchratings.com), as TT is deemed a government-related entity (GRE) of PAT's based on Fitch's GRE criteria. The Outlook is Stable, in line with the Outlook on the sponsor's rating.

Full rationale for TT's rating alignment to PAT's is outlined in the Rating Action Commentary dated 24 June 2021 (see "Fitch Affirms Trentino Trasporti at 'BBB+'; Outlook Stable" on www.fitchratings.com).

DERIVATION SUMMARY

According to Fitch's GRE Rating Criteria, TT is credit-linked to PAT because of the strength of its linkage and the incentive of the sponsor to provide support, in case of need. This results in an overall GRE support score of 35, which would warrant a notch differential without taking into account TT's standalone assessment.

However, we override the support factor and equalise TT's ratings with PAT's as the share of debt guaranteed by PAT is above 75%, as per Fitch's GRE Criteria. TT's debt is entirely supported by unconditional and irrevocable first-demand guarantees from PAT.

TT's Short Term IDR at 'F1' is also aligned with that of PAT as per Fitch's Criteria.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-A positive rating action on PAT would be mirrored by a corresponding positive rating action on TT, provided that the share of TT's debt guaranteed by the sponsor remains above 75%

Factors that could, individually or collectively, lead to negative rating action/downgrade:

-A negative rating action on PAT will be mirrored on TT's ratings

-A dilution of provincial support, as evident by guaranteed borrowing falling below 75% or recurrent income losses not compensated by transfers from PAT, could lead to a downgrade

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

TT's ratings are credit-linked to PAT's.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

RATING ACTIONS

ENTITY / DEBT	RATING			PRIOR
Trentino Trasporti	LT IDR	A- Rating Outlook Stable	Upgrade	BBB+ Rating Outlook Stable
	ST IDR	F1	Affirmed	F1
	LC LT IDR	A- Rating Outlook Stable	Upgrade	BBB+ Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Government-Related Entities Rating Criteria \(pub. 30 Sep 2020\)](#)

[Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 01 Sep 2021\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

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Trentino Trasporti

EU Issued, UK Endorsed

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