Annual Report 2017

simest
gruppo cdp

Annual Report 2017

we promote the future

SIMEST

supports Italian companies in their growth over the entire internationalisation lifecycle, from the initial assessment of new market opportunities to the expansion through direct investments.

SIMEST and **SACE** represent **the Italian hub for export and internationalisation** of the Cassa depositi e prestiti Group, a single access point to a complete set of solutions for the international development of Italian companies.

We would like to thank the following partner companies
for kindly allowing us to make use of their photographic materials:

- Clabo Spa
- Gruppo CLN
- Moorer Spa
- Pantofola d'Oro Spa
- Pasquale Bruni Spa
- PayperMoon Italia Srl
- Proma Spa
- R.I. Spa
- Serioplast Spa
- T&J Vestor Spa

ISO 9001 BUREAU VERITAS Certification
OHSAS 18001 BUREAU VERITAS Certification
UKAS MANAGEMENT SYSTEMS 008

SIMEST Spa
Società italiana per le imprese all'estero
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Share capital € 164.646.231,88 fully paid-up
Registered with the Rome Companies Register,
Tax ID and VAT no. 04102891001
Registered with the Rome Chamber of Commerce
under REA no. REA 730445

Company subject to the direction
and coordination of SACE Spa

Contents

SIMEST
our role and mission

SIMEST is a joint-stock company of the Cassa depositi e prestiti Group and a subsidiary of SACE Spa. Other shareholders include banks and businesses in the private sector. The Company was established in 1991 to promote investments in Italian businesses abroad and to provide them with technical and financial support. Since 1999 the Company has managed public-sector financial instruments in support of the international expansion of Italian businesses. Together with SACE, SIMEST forms the export and internationalisation hub of the CDP Group, which offers the entire range of financial instruments to support Italian companies interested in competing and expanding internationally. In particular, SIMEST supports companies in their growth over the entire international expansion lifecycle, from the initial assessment of new markets to the expansion through direct investments.

Areas of activity

Soft loans to support internationalisation and exports

SIMEST manages financial instruments designed to support exports and other forms of internationalisation for Italian businesses. More specifically, SIMEST:

· finances feasibility studies and technical assistance programmes connected with investments in non-EU markets;
· finances market penetration programmes for entering non-EU markets;
· finances the capitalisation of exporting SMEs;
· finances the participation in trade fairs, exhibitions and missions in non-EU markets to promote the Italian brand;
· supports export credits for Italian investment goods.

Equity investments

Working alongside Italian companies, SIMEST can acquire up to 49% of the equity of foreign firms, both directly and through a Venture Capital Fund to support foreign investments in certain countries outside the European Union.
SIMEST's investment also gives the Italian company access to interest-rate support to finance its equity interest in the non-EU company. SIMEST can also acquire stakes on market terms and without subsidies in Italian companies[1] or their EU subsidiaries that pursue investments in production and in innovation and research.

Activities based on EU funding

SIMEST is one of the Italian financial institutions authorised by the European Union to serve as a lead financial institution within the scope of partnership programmes such as the Neighbourhood Investment Facility (NIF), the Latin America Investment Facility (LAIF), Trust Fund Africa, the Investment Facility for Central Asia (IFCA), etc.

[1] In sound and profitable firms; bailouts are excluded.

Corporate officers

Board of Directors

Salvatore Rebecchini
Chairman

Maurizio Marchesini
Vice Chairman

Alessandra Ricci[2]
Chief Executive Officer

Simonetta Acri[3]
Director

Antonella Baldino
Director

Ivana Greco
Director

Michele Tronconi
Director

[2] Since October 1, 2017, replacing Andrea Novelli.
[3] Since January 27, 2017, replacing Camilla Cionini Visani.

Board of Auditors

Daniele Discepolo
Chairman

Laura Guazzoni
Standing auditor

Carlo Hassan
Standing auditor

Daniela Frusone
Alternate auditor

Livio Domenico Trombone
Alternate auditor

Magistrate delegated by the State Audit Court
(Law 259/1958)

Pio Silvestri[4]

Supervisory body

Antonio Bertani[5] | Chairman
Mara De Paola[6] | Internal standing member
Ugo Lecis | External standing member

Audit firm

PricewaterhouseCoopers Spa[7]

[4] In office since January 18, 2017, replacing Carlo Alberto Manfredi Selvaggi.
[5] Since November 1, 2017, replacing Roberto Tasca.
[6] Since December 20, 2017, replacing Vincenzo Malitesta.
[7] Three-year engagement until the approval of the financial statements for the year ending December 31, 2017 granted by the Shareholders' Meeting of June 12, 2015.

Report on operations

1. Financial and operating highlights

	2017	2016
	(millions of euros)	
RECLASSIFIED BALANCE SHEET		
Total assets	557	531
Lending for equity investments	525	506
Liabilities for financing	221	196
Shareholders' equity	321	324
RECLASSIFIED INCOME STATEMENT		
Gross income	45	45
Operating income	11	17
Net income	4	11

MOBILISED AND MANAGED FUNDS *(millions of euros)*

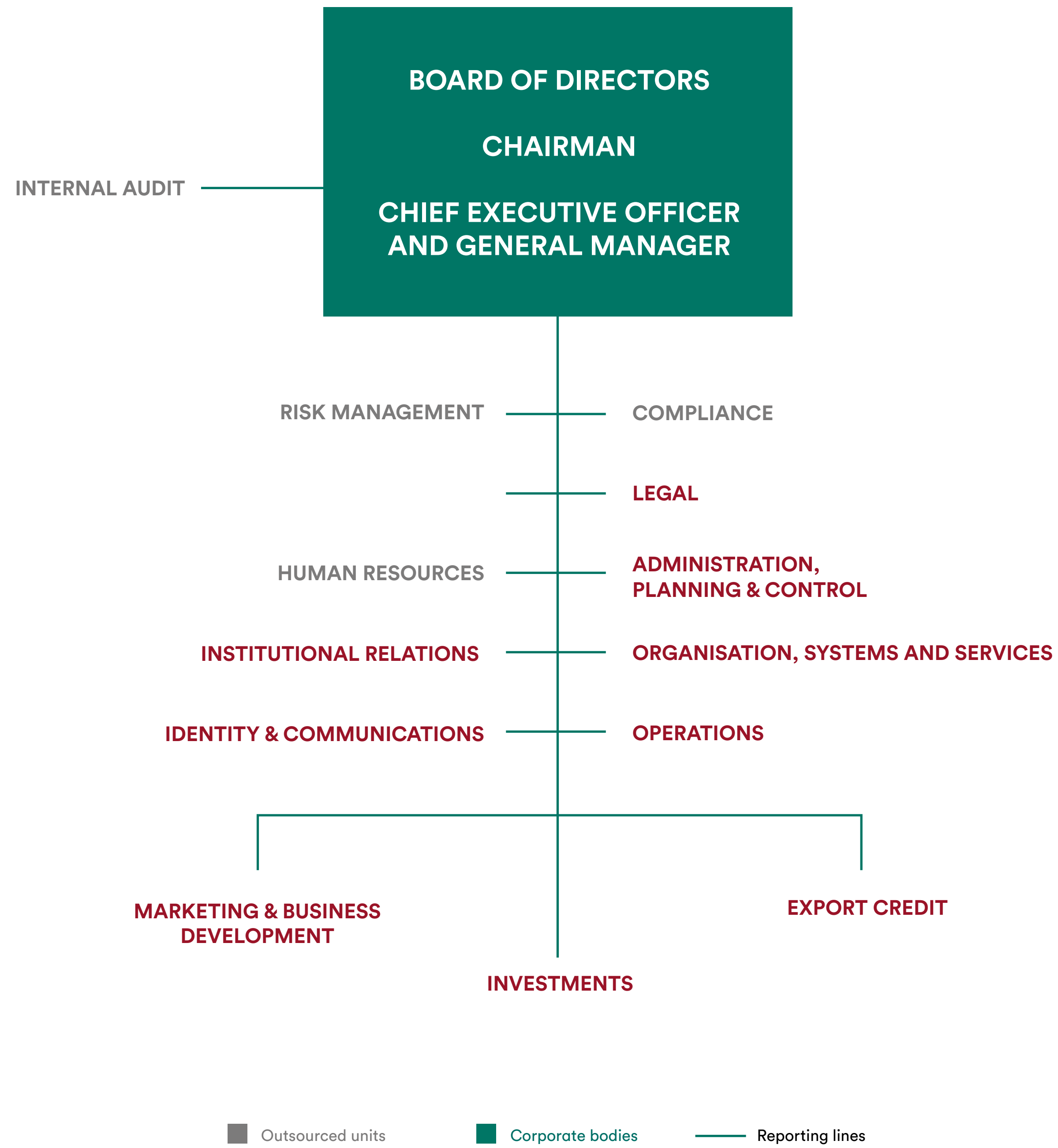
	2017	2016
Funds for the year		
Soft loans	147	93
Equity investments*	254	233
Total internationalisation	**401**	**326**
Export credit support	11,433	5,808
Total exports	**11,433**	**5,808**
Total new funds	**11,834**	**6,134**
Balances at period end		
Soft loans	264	279
Equity investments*	705	671
Totals at period end	**968**	**950**

KEY FINANCIAL INDICATORS *(units; percentages)*

	2017	2016
PROFITABILITY RATIOS		
Cost-to-income ratio (%)	50	49
ROE (%)	1	3
OPERATING STRUCTURE		
Average number of employees (incl. seconded)	149	155
FIRMS SUPPORTED	1,248	1,174
TARGET COUNTRIES	99	98

* The item Equity investments reflects volume data for: equity investments acquired by SIMEST with its own resources (direct equity investments), the equity investments of the Venture Capital Fund and interest subsidies for equity investments. The "Stock" figures include: direct equity investments and the equity investments of the Venture Capital Fund.

2. Organisational structure



Note: Internal Audit and Risk Management were conducted on an outsourcing basis by Cassa depositi e prestiti until March 2017 and by SACE Spa since April 2017. Human Resources, Procurement, Compliance and ICT have been conducted on an outsourcing basis by SACE Spa since April 2017. Organisation chart as at December 31, 2017.

2017 SIMEST PROFILES

PROMA automotive conquers **South America**

With two equity investments we supported the Caserta-based group in expanding its production capacity in Brazil and Argentina, responding to growing demand in the local market.

