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CREDIT OPINION
28 May 2025

Update

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RATINGS

Valle d'Aosta, Autonomous Region of

Domicile	Italy
Long Term Rating	Baa2
Type	LT Issuer Rating - Fgn Curr
Outlook	Positive

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Martina Mancini +44.20.7772.1027
Ratings Associate
martina.mancini@moodys.com

Christina Maria Sterr +49.69.867.902.115
AVP-Analyst
christinamaria.sterr@moodys.com

Massimo Visconti, MBA +39.02.9148.1124
VP-Sr Credit Officer/Manager
massimo.visconti@moodys.com

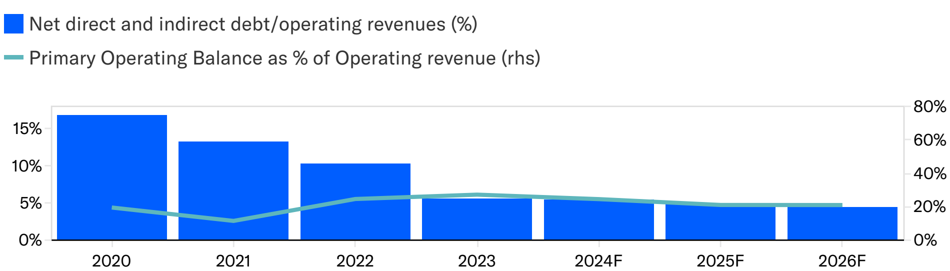
Autonomous Region of Valle d'Aosta (Italy)

Update following outlook change to positive from stable

Summary

The credit profile of the Autonomous Region of Valle d'Aosta (Valle d'Aosta, Baa2 positive), which exceeds the Italian sovereign rating (Baa3 positive) by one notch, is underpinned by its long-established autonomous status that provides a high degree of financial autonomy and budgetary flexibility. Its solid operating margin and strong regional economy proved the resiliency of the region´s financial performance to external shocks. Valle d'Aosta's debt is very low and declining, while capital spending will increase from its low starting point on the back of enhanced cash flow predictability and important liquidity.

Exhibit 1
Valle d'Aosta's operating performance will remain solid and stable in 2025-26F, debt burden to decline further



[1] The forecasts (F) are our opinion and do not represent the views of the issuer.
Source: Issuer and Moody's Ratings

Credit strengths

» Long-established autonomous status providing fiscal autonomy

» Strong budgetary performance

» Direct and indirect debt low and continue to decline

Credit challenges

» Modest capital spending capped by structural limitations

» Budgetary sensitivity to economic cycles, mitigated by Valle d'Aosta's rich economic base

Rating outlook

The positive outlook reflects the Autonomous Region of Valle d'Aosta's capacity to post a strong operating performance, preserve its ample liquidity reserves while maintaining low debt levels. Its enhanced legislative and financial autonomy compared to ordinary status regions and very strong governance will continue to support these results.

Factors that could lead to an upgrade

The strengthening of Italy's credit profile, as reflected by an upgrade of the sovereign rating, would exert upward pressure on Valle d'Aosta's ratings, provided that the region preserves a strong financial performance.

Factors that could lead to a downgrade

Any change, although unlikely, of the issuer's autonomous status reducing its financial autonomy and flexibility, or a material and sustained reduction in cash reserves combined with a marked increase in debt levels could lead to negative credit pressure. In addition, any weakening of the Italian government rating would also exert downward pressure on the rating.

Key indicators

Exhibit 2
Valle d'Aosta
Year ending 31 December

	2021	2022	2023	2024F	2025F	2026F
Net direct and indirect debt as a % of operating revenue	7.1	9.7	7.2	6.1	7.4	7.2
Operating margin (primary operating balance as a % operating revenue)	14.8	15.5	15.6	24.2	16.3	16.0
Interest burden (interest payments as a % of operating revenue)	0.0	0.0	0.1	0.1	0.1	0.1
Intergovernmental revenue as a % of operating revenue	12.0	11.6	12.0	8.0	10.2	9.5
Capital expenses as a % of total expenses	19.7	20.2	19.5	22.7	20.9	16.2
Liquidity ratio (cash and cash equivalents as % of operating revenue)	35.1	41.3	37.3	-	-	-
Regional income (regional GDP per capita in terms of purchasing power parity (PPP), in international dollars)	80754.7	93678.6	97880.9	-	-	-

F: forecast
Source: Region of Valle d'Aosta and Moody's Ratings

Detailed credit considerations

On 27 May 2025, we changed Valle d'Aosta's outlook to positive from stable and affirmed the Baa2 rating, following the change of the outlook to positive from stable on the Government of Italy's sovereign rating on 23 May 2025. This change reflects close institutional, operational and financial linkages between Italian regional and local governments and the central government.