3. 2016-2020 Business Plan

2016-2020 Business Plan

In December 2016, SIMEST's Board of Directors approved the 2016-2020 Business Plan, which was prepared in accordance with the guidelines provided by SACE and in line with the Group Business Plan approved by the Board of Directors of the Group Parent, Cassa depositi e prestiti (CDP). The measures envisaged in the Plan are intended to support SMEs and mid-caps through the entire internationalisation process, providing additional resources beyond those offered by other market players. The planned actions aim to: maximise access to SIMEST instruments by small and medium-sized enterprises; enhance the competitiveness of the range of products offered in synergy with the Group and reduce time-to-market, enabling a more efficient use of public resources. Other commercial and promotional interventions seek to reach the largest number of companies possible in order to increase awareness of the instruments available and disseminate the culture of internationalisation.
The data[8] show growth in the variety and number of Italian companies involved in international expansion. This represents growth potential for the country's economy, especially for long-term structured initiatives and a permanent presence in international markets. It is worth noting the positive effects of SIMEST intervention in support of Italian companies that emerge from an impact analysis of SIMEST instruments conducted by the Politecnico di Milano. The study shows that companies benefiting from SIMEST support have out-performed their market competitors in terms of exports, investments and employment in Italy, in addition to the positive contribution to the trade balance.
As regards the objectives set out in the guidelines of the Business Plan, during 2017 specific actions were developed to update the product range, seeking to expand the number of beneficiary companies both through the definition of new forms of support and through the expansion of financing methods and the streamlining of processes for existing instruments. Thanks to the synergies generated with SACE, SIMEST's presence around the country has been strengthened, with the opening of new offices in Bologna and Venice. In addition, certain services have also been centralised with the Parent Company, SACE, enhancing the integration of skills among the various functions involved.
The scope of intervention was also extended, with the identification of additional opportunities to support projects of national interest, without the direct co-investment of Italian companies. Further initiatives will be aimed at increasing investment leverage by managing guarantee funds.
Over the period covered by the Plan, around €3 billion are expected to be allocated for internationalisation and over €22 billion to support exports, a significant increase over the previous five-year period. Resources mobilised and managed in 2016 and 2017 have already reached about 72% of Plan targets.

[8] Banca d'Italia, see below.

AMBITION: FOSTER GREATER INTERNATIONALISATION OF ITALIAN SMEs AND MID-CAPs ACROSS THE INTERNATIONAL VALUE CHAIN

PLAN GUIDELINES

Simplification and improvement of products	Maximisation of synergies	Enhancement of operating efficiency	Increased leverage of investment and scope of action

ENABLING FACTORS

Commercial strategy	Image and communication	Human resources	Digitisation and innovation

The Italian export and internationalisation hub

Among its various initiatives, the CDP 2016-2020 Business Plan, approved in December 2015, envisaged the strengthening and optimisation of support for internationalisation and exports through the creation of a single point of access for businesses, established at SACE (the "one-door" model).
With this in mind, in 2016 the Cassa depositi e prestiti's investment in SIMEST was transferred to SACE Spa. The "one-door" model brings together the insurance-financial products, services and expertise of SACE and SIMEST, leveraging synergies and complementarity to the benefit of Italian companies. This model involves the implementation of an integrated commercial service (single account), with the goal of reaching a greater number of customers by having the commercial network take a more proactive approach. In 2017, promotional efforts aimed at our customer target were strengthened and a joint campaign was launched to promote the SACE-SIMEST hub, with extensive publicity through major communication tools. The synergies also involved initiatives aimed at disseminating awareness of the products and services offered to Italian companies, and participation in international missions during which technical support was provided to the participating Italian companies. The Italian export and internationalisation hub is unique in Europe and represents a competitive advantage for Italian companies.

2017 SIMEST PROFILES

T&J: Italian textiles lend colour to the **Big Apple**

We supported the Varese-based company, a leader in household accessories, fabrics and bedding, with a soft loan to open a showroom in New York.

4. Economic background

The international environment

In 2017, world GDP expanded by 3.7%, confirming the continuation of the recovery. The advanced economies posted a 2.3% increase in GDP, compared with 1.7% in 2016, while the emerging and developing economies grew by 4.7%, compared with 4.4% in 2016. World trade expanded even more rapidly, rising from +2.5% in 2016 to +4.7% in 2017.[9]
Looking at the main geographical areas, the United States posted GDP growth of 2.3% in 2017, accelerating from the 1.5% registered in 2016, while the euro area experienced GDP growth of 2.4%, compared with 1.8% in 2016.
In the emerging and developing economies, the continuation of rapid growth was the result of a varied pattern of development among the main countries in the category. For 2017 economic activity accelerated in Russia, where GDP increased by 1.8% (-0.2% in 2016), and in Brazil (+1.1% compared with -3.5% in 2016). The pace of growth was virtually unchanged in China (+6.8% in 2017 compared with +6.7% in 2016) and slowed down in India (from +7.1% in 2016 to +6.7% in 2017).
The world flows of foreign direct investment (FDI) in 2017 contracted by 16% compared with 2016, falling to $1,518 billion, compared with $1,814 billion in the previous year.[10] FDI flows to the advanced economies decreased by 27% compared with 2016, going from $1,109 billion in 2016 to $810 billion in 2017, reflecting the trend in direct investment flows to the European Union (-26%) and North America (-33%), only partially offset by the increase in FDI flows to other mature economies, such as Australia.
FDI flows to emerging economies were broadly stable, reaching $653 billion (+2% on 2016). More specifically, FDI into emerging Asia economies posted growth of 2% – enabling the region to regain its position as the world's largest recipient of direct investment – while FDI in Latin America increased by 3%, attributable mainly to the economic recovery and the growing interest of world investors in the area, Brazil in particular. In Africa, where overall inward FDI declined slightly (-1%), the particularly strong growth of global investment flows into South Africa stood out, expanding by 43% over 2016.
The transition economies recorded inflows of $55 billion, down 17% compared with 2016, due to the contraction in inward FDI in a number of countries in the area that are traditionally the main recipients of foreign investment, such as Russia (-17%), Kazakhstan (-29%) and Azerbaijan (-29%).
At the global level, the United States, with $311 billion in inflows of FDI in 2017, was again the leading destination, followed by China, where FDI posted a new record of $144 billion.

[9] See International Monetary Fund (IMF), *World Economic Outlook Update*, January 2018.
[10] See UNCTAD, *Global Investment Trends Monitor*, January 2018.

The global outlook for 2018

Forecasts for 2018 point to a strengthening the growth of the world economy, reflecting expectations of further improvements in confidence and demand expectations, with an acceleration of the investment cycle and the positive impacts on growth, especially in the advanced countries.
At the same time, however, the international environment is coloured by the persistence of a number of risk factors, such as a downturn in commodity prices and the continuing uncertainty regarding the future evolution of international economic policies. Downside risks are also being generated by geopolitical tensions, especially in East Asia and the Middle East, as well as political developments associated with the upcoming elections in a number of major countries, such as – in addition to Italy – Brazil, Mexico and Colombia.
Other factors adversely impacting the outlook for growth include the renegotiation of major trade agreements now under way, such as NAFTA and the economic agreements between the United Kingdom and the European Union: if protectionist tendencies are accommodated, they would have a negative effect on global investment, the efficiency of production and, thereby, on global potential output.
For 2018,[11] the International Monetary Fund forecasts world GDP growth of 3.9%, with an expansion of 2.7% in the United States, 2.2% in the euro area, 6.6% in China and 7.4% in India. The recovery is expected to continue in Brazil, where GDP growth of 1.9% is forecast, and in Russia, where growth would amount to 1.7%. The world trade is forecast to expand by 4.6% in 2018, outpacing global GDP growth.
As for FDI, UNCTAD[12] projects an increase of about 20% in 2018 in view of a forecasting scenario that sees a recovery in the global economy and an acceleration in world trade.

The Italian economy

In 2017, GDP in Italy increased by an estimated 1.5%, compared with 0.9% in 2016,[13] confirming the recovery under way since 2015. The expansion was mainly supported by an acceleration in investment spending and from the growth in foreign demand.
The average annual inflation rate was +1.2%, up from -0.1% in 2016,[14] again reflecting the effects of the prolonged decline in raw material costs – especially energy costs – and the dynamics of job market.
Employment rose to 58% of the labour force and the unemployment rate stood at 10.8%.[15] Industrial production recorded an increase of 3% on average in 2017 compared with 2016.[16]
Exports of goods and services posted an increase of 7.4% in value terms in 2017 and 3.1% in volume terms in 2017 compared with the previous year, while imports recorded an increase of 9% in value terms and 2.6% in volume terms. The trade balance during the period showed a surplus of €47.5 billion; excluding trade in energy, the surplus rises to €81 billion.[17]
In 2017 direct investment from abroad amounted to €12.1 billion, compared with €16.6 billion the previous year, while Italian direct investment abroad amounted to €4.2 billion (€13.7 billion euros in 2016).[18]

[11] See International Monetary Fund, op. cit.
[12] See UNCTAD, op. cit.
[13] See ISTAT, *Pil e indebitamento*, March 1, 2018.
[14] See ISTAT, *Prezzi al consumo. Dati definitivi (dicembre 2017)*, January 16, 2018.
[15] See ISTAT, *Occupati e disoccupati (dicembre 2017)*, January 31, 2018.
[16] See ISTAT, *Produzione industriale (dicembre 2017)*, February 9, 2018.
[17] See ISTAT, *Commercio con l'estero e prezzi all'import dei prodotti industriali (dicembre 2017)*, February 15, 2018.
[18] See Banca d'Italia, *Bilancia dei pagamenti e posizione patrimoniale sull'estero*, February 19, 2018.