The credit profile of Valle d'Aosta's, as expressed in its Baa2 rating, reflects its Baseline Credit Assessment (BCA) of baa2 and a moderate likelihood of extraordinary support from the Government of Italy in the event Valle d'Aosta faces acute liquidity stress.

Baseline Credit Assessment

Long-established autonomous status providing fiscal autonomy

The region's autonomous status allows it to retain all fiscal revenue generated and collected in its territory. Valle d'Aosta has the scope to modify, as well as increase personal income surtax, corporate surtax and hydroelectricity licence revenue. In addition, Valle d'Aosta has some room to manoeuvre on the spending side, if necessary, as it demonstrated with measures in the past, to support the local economy, because of its wider scope of operations comparing to ordinary status regions. The healthcare sector, a key regional responsibility, accounts for about 23% of Valle d'Aosta's total expenditure, lower than that for regions with ordinary status (around 80%).

Valle d'Aosta's annual contribution to the national budgetary consolidation has decreased and stabilized comparing to the past. This provides greater budgetary stability to the autonomous region and reflects more favorable agreements with the central government. Due to the continuation of the Covid-19 pandemic in 2021, the region's annual contribution was set at €82 million in 2021 (reduced due to the pandemic, cf. paragraph "*Strong budgetary performance*"), down from €112 million in 2019. Valle d´Aosta reached an agreement with the central government to maintain the annual contribution at this level until 2026.

The region's fiscal autonomy stemming from its special status is also enhanced by Valle d'Aosta's very strong governance profile. The governance issuer profile score G-1 reflects the region's very strong management and governance practices. The region successfully achieved higher transparency and coordination with the central government, reflecting the good level of resiliency demonstrated by Valle d'Aosta's administration. Valle d'Aosta receives regular additional transfers (the central government pays €65.8 million each year until 2023 and €45 million thereafter until redemption of the €520 million original debt[1]), reducing its stock of receivables while improving its liquidity. Because of the *Decreto Sblocca-Cantieri*, which is a 2019 decree focused on unlocking construction tenders, and the higher level of stability of its link with the central government, Valle d'Aosta's capital spending planning has improved materially.

Strong budgetary performance

We expect solid though marginally decreasing operating revenues in 2025 and 2026. Combined with stable expenses, this will result in still healthy primary operating margins above 20%. Hence Valle d´Aosta will report again a solid financial surplus, after covering all capital expenses.

The healthcare sector's budget was again balanced in 2023, despite the still inflationary environment increasing expenditure. We expect healthcare expenditure to remain higher from 2024. Nevertheless, the overall impact for region's finances will remain limited as the healthcare sector accounts for less than a quarter of its total expenditure.

Direct and indirect debt low and continue to decline

For 2025 and 2026, we expect direct debt to decline further. The strong cash position - which covers more than 9x its direct debt - will continue to increase driven by the region´s ability to generate a financial surplus. We expect interest expenses to decrease further hence.

Valle d'Aosta's net direct and indirect debt decreased to a very low 5% of operating revenue in 2024. Due to low and decreasing debt levels, interest payments are and will remain very low.

Since 2013, Valle d'Aosta's new debt has been managed by Finaosta S.p.A., an arms-length financial institution fully owned by the region, which operates as a holding company for the region's subsidiaries and is responsible for developing the local economy. Through Finaosta S.p.A., the region has indirect ownership of Compagnia Valdostana delle Acque S.p.A. (CVA, Baa2 positive), which is the fourth-largest hydropower generating company in Italy. Over the period 2018-2023, the changes in Valle d'Aosta's indirect debt were largely driven by changes in debt of Finaosta S.p.A., wholly owned by the region. As of 2024, Valle d'Aosta's indirect debt is composed solely of Casino' de la Vallee S.p.A.'s financial debt and other minor guarantees.