With regard to Italian companies investing in companies abroad, the interest in the opportunities offered by international markets remained strong. Between 2005 and 2015 the number of foreign companies owned by Italian companies increased by more than 47%, going from around 24,000 to almost 36,000. During the period under review, the proportion of subsidiaries in non-EU countries out of total foreign subsidiaries rose from 60% in 2005 to 67% in 2015, confirming the growing presence of Italian firms in world markets.[19]
According to International Monetary Fund forecasts, in 2018 Italian GDP is expected to grow by 1.4%, slower than the pace forecast for the euro area as a whole (+2.2%) and, more specifically, slower than Spain (2.4%), Germany (2.3%) and France (1.9%).[20]
In the Bank of Italy's macroeconomic scenario for 2018-2020,[21] Italian GDP is expected to expand 1.4% this year and by 1.2% per year in 2019-2020, continuing to benefit from expansionary economic policies. Economic activity will mainly be driven by domestic demand, with a recovery in consumption sustained by – among other factors – an increase in employment. Investment is expected to benefit from the buoyant demand outlook and the continuation of accommodative financial conditions. However, the risks to economic growth associated with global geopolitical developments and uncertainty about the evolution of economic policies in the main areas will remain.

19 See *Italia Multinazionale 2017*, S. Mariotti and M. Mutinelli.
20 See International Monetary Fund, op. cit.
21 See Banca d'Italia, *Economic Bulletin*, no. 1/2018, January 19, 2018.

5. Developments in operations

5.1 Mobilised and managed funds

Funds mobilised by SIMEST and resources managed through subsidised public funds in 2017 totalled €11,834 million, up 93% on the figure for 2016 (€6,134 million). This increase in operations was mainly attributable to export credit support instruments, with more than €11.4 billion in operations accepted. With regard to resources for international expansion (€401 million), the contribution of equity investments acquired and soft loans for internationalisation made a significant contribution.
As at December 31, 2017, SIMEST supports 1,248 companies in their internationalisation and export programmes in 99 countries, with about 140 of these customers using more than one SIMEST product.

Mobilised and managed funds (cash flows for the period)

(millions of euros)

Business line	2017	2016	% Change
Soft loans for internationalisation	147	93	58%
SIMEST Direct equity investments	107	103	4%
Venture Capital Fund equity investments	10	8	26%
Interest subsidies for equity investments*	138	123	12%
TOTAL FUNDS FOR INTERNATIONALISATION	**401**	**326**	**23%**
Export credit support*	11,433	5,808	97%
TOTAL EXPORT CREDIT SUPPORT	**11,433**	**5,808**	**97%**
TOTAL MOBILISED AND MANAGED FUNDS	**11,834**	**6,134**	**93%**
NUMBER OF CUSTOMERS SERVED	**1,248**	**1,174**	**6%**

* Total underlying nominal value.

The stock values at the end of 2017 showed an overall increase of 2% compared with 2016, driven in particular by the increase of 7% in equity investments acquired by SIMEST with its own resources (direct equity investments), while equity investments through the Venture Capital Fund and soft loans for internationalisation contracted.

Mobilised and managed funds (end-period stocks)

(millions of euros)

Business lines	2017	2016	% Change
FUNDS FOR INTERNATIONALISATION	**264**	**279**	**-5%**
SIMEST Direct equity investments	572	536	7%
Venture Capital Fund equity investments	132	135	-2%
TOTAL EQUITY INVESTMENTS	**705**	**671**	**5%**
TOTAL END-PERIOD STOCKS	**968**	**950**	**2%**

5.2 Internationalisation

5.2.1 Soft loans (Law 394/81 Fund and Sustainable Growth Fund)

SIMEST manages a revolving fund (the "Law 394/81 Fund") to disburse subsidised financing on behalf of the Ministry of Economic Development to assist Italian businesses in their internationalisation efforts. In 2017, the Support Committee (the interministerial body responsible for authorising uses of the fund) approved 483 operations for a total of €147 million (compared with 188 operations for a total of €93 million in 2016). The impact of the soft lending by SIMEST is reflected in an increase in the volume of exports by the beneficiary companies.[22]

SOFT LOANS

Volumes approved - by product

Product	Number of transactions	Millions of euros
Foreign market penetration programmes	116	87
Capitalisation of exporting SMEs	155	45
Feasibility studies and technical assistance programmes	53	6
SME participation in trade fairs and exhibitions	158	9
OVERALL TOTAL	**482**	**147**

Soft loans to support internationalisation break down as follows: financing of foreign market penetration programmes, usually consisting in the creation of permanent commercial establishments in non-EU countries, amounted to €87 million; loans for the capitalisation of exporting SMEs amounted to €45 million; loans for feasibility studies and technical assistance programmes linked to Italian investments in non-EU countries totalled €6 million; and, finally, funding for the participation of SMEs in trade fairs and exhibitions in non-EU markets amounted to €9 million. With regard to the size of the companies receiving these soft loans, SMEs represent 98% of beneficiaries (and 86% of volumes) and large companies 2% (14% of volumes).

[22] The analysis conducted by the Politecnico di Milano on developments in the exports of beneficiary companies in the three years following the disbursement of the incentives found an increase of 33% in foreign market penetration and one of 7% in the capitalisation of the SMEs compared with the sector average. The study regarded 2006-2016. Source: *Esame dell'impatto degli interventi SIMEST*, Politecnico di Milano, January 29, 2018.

The volume of new loans granted increased compared with 2016, above all thanks to the effect of the reform of the instruments by the Ministry of Economic Development and operational since October 24, 2016. The reform enabled the relaunch of the instruments despite the gradual reduction in the effective incentive as a result of the decline in market interest rates, also bearing in mind the need for the beneficiary companies to secure bank or insurance guarantees for part of their loan.
The main effects of the reform include a reduction in the time required to obtain financing (preliminary assessment, contract preparation and disbursement), the expansion of the types of costs that can be financed for foreign market penetration programmes, a reduction in the guarantees required from mid-cap firms (in addition to small and medium-sized enterprises), an increase in the maximum size of loans and the simplification of operating procedures.
With reference to foreign market penetration programmes and capitalisation programmes only, on April 21, 2016 the agreement charging SIMEST with the management of an €80 million tranche of the Sustainable Growth Fund was signed, supplementing the resources of the Law 394/81 Fund. The Sustainable Growth Fund finances interventions to promote the entry of Italian companies in non-EU markets and enhance and protect the capital bases of small and medium-sized exporting companies.
The incentives available through the Fund are intended to finance programmes that have a significant impact on the competitiveness of Italy's productive system. Drawing on the resources of the Sustainable Growth Fund, in 2017 funding of about €25 million was approved, equally distributed between foreign market penetration and capitalisation programmes.

SOFT LOANS

Loans approved - by country

(millions of euros)

Country	Foreign market penetration programmes	Feasibility studies and technical assistance programmes	SME participation in trade fairs and exhibitions
United States	26	0.9	2.1
China	9	1.0	1.5
Albania	7	1.1	
United Arab Emirates	5	0.3	1.4
Russia	5	0.3	1.0
Japan	4		0.3
Oman	3		
Australia	3		
Brazil	2		
Senegal	2		0.2
Other	21	2.9	2.4
OVERALL TOTAL*	**87**	**6**	**9**

* Excluding financing for the capitalisation of exporting SMEs.

With regard to geographical areas, loans were granted for a total of 52 countries. Foreign market penetration programmes focused on the United States, China and Albania. Feasibility studies and technical assistance programmes also mainly involved the United States, China and Albania, while the participation of SMEs in trade fairs and exhibitions was mainly directed towards the United States, China and the United Arab Emirates. During the year, 427 loans were granted for a total of €145 million, with about €66 million disbursed.

MOORER duvets: Italian elegance warms **Japanese** winters

A soft loan to finance the entry into foreign markets helped the Verona-based company to open a single brand boutique in the centre of Tokyo.

5.2.2 Equity investments

SIMEST Direct equity investments

In 2017, the SIMEST Board of Directors approved 72 operations, including:
- 38 new investment projects;
- 5 capital increases of existing shareholdings;
- 29 adjustments to previously approved projects, representing more than €150 million in new projects and capital increases approved.

Overall, the volume of operations increased compared with 2016, confirming the positive contribution that SIMEST is making in supporting Italian firms' investments in foreign markets. In the course of 2017, the Company intensified its joint promotional efforts with SACE, focusing on its target customers and local counterparties, in addition to participating in joint and coordinated meetings and events. One-on-one meetings were held with companies interested in international expansion, which gave rise to opportunities for assessing foreign direct investments.

SIMEST DIRECT EQUITY INVESTMENTS *(millions of euros)*

Equity investments approved - by country *New projects and capital increases*	**SIMEST commitment**
Italy	25
Brazil	17
United States	17
France	15
India	12
Armenia	11
Switzerland	10
United Kingdom	9
Argentina	7
Madagascar	7
Russia	6
China	5
Australia	3
Other	7
OVERALL TOTAL	**150**

The main destination areas for equity investments abroad were the Americas, Asia and Europe. Brazil and the United States represented 23% of commitments approved, with 9 projects (of which 5 in Brazil and 4 in the United States) with a total commitment of about €34 million, equal to those for approved projects in France, the United Kingdom and Switzerland. In Asia, projects approved in India and China represent an additional 11%.
Significant new equity investments continued to be made in Italy (7 projects amounting to €25 million), supporting internationalisation programmes that include investments in Italy or diversified investments in multiple countries. The main areas in which initiatives were carried out are the Asian markets and South America, notably in China, Indonesia, India, Argentina and Brazil.

SIMEST DIRECT EQUITY INVESTMENTS *(millions of euros)*

Equity investments approved - by industry *New projects and capital increases*	**SIMEST commitment**
Mechanical engineering	40
Infrastructure and construction	20
Renewables	18
Food and agriculture	18
Automotive	14
Non-financial services	13
Electrical	11
Metals	6
Textiles/Clothing	3
Chemicals/Petrochemicals	3
Mining	3
Other	2
OVERALL TOTAL	**150**

As far as the sectoral breakdown of the investments is concerned, the focus on the key sectors of the national productive system continued, including: mechanical engineering, infrastructure and construction, renewable energy, food and agriculture and the automotive industry.
During the year SIMEST completed 34 operations involving equity investments approved in 2017 or previously, for a total of €107 million,[23] of which:
- 24 new equity investments in companies abroad, for a total of about €65 million;
- 5 capital increases in foreign companies held prior to December 31, 2016, for a total of €14 million;
- 5 new equity investments in Italy, for a total of €28 million.

[23] With regard to the support provided to Italian firms, the study conducted by the Politecnico di Milano shows that each euro invested by SIMEST stimulates about 10 euros of investment over the life cycle of the equity investment and 22 euros of turnover once the equity investment was up and running. The study also shows that in the years following the crisis, our Italian partners also registered employment growth (annual average of 1,8%) that was nearly four times greater than the national average (0,5%). The study regarded 2006-2016. Source: Politecnico di Milano, op. cit.

SIMEST DIRECT EQUITY INVESTMENTS

(millions of euros)

Equity investments acquired - by country *New projects and capital increases*	**SIMEST commitment**
Italy	28
United States	16
France	15
Brazil	10
Switzerland	10
United Kingdom	8
Argentina	5
Mexico	4
United Arab Emirates	3
Poland	2
Turkey	2
China	2
Other	2
OVERALL TOTAL	**107**

SIMEST DIRECT EQUITY INVESTMENTS

(millions of euros)

Equity investments acquired - by industry *New projects and capital increases*	**SIMEST commitment**
Mechanical engineering	27
Infrastructure and construction	16
Food and agriculture	15
Automotive	14
Non-financial services	12
Metals	10
Renewables	9
Consumption goods	2
Chemicals/Petrochemicals	2
Other	1
OVERALL TOTAL	**107**

Total volume of equity investments acquired during the year amounted to €107 million, an increase of 4% on the previous year (€103 million in 2016).
In 2017, in execution of agreements with the partner companies, 25 equity investments were sold for a total of €70 million after value adjustments. At year end, following portfolio transactions in 2017, SIMEST held equity investments in 241 companies in Italy and abroad for a total of €572 million (including the interest in FINEST), compared with €536 million at the end of 2016 (+7%).

Equity investments of the Venture Capital Fund

The Venture Capital Fund managed by SIMEST on behalf of Italy's Ministry of Economic Development is represented by a minority interest – in addition to the direct equity investment by SIMEST and/or FINEST – in the share capital of enterprises established by Italian companies abroad (outside the European Union, in geographical areas of strategic interest to these companies).
In 2017, a total of 40 equity investments were approved by the Guidance and Oversight Committee (the interministerial body responsible for authorising uses of the fund). This included 36 new investment projects and 5 capital increases for existing shareholdings, as well as 35 revisions of previously approved projects.
The volume of investment in 2017 reflected the resumption of activity at the start of the year, with the appointment of the members of the Committee, whose term had expired in September 2016.
More specifically, thee approvals of equity investments provide for a total commitment through the Venture Capital Fund of about €35 million.

VENTURE CAPITAL FUND

(millions of euros)

Projects approved - by country *New projects and capital increases*	**Fund commitment**
Brazil	6
China	5
Russia	5
Argentina	4
India	4
Armenia	2
Mexico	2
Madagascar	2
Egypt	1
South Africa	1
Malaysia	1
Other	3
OVERALL TOTAL	**35**

The geographical breakdown of the projects approved reveals – in line with the SIMEST direct equity investments – a focus on countries that Italian businesses have targeted for their international expansion.
In 2017, equity investments acquired with resources from the Venture Capital Fund totalled about €10 million, broken down as follows:

- 15 new equity investments in foreign companies – in addition to the interests acquired directly by SIMEST and/or FINEST – for a total of about €9 million;
- 2 capital increases in companies held prior to December 31, 2016, for a total of about €1 million.

By geographical area, new initiatives drawing on the fund saw a reduction in Brazil (to 1 operation from 2 in 2016). China and Argentina saw the largest number of initiatives (at 3 operations each) for a total of €2 million for Argentina and €1 million for China. There was operations in Mexico and Turkey, accounting for €1 million each.
In 2017, in execution of agreements with partner companies, 16 equity investments were sold for a total of €12 million.

As a result of the transactions carried out during the year, the portfolio of equity interests held by SIMEST using resources from the Venture Capital Fund totalled about €132 million at the end of 2017 (about €135 million in 2016) and involved 181 foreign companies (182 in 2016). The trend in investments and the portfolio reflects the policy of the Guidance and Oversight Committee concerning the maximum investment per individual equity interest.

Interest subsidies for equity investments (Law 295/73 Fund)

SIMEST manages interest subsidies to support international expansion under the Law 295/73 Fund on behalf of the Ministry of Economic Development.
These subsidies are disbursed by SIMEST to Italian companies on the financing to acquire interests in foreign companies, held by SIMEST, in countries outside of the European Union.
Under a specific agreement, SIMEST also conducts all assessment and disbursement activities on behalf of FINEST (financing entity for the region of Friuli-Venezia Giulia) in the form of grants under the Law 295/73 Fund for operations carried out by FINEST in Eastern and Central Europe, the Balkans and Mediterranean countries.
In 2017, the Subsidies Committee approved 32 operations for a total of €138 million (compared with 32 operations for a total of €123 million in 2016). Of these, 28 transactions totalling €132 million concerned investments, held by SIMEST in non-EU countries and 4 transactions totalling €6 million involved investments held by FINEST in Eastern and Central Europe, the Balkans and Mediterranean countries.
The main countries attracting funding were Switzerland (29%), Brazil (17%), Armenia and India.

INTEREST SUBSIDIES FOR EQUITY INVESTMENTS *(millions of euros)*
Deferred principal amount approved - by country

Country	Underlying nominal value
Switzerland	40
Brazil	23
Armenia	18
India	14
Mexico	8
Madagascar	7
Russia	5
Argentina	4
Bosnia Herzegovina	3
United Arab Emirates	2
Other	12
OVERALL TOTAL	**138**

The main industries attracting investment were mechanical engineering, metals, electrical and the automotive sector.

INTEREST SUBSIDIES FOR EQUITY INVESTMENTS *(millions of euros)*
Deferred principal amount approved - by industry

Sector	Underlying nominal value
Mechanical engineering	51
Metals	19
Electrical	18
Automotive	15
Renewables	9
Non-financial services	7
Infrastructure and construction	5
Chemicals/Petrochemicals	4
Other	10
OVERALL TOTAL	**138**

Start-Up Fund equity investments

In 2017 the Start-Up Fund, established with Ministerial Decree 102 of March 4, 2011 and managed by SIMEST, continued its operations, limited to managing the equity investments it already holds in its portfolio, as the agreement with the Ministry of Economic Development has been inactive since June 2017. No new investment initiatives were accepted during the year, and no new acquisitions or disposals of equity investments were carried out. As a result, the Start-Up Fund's portfolio of equity investments was unchanged on the previous year and, at the end of 2017, was equal to about €0.8 million.

FINEST Spa

Under the provisions of Law 19/1991, SIMEST holds an interest of 3.9% in FINEST Spa of Pordenone (a member of the Friulia Group), which had a paid-up share capital of about €137 million at June 30, 2017, acquired at a cost of €5.2 million. As of June 30, 2017, FINEST had conducted support activities for businesses for a total of about €16 million, of which €11 million in equity investments and the remainder in the form of shareholder loans. The portfolio of equity investments totalled about €53 million, while outstanding financing totalled over €25 million.

2017 SIMEST PROFILES

SERIOPLAST bottles arrive in **Turkey**

Following up on a successful partnership begun in Russia and South Africa, we have also accompanied the Bergamo-based company into Turkey with an equity investment in order to meet growing local demand.

5.3 Export credit support (Law 295/73 Fund)

SIMEST manages a fund (Law 295/73 Fund) on behalf of the Ministry of Economic Development that is used to stabilise interest rates and distribute grants in support of export credit financing.
Interest rate stabilisation programmes, in the form of both buyer and supplier credit, are aimed at supporting the export of capital goods (plant, machinery, replacement parts, associated studies, works and other services) throughout the world.

In 2017, the Subsidies Committee approved 108 operations for a total of €11,433 million[24] (compared with 64 operations for a total of €5,808 million in 2016), out of more than €6.9 billion in export financing facilitated.

EXPORT CREDIT SUPPORT
Deferred principal amount - by product
(millions of euros)

Product	Number of transactions	Underlying nominal value
Buyer credit	24	11,174
Supplier credit	84	260
OVERALL TOTAL	**108**	**11,433**

Of these transactions, €11,174 million took the form of buyer credit for contracts between Italian exporters and foreign customers in the defence, shipbuilding (cruise ship segment), infrastructure and construction, aeronautics and metals industries. The remaining €260 million, in the form of supplier credit, concerned contracts for machinery and components sold by Italian companies to foreign customers. The main destination countries were Qatar, Bermuda, Kenya and Curaçao.

[24] In terms of the support provided to Italian firms, the study of the impact of SIMEST export support instruments conducted by the Politecnico di Milano found that every euro committed by SIMEST generated an average of 25 euros of exports. The study covered the period from 2006 to 2016. Source: POLIMI, op. cit.

EXPORT CREDIT SUPPORT
Deferred principal amount approved - by country
(millions of euros)

Country	Underlying nominal value
Qatar	4,809
Bermuda	4,014
Kenya	1,068
Curaçao	441
United Arab Emirates	281
Angola	187
United Kingdom	180
Cameroon	106
Mexico	74
Spain	40
Other	233
OVERALL TOTAL	**11,433**

The sectoral breakdown of export credit volumes mainly regarded contracts for defence (44%), shipbuilding (39%), and infrastructure and construction (13%) industries, while mechanical engineering, metals and aeronautics largely make up the remainder.

EXPORT CREDIT SUPPORT
Deferred principal amount approved - by industry
(millions of euros)

Industry	Underlying nominal value
Defence	4,996
Shipbuilding	4,455
Infrastructure and construction	1,481
Mechanical engineering	242
Aeronautics	193
Metals	49
Textiles/Clothing	18
OVERALL TOTAL	**11,433**

5.4 Promotion and development activities

In 2017 the promotion and development programme continued in step with activities in the previous year. Commercial synergies with SACE – which together with SIMEST forms the CDP Group's export and internationalisation hub – and the other Group companies involved both domestic initiatives aimed at spreading awareness of the products and services offered to Italian companies and participation in missions abroad during which technical support was provided to the participating Italian companies.

Domestic activities

SIMEST strengthened its promotional activity with the following main commercial actions:
- strengthening synergies with the SACE domestic network offices on a national scale;
- addressing the renewable energy sector with the creation of a dedicated team;
- tightening and consolidating partnerships with banks, consulting firms, and local trade associations;
- monitoring smaller customer segments, intensifying digital marketing initiatives.