Modest capital spending capped by structural limitations

Capital spending increased up to 2024, but it is expected to decrease again in 2025 and 2026. Capital spending is supported by an important liquidity buffer, driven by sound cash management and recent agreements with the central government.

As part of the agreement with the central government, which improves the regional programming capacity through greater cash-flow predictability, Valle d'Aosta will also receive a total of €120 million for regional capital spending spread over around 10 years from 2019. We expect this additional source to be earmarked for the building of a new hospital, a long-term project of around €100 million that will be completed in the next 10 years. In addition, the region will benefit from a 18% raise in 2021-27 EU funds with respect to the 2014-20 budget and from the NextGenEU funds. However, similarly to other regions, the ample funding coming from the NextGenEU will pose significant pressures on the regional structure, limiting its capital spending capacity.

Budgetary sensitivity to economic cycles, mitigated by Valle d'Aosta's rich economic base

Valle d'Aosta is a small region in northwestern Italy with a GDP per capita equivalent to about 133% of the national average, the fourth-highest of all the Italian regions. In 2024, the region's GDP is estimated at above €5.5 billion, most of it generated by the service sector. The unemployment rate of the region is lower than the national average (4.1% in Valle d'Aosta in 2023 compared with 7.8% in Italy over the same period).

Due to its autonomous status, Valle d'Aosta relies more on fiscal revenues generated and collected in its territory than ordinary status regions, thus creating a strong correlation between the entity´s financial performance and the local economy.

The region has the capacity to support the economy, as well as families, by providing ad hoc measures in case of need - as evidenced during the pandemic or during the energy crises. This remains possible, due to previous years´ cumulated surpluses, in addition to funds provided by the central government. We view positive Valle d'Aosta's efforts to preserve its natural capital, as this is resulting in sustained tourism flows. We caution over environmental risks, like flooding whose cost needs to be covered by the region.

Extraordinary support considerations

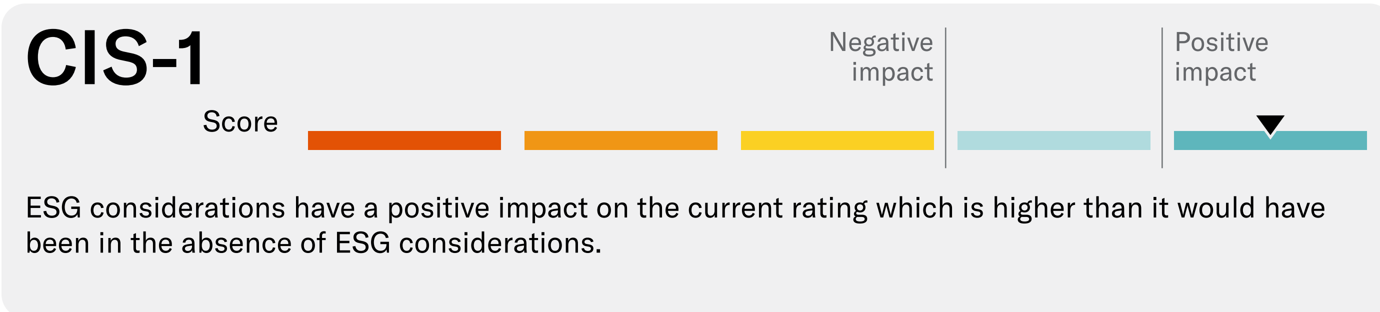
Valle d'Aosta has a moderate likelihood of receiving extraordinary support from the central government, reflecting the region's long-established special autonomous status.