In order to enhance contacts with customers at the local level, in 2017 our direct presence at the regional level was strengthened further. After the opening of commercial offices in Milan and Mestre in 2016, since May 2017 we have posted a representative at the SACE office in Bologna with the aim of ensuring a more extensive and responsive commercial presence with companies in the Emilia Romagna region.
In addition, in September 2017 the Milan office was upgraded to ensure better coverage of north-western Italy.

The actions we undertook achieved the following main results:
- an overall increase in the number of meetings with companies: in 2017 over 900 one-to-one meetings were held with companies, an increase of about 40% compared with 2016. Approximately 70% of the meetings took place with SMEs and, in order to provide integrated and global support to companies, joint presentations with SACE sales representatives were frequently held;
- an overall increase in the number of opportunities identified: in 2017, valuation structures were analysed for about 300 projects (soft loans and equity investments) compared with 100 projects in 2016.

From January 2017, in consideration of the special features of the renewable energy sector as well as the potential of certain areas abroad, a development action was launched for the main medium-sized companies active in this sector.
We identified around 50 target companies – including the main renewable generators, and innovative service and technology providers – and groups from different sectors that are diversifying into the renewable energy field and expanding into foreign markets, especially those in emerging countries. Direct marketing actions with the selected companies sought to identify projects abroad and provide financing solutions using SIMEST products and, in a number of specific areas, access to loans granted by development funds or multilateral agencies.
In order to identify new opportunities in the sector, SIMEST also developed the partnership with RES4MED and RES4Africa, the association that brings together the main Italian companies in the sector to promote the development of renewable energy projects in the Mediterranean and African countries.

In the area of information and training initiatives, in 2017 SIMEST again took part as a speaker in all 10 stages of the roadshow sponsored by the Ministry of Economic Development and the Ministry of Foreign Affairs and International Cooperation, which involved the main Italian institutions involved in supporting the development of exports and the internationalisation of Italian companies. The “Export 2017” report and the export map were presented at these meetings.
With specific reference to financing for internationalisation and support for exports, in addition to periodic marketing campaigns and digital communication and two webinars with the Chamber of Commerce system, relations with the association of the accounting profession continued. Five territorial initiatives were organised with the group to provide updating and training to its members who, in their respective geographical areas, work as business consultants to implement foreign market penetration programmes.
In the last two months of 2017, together with SACE, a national media campaign was carried out with the aim of expanding companies’ awareness of the potential of foreign markets, as well as the risk management and financial tools offered by the companies of the export and internationalisation hub.
In order to facilitate access to financing for internationalisation, specific promotional activities were also implemented, aimed at expanding the number of entities who can provide guarantees. In addition to

facilitating access to the guarantees required by the programme, these entities have played an active role in promoting the instrument at the territorial level through their commercial networks.

Missions abroad

In 2017, SIMEST took part in 8 institutional and private-sector missions to the following countries: Australia, China, Georgia, India, Oman, Singapore, Turkey and Vietnam. Furthermore, there was a mission to Peru to assist the Ministry of Economic Development on a specific industrial cooperation project. During these missions, SIMEST provided support to Italian enterprises within the scope of numerous business forums and other business-to-business and government-to-government meetings to discuss issues related to business opportunities in these countries and with the goal of facilitating meetings with local businesses to help foster partnerships. These missions focused on the specific sectors of interest to each of the countries concerned.

International relations

In 2017, SIMEST contributed to EDFI activities, participating, together with DEG, PROPARCO, BIO, CDC, and IFU on the task force to identify and develop new operational tools such as guarantee facilities, joint equity vehicles, local currency facilities, and agribusiness facilities.
As part of operational collaboration with a number of multilateral banks, SIMEST took part in the Annual Meetings of the World Bank and the IMF, during which some potentially co-financed investments were discussed with the IFC, in particular cooperation on the implementation of an energy production project in a country in western Asia. Relations with the Asian Development Bank were also opened to present a new solar thermal technology developed by an Italian company, which could be applied in a pilot project in one of the member states of the multilateral agency.
In September, during the business mission to Kazakhstan for the 2017 Astana Expo, dedicated to Smart Energy & Green Technologies, SIMEST took part in the economic forum together with representatives of financial institutions operating in the country. The follow-up to the mission led, at the end of the year, to the Assolombarda business forum dedicated to investment opportunities for Italian companies in that country.

With regard to support for companies, SIMEST was invited to attend the 5th forum dedicated to SMEs held in Xian (in the province of Shaanxi, China), organised by the China Association of Small and Medium Enterprises (CASME), to address the issue of the projects related to the One Belt One Road programme to involve SMEs in their investments and foster their development in China and in the individual neighbouring countries.
In June 2017, together with Confindustria, a collaboration agreement was signed with E4IMPACT, a foundation of the Università Cattolica di Milano, which, through agreements with African universities, promotes training courses for local managers aimed at involving them in entrepreneurial initiatives (promoted independently or by Italian companies). The first activity was participation in a workshop organised under the aegis of the Italy-Africa Business Week, held in Rome on October 18, 2017, with Italian companies interested in investing in Africa and accessing the services offered by the collaborative initiative begun with E4IMPACT.

2017 SIMEST PROFILES

PAYPERMOON: Italian TV series on **international** screens

We took an equity stake in Paypermoon Italia, a Milan-based television and film production company to encourage the expansion in European TV and digital on-demand markets.

6. Risk management

In order to identify the risks that need to be managed, and although SIMEST is not subject to prudential regulation, the Company has based its approach on existing banking supervision regulations, namely the classification adopted by the Basel Committee, distinguishing between "pillar 1 risks" and "pillar 2 risks".
This classification is contained in the Risk Rules adopted by SIMEST. The primary purpose of those rules is to ensure that SIMEST, in coordination with the Parent Company, SACE, is able to meet the risks it assumes with its own resources. The Rules therefore contain the same risk management principles adopted by the Parent Company, taking account of the specific features and dimension of SIMEST. The consequent operational policies have also been issued.

The most significant risks to which SIMEST is exposed are as follows.
Credit risk: this is the risk of an unexpected deterioration in the economic-financial condition of a counterparty with whom the Company has a credit exposure. The Risk Rules and the Investment Rules set out specific investment guidelines and specific arrangements for assessing creditworthiness, both ex ante and ex post, for each individual counterparty: the Rules govern the operation of the investment and monitoring process and the roles of the organisational units involved. The results of the origination activities conducted by the various organisational units are summarised in investment proposals, which are then submitted for evaluation by the Investment Committee. In the event a proposal is deemed valid and of interest – taking due account of the related financial/credit risk and the methods for managing and mitigating such risks – it is submitted to the SIMEST Board of Directors for final approval. Subsequently, agreements with the partner are defined on the basis of the guidelines and other indications provided by the Board. For monitoring purposes, SIMEST has implemented approaches, processes and operational tools for analysing and monitoring the risk of investments. The objective of monitoring is to promptly identify any problem credit positions so as to enable management to take specific actions to safeguard assets and, where possible, to recover the credit position. Furthermore, the credit risk associated with equity investments is first mitigated by acquiring direct commitments from the Italian partners for the forward acquisition of the SIMEST investment, partly backed by corporate sureties, collateral and bank or insurance guarantees.
At December 31, 2017, the direct commitments of Italian partners for the forward acquisition of equity investments amounted to about €436 million (€410 million at December 31, 2016). Commitments secured by bank and/or insurance guarantees amounted to about €48 million (€58 million at December 31, 2016) and those backed by collateral amounted to €31 million (€28 million at December 31, 2016).

GUARANTEES

(%; millions of euros)

	2017		2016	
Direct commitments of Italian partners	85%	436	83%	410
Commitments backed by financial or insurance institutions	9%	48	12%	58
Commitments backed by collateral	6%	31	6%	28
TOTAL DISBURSED		**514**		**496**

Market risk: this is the risk generated by operations in the markets involving financial instruments, currencies and commodities. Price and foreign exchange risks are mitigated through contractual language that generally guarantees that SIMEST will recoup its investment at the price paid in euros for the investment.

Operational risk: this is the risk of incurring losses due to the inadequacy or failure of procedures, human resources and internal systems or to external events. At its meeting of October 27, 2017, the Board of Directors of SIMEST adopted the CDP Group policies "Identification of Operational Risks (Loss Data Collection and Risk Self-Assessment)" and the related implementation plan to strengthen the control arrangements in the various phases of the financing/grant management process and external reporting.

Liquidity risk: this is the risk that the Company will not be able to liquidate investments and other assets to settle its financial obligations when they fall due without incurring losses. Liquidity risk and interest rate risk are constantly monitored using a cash flow analysis approach, especially for equity investments. In addition, in order to reduce exposure to liquidity and interest rate risk, in 2017 we continued to review the composition of debt to ensure the consistency of the time profile of equity investments with the related funding by taking on new medium and long-term financing and renegotiating existing lines of credit.

Concentration risk: this is the risk associated with exposures to counterparties, groups of connected counterparties and counterparties in the same economic sector or engaged in the same activity or belonging to the same geographical area.

Reputational risk: this is the current or prospective risk of lower profits, penalties, loss of economic value or impairment of the institutional role of SIMEST deriving from a negative perception of the Company's image by customers, counterparties, shareholders, investors, supervisory authorities or other stakeholders. SIMEST gives the highest priority to the need to prevent and monitor the occurrence of reputational events connected with the operations that fall within the scope of its corporate purpose. To this end, we have established internal controls to mitigate this risk and have adopted specific measures to prevent reputational events in operations.

Compliance risk: this is the risk of being assessed judicial or administrative sanctions, incurring losses or reputational harm as a result of violations of peremptory norms (laws, regulations) or instruments of self-regulation (e.g., articles of association, codes of conduct). SIMEST has adopted the CDP Group's "Risk Assessment and Control of Compliance Risk" policy, while structuring a compliance risk management process aimed at ensuring that internal processes and procedures are consistent with the objective of preventing the violation of self-regulatory or external provisions.
Within the Risk Rules, SIMEST also implemented the process for assessing the congruity of the available capital resources (represented by shareholders' equity) and the economic capital necessary for the risks assumed, measured using the Internal Capital Adequacy Assessment Process (ICAAP) employed by the CDP Group. The results of the assessments confirmed that capital is fully compatible with the current situation and over the time horizon of the Business Plan.

Specific arrangements have been implemented for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which the funds are exposed. More specifically, in 2017, in order to mitigate the greatest risk to which the Law 394/81 Fund is exposed, namely credit risk, a new scoring system was implemented for SIMEST to apply in assessing the economic and financial situation of companies that apply for financing under than Fund.

As regards the Law 295/73 Fund in 2017, in order to ensure support for exports through the more efficient allocation of public resources while maintaining adequate management of the main risks (exchange rate and interest rate risk) during stress scenarios, the methodological framework was revised on the basis of market best practice.

7. Internal control system

The internal control system consists of a set of rules, procedures, and organisational units designed to ensure compliance with applicable regulations, in accordance with corporate strategies and the achievement of targets set by Company management.
More specifically, first-level controls, or line controls, are conducted by operational and administrative units. They are built into organisational procedures and are designed to ensure that operations are carried out correctly.
Second-level controls, or risk management controls, are carried out by the Risk Management unit and the Compliance unit, which differ from the previous units and work to ensure that risk governance processes are properly implemented, that the operational limits set for the various departments are respected and that business operations comply with regulations. Finally, third-level controls are performed by the Internal Audit unit, which provides monitoring and periodic assessment of the effectiveness and efficiency of the risk management, control and governance system, based on the nature and severity of the risk. For the performance of its tasks, Internal Audit submits an action plan to the Board of Directors, which schedules audits in line with the risks associated with the activities aimed at achieving Company objectives. Internal Audit reports on the results of its work on a semi-annual basis to the Board of Directors and the Board of Auditors. However, critical issues identified during examinations are immediately reported to the relevant Company units so that they can implement corrective actions.

2017 SIMEST PROFILES

The craft excellence of **PANTOFOLA D'ORO** arrives in the **U.S.A.**

With a foreign market penetration loan we helped the Marche-based footwear manufacturer, celebrated for the quality of its sports shoes, open a showroom for custom-made products in New York.

8. Governance and support activities

8.1 Communication

In 2017, the Identity & Communications team restyled the Company's image, giving SIMEST a new logo and a new, coordinated visual identity consistent with that of the CDP Group. Various efforts to promote soft loans were also carried out, mainly through of digital channels. In addition to this, the first part of the marketing campaign for the SACE-SIMEST export and internationalisation hub (also planned for 2018) was launched. This campaign was distributed broadly through the main outlets (press, radio, billboards, and digital). As for other online communication efforts, the use of social media intensified, while, for internal stakeholders, the Company's intranet was graphically restyled and underwent a reorganisation of its content. In terms of offline communication, media relations efforts – in both the national press and with specific actions in the local press – were also intensified, which resulted in an increase in the number of articles published.
In 2017, the "One-Door Automotive" event was organised. This one-day event attracted the involvement of a group of partner firms comprising a number of leaders from the automotive industry. A conference to present the new publication *Gli investimenti diretti all'estero e la SIMEST – Sfide e opportunità* (SIMEST and direct investment abroad – Challenges and opportunities) was organised at Carlo Cattaneo University (LIUC), in Castellanza, in collaboration with the Industrial Union of the Province of Varese.
In order to broaden awareness efforts targeting primarily SMBs, a series of webinars and other events were also held in collaboration with Si.Camera (an agency of Unioncamere and the Chamber of Commerce System) in order to promote opportunities for subsidised finance aimed at internationalisation. SIMEST's support of the great many events throughout Italy organised together with SACE and ICE also continued.
Finally, SIMEST supported and took part in a number of events of national scope, such as the "Young Entrepreneurs Conference" in Capri and the 72nd National "Assoenologi" Conference in Florence.

8.2 Human resources and organisation

Organisation and the workforce

In consideration of the management and coordination exercised by SACE over SIMEST, and in order to achieve operational synergies and pursue the guidelines of the 2016-2020 Business Plan concerning the creation of an integrated ("one-door") SACE-SIMEST model for exports and internationalisation, the Company has undergone a change in organisation. In particular, we completed the outsourcing of the functions of Risk Management, Compliance, Internal Audit, Human Resources, Information Systems and Procurement to SACE for the performance of these functions for SIMEST, while the personnel involved in this process are now centralised within SACE.
The following units were also created within the Business Development & Marketing area: Business Development & International, which is responsible for origination activities for the customers assigned in synergy with the SACE commercial network, as well as for managing international relations and helping to identify new products and/or lines of business; Marketing, responsible for developing indirect origination channels; Origination & Commercial Network, responsible for origination activities for the customers assigned, in synergy with the SACE commercial network, and for coordinating the SIMEST offices throughout the territory; Commercial Planning & Product Development, which handles commercial planning for the portfolio of products/customers and for the process of identifying new product lines and pursuing innovation in existing products.
Within Administration, Planning & Control, a Treasury unit was created to handle front and middle-office treasury activities and to execute risk-hedging transactions for Fund 295.
Efforts during the year also led to the successful annual renewal of the certifications for all enterprise systems in accordance with the ISO 9001:2008 Quality standards, as well as of certification of the Occupational Health & Safety Management System in accordance with the OHSAS 18001:2007 standards.
As at December 31, 2017, the Company workforce was as follows:

COMPANY WORKFORCE*	Workforce at 31/12/2017	Workforce at 31/12/2016
Senior management	13	12
Middle management	73	78
Non-managerial personnel	64	72
TOTAL	**150**	**162**

* Includes 4 SIMEST employees seconded to other companies and 11 employees seconded to SIMEST.

8.3 Legal disputes

There were two labour disputes pending before the courts at December 31, 2017, involving a total amount of around €280 thousand.
As to tax disputes, an appeal is under way to cancel a tax assessment for a registration fee dating back to the transfer by Mediocredito Centrale to SIMEST of the subsidised fund activities, which should reasonably conclude in SIMEST's favour, analogous to the outcome for the joint obligor Mediocredito Centrale.

8.4 Corporate governance

Compliance model 231/2001

SIMEST has adopted the Compliance Model as required under Legislative Decree 231/2001 ("Model 231"). This model identifies the areas of the Company most exposed to the risk of committing any of the crimes specified under the aforementioned decree and establishes the principles, rules, and measures of the system of controls adopted to govern "relevant" operations, which has been updated on multiple occasions.
The Supervisory Body is responsible for overseeing the functioning of and compliance with the Model, for updating its contents, and for assisting the competent corporate bodies in its proper, effective implementation. SIMEST's Supervisory Body consists of three members: one legal expert, one expert in business and economics, and CDP's Chief Audit Officer or another CDP Group employee designated by that officer possessing considerable experience with the internal control system.
On October 27, 2017, the Board of Directors appointed Antonio Bertani to be the chairman of the Supervisory Body effective as of November 1, 2017, following the resignation of the previous chairman as a result of having taken on other corporate commitments. On December 20, 2017, the Board of Directors appointed Mara De Paola to become the standing internal member of the Supervisory Body to replace Vincenzo Malitesta, who formalised his resignation on November 28, 2017, due to new assignments within the CDP Group.
Given the outsourcing of SIMEST's Compliance and Internal Audit units to SACE as of April 1, 2017, on March 2, 2017, the Board of Directors approved a change to sub-sections 4.2 and 4.5.1 of the General

section of the Compliance Model aimed at assigning the role of support to the Supervisory Body to the Internal Audit unit – rather than to the Compliance unit – in line with procedures within SACE and the CDP Group. Therefore, in 2017, the Supervisory Body relied on the support of the Compliance unit until March 31, 2017, and on the Internal Audit unit for the ongoing, independent oversight of the proper execution of Company processes and of the overall system of internal controls.
Work is under way to update the Compliance Model in response to the changes in Company organisation. The Supervisory Body held six meetings in 2017.
Since November 15, 2016, SIMEST has been subject to the management and coordination of SACE Spa in accordance with the "Rules on the exercise of management and coordination of CDP Group companies" approved by CDP on March 23, 2016.

Code of Ethics

In line with the rules on the exercise of management and coordination, on June 21, 2017, the SIMEST Board of Directors approved the Code of Ethics of Cassa depositi e prestiti Spa and of the companies subject to management and coordination issued by CDP on March 10, 2017 (the "Code of Ethics").
This Code of Ethics, which is an integral part of the Compliance Model, replaces SIMEST's previous Code of Conduct.
The Code of Ethics guides SIMEST relationships and establishes that the principles, values, and rules defined therein are to apply both to internal SIMEST personnel (Company employees, senior executives, and other parties subject to Company management) and to any external parties who have relations of any kind, either directly or indirectly, with SIMEST.
SIMEST also promotes awareness of and compliance with the Compliance Model (Model 231) and the Code of Ethics by way of specific contractual clauses that include specific measures to be taken in the event of violation of the established values. A system of internal controls has been implemented that detects, measures, and monitors risks resulting from failure to follow the Code of Ethics. Both the Code of Ethics and the principles of SIMEST's Compliance Model may be found on the Company's web site (www.simest.it).

Internal committees

With regard to internal committees, the policies of the Projects & Products committee were issued in August 2017. These policies define the responsibilities and functioning of the committee, which is responsible for overseeing the portfolio of projects, developing new products, and pursuing innovation in the Company's existing products. In November 2017, the policies of the Investments committee were issued to replace the previous rules of the Investments committee in order to take account of the change in composition of the committee and to add to its responsibilities and governance. Also issued in that same month were the policies of the Operations Monitoring committee to replace the rules of the now-defunct Investment Monitoring committee in order to take account of the creation of the new committee and define its responsibilities, composition and governance.