ESG considerations

Valle d'Aosta, Autonomous Region of's ESG credit impact score is CIS-1

Exhibit 3

ESG credit impact score

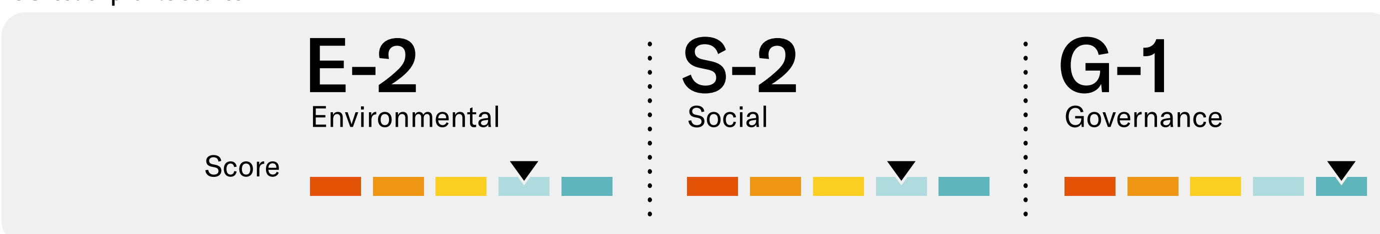


Source: Moody's Ratings

Valle d'Aosta's ESG Credit Impact Score **CIS-1** reflects a very strong governance profile and neutral-to-low exposure to environmental and social risks.

Exhibit 4

ESG issuer profile scores



Source: Moody's Ratings

Environmental

We assess Valle d'Aosta's environmental issuer profile score at **E-2**. The region's exposure to environmental risks is low across all categories, except for natural capital which is credit positive. The region places significant emphasis on preserving its natural landscape and addressing climate-related risks, by pursuing environmental protection policies as well as green initiatives. This strategy enhances the attractiveness of the territory.

Social

Valle d'Aosta's social issuer profile is **S-2**. Health & safety measures as well as access to basic services and housing are good. The region has a relatively high GDP per capita and low unemployment rate, resulting in a neutral-to-low exposure to income & labor factors. Exposure to demographic pressures is moderately negative, due to population ageing, which is likely to weigh on demand for services and healthcare spending.

Governance

Highly transparent and very strong management and governance practices are reflected in Valle d'Aosta's governance issuer profile score of **G-1**. Valle d'Aosta's policies are credible and effective, with a solid track record of sound financial results associated with high data transparency. Strong oversight from the central government and adherence to fiscal policy goals will perdure.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The assigned BCA of baa2 is in line with the BCA scorecard-indicated outcome.

For details about our rating methodology, please refer to Regional and Local Governments methodology, published on 28 May 2024.

Exhibit 5
Valle d'Aosta, Autonomous Region of
Regional & Local Governments

Baseline Credit Assessment – Scorecard	Score	Value	Sub-factor Weighting	Sub-factor Score	Factor Weighting	Total
Factor 1: Economy					**25%**	**0.91**
Regional Income [1]	1.06	75979.42	15%	0.16		
Economic Growth	9.00	baa	5%	0.45		
Economic Diversification	6.00	a	5%	0.30		
Factor 2: Institutional Framework and Governance					**30%**	**0.90**
Institutional Framework	3.00	aa	15%	0.45		
Governance	3.00	aa	15%	0.45		
Factor 3: Financial Performance					**20%**	**0.59**
Operating Margin [2]	1.20	26.52%	10%	0.12		
Liquidity Ratio [3]	0.50	49.37%	5%	0.03		
Ease of Access to Funding	9.00	baa	5%	0.45		
Factor 4: Leverage					**25%**	**0.21**
Debt Burden [4]	0.78	5.51%	15%	0.12		
Interest Burden [5]	0.98	0.24%	10%	0.10		
Preliminary BCA Scorecard-Indicated Outcome (SIO)						**(2.62) aa2**
Idiosyncratic Notching						**0.0**
Preliminary BCA SIO After Idiosyncratic Notching						**(2.62) aa2**
Sovereign Rating Threshold						**Baa3**
Operating Environment Notching						**0.0**
BCA Scorecard-Indicated Outcome						**(9.00) baa2**
Assigned BCA						**baa2**

[1] Regional GDP per capita in terms of purchasing power parity (PPP) terms, in international dollars
[2] Primary Operating Balance / Operating Revenue
[3] Cash and Cash Equivalents / Operating Revenue
[4] Net Direct and Indirect Debt / Operating Revenue
[5] Interest Payments/ Operating Revenue
Source: Moody's Ratings; Fiscal 2023.

Ratings

Exhibit 6

Category	Moody's Rating
VALLE D'AOSTA, AUTONOMOUS REGION OF	
Outlook	Positive
Baseline Credit Assessment	baa2
Issuer Rating	Baa2
Senior Unsecured -Dom Curr	Baa2
ST Issuer Rating	P-2

Source: Moody's Ratings

Endnotes

1 In 2015, the region finalised the settlement of the repartition of beer and energy taxes, which resulted in €520 million of additional receivables from the central government.

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454