Related parties

With regard to relations with the majority shareholder, SACE Spa, and the companies of the CDP Group, and in accordance with Article 2428 of the Italian Civil Code, we hereby report that there is an agreement between SIMEST, CDP, and SACE – known as the "Export Bank Convention" – which establishes that CDP is to provide financial support and SACE is to provide guarantees in operations to finance the internationalisation and export efforts of Italian businesses.
In relations with SACE Spa, remuneration was paid in 2017 to members of SIMEST senior management who sit on the SIMEST Board of Directors, and payment was made for professional services received

within the scope of a contract relating to the assessment of environmental impact parameters for export credit support transactions.
In April 2017, following the creation of the export and internationalisation hub, and with a view to centralising functions and achieving operational synergies, outsourcing agreements were established with SACE Spa to manage the following services: Human Resources, ICT, Procurements, Compliance, Internal Audit, and Risk Management.
At the end of 2017, four SACE Spa employees were seconded to SIMEST, and one SIMEST employee was seconded to SACE Spa.
Also of note is the lease agreement entered into for the use of offices in Venice and Bologna.
In 2017, drawings were made on two lines of credit issued by Cassa depositi e prestiti (CDP), both individually and in a pool with other lenders. In addition, in 2017 remuneration was paid for the members of the SIMEST Board of Directors appointed from among CDP's senior managers. At the end of 2017, seven CDP employees were seconded to SIMEST, and one SIMEST employee was seconded to CDP. Also at the end of 2017, one SIMEST employee was seconded to Fintecna.
There are also corporate income taxes payable to CDP under the Group consolidated taxation mechanism.
As for the other members of the Group, it should be noted that there is a lease agreement granted to SACE BT (a subsidiary of SACE Spa) for the use of office space in Milan and an agreement with SACES SRV (a subsidiary of SACE Spa) for infoprovider and commercial information services.
These transactions with related parties have all been conducted at arm's length.

2017 SIMEST PROFILES

CLABO: from Jesi to **China**, gelato is on display

We supported this Italian group
with an equity investment
aimed at establishing a manufacturing site
for refrigerated display cases
for gelato and pastry products.

9. Sustainability and socio-economic impact

9.1 Impact of SIMEST's action on the Italian economy

Following the 2016 assessments of the impact of the mechanisms managed,[25] SIMEST, together with Politecnico di Milano, conducted an in-depth study of the direct and indirect impact of the Company's action over the period 2006-2016.
The mechanisms involved in this impact assessment (in line with the work done by Ernst & Young) were:

- export incentives (Fund 295, buyer and supplier credit);
- internationalisation incentives (Fund 394 for programmes to enter foreign markets and for the capitalisation of exporter SMBs);
- incentives for foreign investment (foreign equity investments by SIMEST, the Venture Capital Fund, and grants for equity investments under Article 4 of Law 100/1990 from Fund 295).

The study focused on evaluating the results seen by the beneficiaries of SIMEST action as compared with a control population of non-beneficiary firms of similar characteristics. The impact assessment of highly diverse mechanisms called for a specific approach for each mechanism, supplemented by a range of information sources.
Direct impact was studied in terms of the efficacy and efficiency of SIMEST action, while indirect impact concerned estimates of impact on the Italian economy.
The study, which confirmed SIMEST's contribution to employment and the creation of value added, provided the following results.
Companies that made use of buyer credit (from Fund 295) posted an 8% increase in employees compared with prior to the action and compared with a decrease of 1.26% in the sector average. Employment growth among SMEs was 1.5 times greater than for larger corporations. Revenues increased by around 7% compared with the period prior to the action, while the sector average saw a 0.75% decrease. Every euro committed by SIMEST in Fund 295 stimulated 25 euros in exports by the beneficiary firms.
Companies that made use of financing to enter into foreign markets (Fund 394) posted:

- an increase in employees of about 15% after the SIMEST action, as compared with average growth for the sector of just 0.46%;
- an increase of around 32% in revenues post-action, as compared with 8.15% average growth for the sector;
- growth of about 28% in EBITDA compared with prior to the action and compared with the industry average of just 0.14%.

Beneficiary firms also saw cumulative growth in exports of 33% compared with non-beneficiaries in the same industry over the three years following disbursement of the financing.
Companies that made use of financing for capitalisation (Fund 394) posted:

- an increase in employees of about 3% after the SIMEST action, as compared with an average decline for the sector of 15%, for a total difference of about 18%;
- an increase in revenues of about 3%, as compared with a decrease of around 8% for the respective industries;
- growth of about 5% in EBITDA compared with prior to the action and compared with the industry average decrease of around 15%.

Analysis of the direct impact of investments by SIMEST and by the Venture Capital Fund showed that the

[25] Performance measurement of SIMEST beneficiaries in the second half of 2015; Final EY Report, April 2016.

foreign businesses in which SIMEST invested had a failure rate of half that of non-beneficiary firms (15% vs. 29%, respectively).
Considering investment by SIMEST and the Venture Capital Fund jointly, every euro invested in foreign companies stimulated about 10 euros of capital expenditure (throughout the life of the investment) and nearly 22 euros of revenues once fully operational.
The analysis of effectiveness, which was conducted for the period 2010-2016, showed that, among Italian companies working with SIMEST, employment increased by 11.5%, as compared with an average increase in Italy of 3% over the same period, for an average annual increase nearly four times greater than the Italian average and overall employment in Italy among partner firms of nearly 170,000 jobs. Value of production grew at an average annual rate of 5.9%, which is nearly 15 times greater than the Mediobanca-R&D sample population (+0.4%), and value added grew at an annual rate of 10.3%, whereas the Mediobanca sample remained stationary and Italian GDP contracted. Finally, net fixed assets grew at an average annual rate of 2.5%, which is more than six times greater than for companies in the Mediobanca-R&D sample population.
The study also looked at the indirect impact of SIMEST mechanisms on the Italian economy as a whole based on the contribution of the beneficiary firms. The results pointed to a multiplier effect of about 2x for both revenues and employment.
In short, as concerns the issue of employment, which is of particular interest to SIMEST, the overall effect in Italy of the mechanisms studied – in terms of both number of new jobs and the differential performance of the beneficiary firms – fell within a range of between 6,000 and 9,000 jobs per year, figures which essentially double when also taking account of the indirect impact on the broader marketplace.

9.2 Development impact

In 2017, work continued on development of the project to assess the impact of investments financed by SIMEST, the objective of which is to create a development impact assessment tool that will make it possible to monitor the impact of the Company's portfolio in the target countries and to track progress towards the development goals selected (i.e. business expansion, private-sector growth, and "green" development).
This was also dealt with within the scope of the EDFI Development Effect working group, which met in Den Haag (FMO) and Bern (SIFEM) in 2017 and which set new EDFI targets for 2018.

9.3 Corporate Social Responsibility

Again in 2017, SIMEST confirmed the Company's commitment to supporting Company welfare and initiatives to assist non-profit associations with the engagement of a growing number of employees.

Initiatives for employees

In 2017, employee training continued with the organisation of technical language courses aimed at promoting the growth and development of individual employees. SIMEST also renewed all employee insurance policies and made related services available on the dedicated portal.
The shift to being under the direct control of SACE enabled SIMEST employees to join the SACE worker recreation centre and take advantage of recreational services at highly advantageous price points. SIMEST supports this initiative by making contributions to the SACE centre for every employee.
SIMEST also organised a family-centric event within the Company for employees with children and supported the Company soccer team at the international EDFI Cup, which was held in Frankfurt in 2017.
Finally, programmes were established in 2017 with participating retail businesses to give SIMEST employees various benefits when buying goods and services.

Initiatives for the community

Again in 2017, SIMEST supported non-profit organisations to which a number of employees provide their services by organising a fundraising event, with SIMEST matching the funds raised, with the funds being donated to the Peter Pan Association, the Davide Ciavattini Association, and Rifugio delle Code Felici.
SIMEST also participated in the Race for the Cure by supporting Komen Italia, an association engaged in the fight against breast cancer, and blood-donation days were organised in collaboration with SACE, Bambino Gesù Childrens' Hospital in Rome, and AVIS.
In terms of cultural initiatives, SIMEST supported the Leonardo Committee for the eighth consecutive year, helping to reward rising talents who, in their studies and in their graduate theses, analysed case studies of Italian success stories. SIMEST was also involved in the awards ceremony at the Chamber of Deputies for university graduates who excelled in fields of interest to the Italy-USA Foundation.

Managing environmental impact and safety

SIMEST actively protects the environment through efforts to increase energy efficiency and reduce consumption. Of particular note is the Company's success in reducing the use of paper and the consumption of energy. We have also managed to reduce both direct and indirect emissions in order to further protect the environment. In terms of energy saving, SIMEST has expressed a desire to make use of renewable energy and intends to acquire bicycles in order to promote sustainable mobility. As a part of Company operations, SIMEST also places particular emphasis on energy savings and promotes a culture of safety in the workplace.

10. Performance and financial position

The financial position and performance of SIMEST at December 31, 2017 is analysed below. In order to make the results easier to understand, the balance sheet and income statement have been reclassified on the basis of operational criteria.

10.1 Reclassified balance sheet

The assets from the reclassified balance sheet at December 31, 2017 can be grouped into the following aggregates:

(millions of euros)

ASSETS	31/12/2017	31/12/2016
Cash and cash equivalents	0.02	0.1
Financial assets held for trading	2.6	1.7
Financial assets available for sale	5.2	5.2
Receivables for equity investments	524.6	505.7
Other financial receivables	4.6	4.7
Property, plant and equipment	0.2	0.2
Intangible assets	0.7	0.6
Tax assets	3.2	3.4
Other assets	16.2	9.9
TOTAL ASSETS	**557.3**	**531.5**

As at December 31, 2017, total assets amounted to €557.3 million (€531.5 million at December 31, 2016), an increase of about €26 million from the previous year.
The change in assets mainly involved the increase in "receivables for equity investments", which came to €524.6 million (€505.7 million at December 31, 2016). This is the main component of assets, accounting for about 94% of the total. The aggregate includes €500.1 million (€483.6 million at the end of 2016) in paid-in equity net of value adjustments. The increase of about €16 million in the total value of this item is mainly the net effect of payments (€95.1 million), receipts (€66.3 million), and value adjustments and other changes (€9.6 million) recognised in 2017. As a result of application of the International Financial Reporting Standards, the allocation of these amounts to "receivables for equity investments" takes account of the characteristics of SIMEST's operations in assisting Italian partners for a specified period of time, where the obligation of the partners to repurchase the stake qualifies the transaction, for those standards, as a loan to the partners even though they relate to equity investments. "Receivables for equity investments" also include €17.6 million (€17.4 million at the end of 2016) in respect of receivables from the various partners for the fees related to activities connected with the equity investments.
The carrying amount of "receivables for equity investments" differs from the total value of the related portfolio specified above because it is reduced by the amount of payments on account in respect of sales to be completed and amounts not yet paid on investments made.
"Financial assets available for sale" amounted to €5.2 million at December 31, 2017, unchanged from the previous year, and represent the interest in FINEST (which is not an associate).

“Financial assets held for trading” totalled €2.6 million and represent the mark-to-market value at December 31 of the derivatives associated with the early repurchase/disposal options that can be exercised on “receivables for equity investments”.
“Other assets”, totalling €16.2 million (€9.9 million at December 31, 2016), mainly include trade receivables in respect of the agreement to manage the various public funds in the amount of €15.5 million (€8.5 million at December 31, 2016) and advances to suppliers and other assets in the amount of €0.7 million.
“Tax assets” totalled €3.2 million (€3.4 million at December 31, 2016), of which €2.6 million in deferred tax assets recognised in respect of income components that will become taxable in future periods and €0.5 million for current taxes related to the application for a refund of IRAP in accordance with Article 2 of Decree Law 201/2011.

(millions of euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2017	31/12/2016
Borrowings	221.4	196.1
Financial liabilities held for trading	-	0.1
Other liabilities including tax liabilities	11.7	6.8
Employee termination benefits	2.4	3.1
Provisions for risks and charges	1.3	1.7
Shareholders' equity	320.5	323.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**557.3**	**531.5**

On the other side of the balance sheet, “borrowings” totalled €221.4 million at December 31, 2017 (€196.1 million at December 31, 2016). The item represents drawings on loans and lines of credit granted by CDP and banks that are SIMEST shareholders. New borrowings were undertaken to support net outlays and the related expansion of the investment portfolio.
“Financial liabilities held for trading” showed a balance of zero, compared with €0.1 million at December 31, 2016.
“Other liabilities” and “tax liabilities” totalled €11.7 million (€6.8 million at December 31, 2016) and mainly include trade payables and other items in the amount of €4.3 million (€2.4 million at December 31, 2016), amounts payable to employees and related contribution liabilities in the amount of €2.5 million (€1.6 million at December 31, 2016), the IRES payable and liabilities to tax authorities of €4.3 million and other tax liabilities of €0.6 million.
“Employee termination benefits” came to €2.4 million (€3.1 million at December 31, 2016), representing amounts due to employees under specific legislation and collective bargaining agreements at December 31, 2017. The item has been recognised in accordance with IAS 19.
“Provisions for risks and charges” amounted to €1.3 million (€1.7 million at December 31, 2016) and represent provisions for likely liabilities, stated at current values, including charges in respect of employees.
“Shareholders’ equity” amounted to €320.5 million at December 31, 2017 (€323.7 million at December 31, 2016), equal to about 58% of total liabilities. It comprises “share capital”, the “share premium reserve”, other “reserves” (including the first-time adoption, or “FTA”, reserve), and “net profit” for 2017. “Reserves” totalled €150.5 million at December 31, 2017 (€145.9 million at December 31, 2016), and represent about 47% of total equity.

10.2 Reclassified income statement

The following analysis of SIMEST’s performance is based on the income statement that has been reclassified on the basis of operational criteria, specifically:

(thousands of euros)

	31/12/2017	31/12/2016
Income from equity investments	28,461	27,361
Interest and similar expense	(1,956)	(2,351)
Fee and commission income	16,576	16,381
Net gain (loss) on assets and liabilities held for trading	2,201	3,914
Other financial income	36	43
GROSS INCOME	**45,318**	**45,348**
Net impairment adjustments of loans	(12,483)	(6,009)
Administrative expenses and other operating (expenses)/income	(21,908)	(21,947)
OPERATING INCOME	**10,927**	**17,393**
Net provisions for risks and charges	(985)	-
Net adjustments of property, plant and equipment and intangible assets	(536)	(397)
PROFIT (LOSS) BEFORE TAX	**9,406**	**16,996**
Income tax for the period	(5,782)	(5,672)
NET PROFIT (LOSS) FOR THE PERIOD	**3,624**	**11,323**

In terms of financial performance, in 2017 SIMEST posted a net profit of €3.6 million (€11.3 million in 2016) after provisions for taxes (current and deferred) of €5.8 million. The decrease in net profit from 2016 was due to an increase in writedowns on equity investments and a reduction in gains from disposals and the valuation of transactions held in our portfolio.
On the revenue side, “income from equity investments” totalled €28.5 million (€27.4 million in 2016). It includes fees, interest on deferred payments and default interest on receivables for equity investments. The average annual return on the equity investment portfolio was about 5.3% (5.9% in 2016). “Interest and similar expense” came to €2.0 million (€2.4 million in 2016) and regards interest expense on financial debt and includes the expense for differences on a financial instrument that has expired. The average cost of debt for 2017 came to around 1% (1.5% for 2016). This result was obtained despite the lengthening of the average maturity of debts by expanding the range of bank counterparties and more actively managing the instruments used.
“Fee and commission income” came to €16.6 million (€16.4 million in 2016) and mainly concerns fees received for management of the Venture Capital Fund, the Law 394/81 Fund, the Sustainable Growth Fund, the Law 295/73 Fund and the Start-Up Fund.
The “net gain on assets and liabilities held for trading” came to €2.2 million (€3.9 million in 2016) and is composed of gains on the disposal and measurement of operations in the portfolio (€2.1 million) and gains on the expiry of a financial instrument (€0.1 million). Including gains on and measurements of equity investments, the average return on equity investments amounted to 5.8%.
“Gross income” for 2017 came to €45.3 million (€45.3 million in 2016), taking account of the reduction in gains on the disposal and measurement of receivables compared with the previous year, offset by an increase in income from equity investments and an improvement in the average cost of debt.

"Net impairment adjustments of loans" showed net impairment losses of €12.5 million (€6.0 million in 2016), reflecting the individual and collective impairment of loans to customers recognised in accordance with IAS 39. This amounts to about 2% of the overall equity investment portfolio.
"Administrative expenses" (€21.9 million) are essentially unchanged on the previous year (€21.9 million). As a result, operating income for 2017 came to €10.9 million, down from the €17.4 million posted in 2016.
"Net provisions for risks and charges" amounted to €1.0 million in 2017, reflecting provisions early termination incentives for employees.
"Net adjustments of property, plant and equipment and intangible assets" – representing depreciation and amortisation of operating assets – came to €0.5 million (€0.4 million in 2016).
As a result of these developments and the increase in writedowns of receivables for equity investments recognised in 2017, "profit before tax" came to €9.4 million (€17.0 million in 2016).

11. Subsequent events

No significant events occurred after the close of the financial year.

12. Outlook for operations

The volume of mobilised and managed funds is projected to increase, with a significant contribution made by export credit support activities, subject to the allocation of the necessary public funds, and by subsidised financing for internationalisation, thanks to the changes introduced to simplify the process, make it more accessible to companies and reduce response times. Regarding equity investments, the volume of resources mobilised is expected to increase substantially, in part owing to the commercial synergies developed with SACE Spa.
As far as the balance sheet is concerned, we expect an increase in receivables for equity investments, thanks to the expected flow of new equity investments, and a correlated increase in borrowing, with a progressive matching of lending and funding maturities.

13. Additional disclosures pursuant to Article 2428 of the Italian Civil Code

With regard to the additional information required under Article 2428 of the Civil Code, the Company: (i) did not engage in research and development activities; (ii) does not hold and did not acquire and/or dispose of its own shares or the shares/equity instruments of parent companies either directly or through trust companies or other intermediaries. The Company does not hold any derivative or structured financial instrument for the purpose of managing financial risk.

2017 SIMEST PROFILES

The haute couture jewellery of **PASQUALE BRUNI** sparkles in **New York**

*With a soft loan
for foreign market penetration
we lent our support
to this historic Valenza-based brand
in opening a new office and showroom
at Rockefeller Center.*

Financial statements at December 31, 2017

Form and content of the financial statements for the year ended December 31, 2017

The financial statements at December 31, 2017 have been prepared in accordance with applicable regulations and consist of the:

- Balance sheet
- Income statement
- Statement of changes in shareholders' equity
- Statement of comprehensive income
- Statement of cash flows
- Notes to the financial statements

Contents of the notes to the financial statements:

Balance sheet

(in euros)

ASSETS	Note	31/12/2017	31/12/2016
Cash and cash equivalents	A.1	20,732	70,092
Financial assets held for trading	A.2	2,607,500	1,710,674
Financial assets available for sale	A.3	5,164,569	5,164,569
Receivables for equity investments	A.4	524,631,845	505,725,054
Other financial receivables	A.5	4,577,068	4,727,329
Property, plant and equipment	A.6	179,781	205,796
Intangible assets	A.7	703,217	566,534
Tax assets	A.8	3,201,408	3,424,495
a) current		601,654	812,548
b) deferred		2,599,754	2,611,947
Other assets	A.9	16,241,884	9,858,920
TOTAL ASSETS		**557,328,004**	**531,453,463**

(in euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31/12/2017	31/12/2016
Borrowings	P.1	221,390,301	196,060,759
Financial liabilities held for trading	P.2	-	88,654
Other liabilities	P.3	11,096,806	6,798,995
Employee termination benefits	P.4	2,440,332	3,121,725
Tax liabilities	P.5	612,964	17,472
a) current		577,111	-
b) deferred		35,853	17,472
Provisions for risks and charges	P.6	1,323,918	1,715,561
b) other provisions		1,323,918	1,715,561
Share capital	P.7	164,646,232	164,646,232
Share premium reserve	P.8	1,735,551	1,735,551
Reserves	P.9	150,457,484	145,945,088
- of which FTA reserve		63,526,684	63,526,684
Net profit (loss) for the period (+/-)	P.10	3,624,416	11,323,427
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**557,328,004**	**531,453,463**

Income statement

(in euros)

	Note	31/12/2017	31/12/2016
Income from equity investments	C.1	28,461,296	27,360,772
Interest and similar expense	C.2	(1,867,953)	(1,535,065)
Fee and commission income	C.3	16,576,115	16,380,992
Net gain (loss) on assets and liabilities held for trading	C.4	2,112,681	3,098,381
Other financial income	C.5	36,122	43,204
GROSS INCOME		**45,318,261**	**45,348,284**
Net impairment adjustments of loans	C.6	(12,483,214)	(6,008,716)
Administrative expenses:	C.7	(22,131,408)	(21,271,680)
a) personnel expenses		(14,486,777)	(14,125,808)
b) other administrative expenses		(7,644,631)	(7,145,872)
Other operating (expenses)/income	C.8	-	(17,623)
OPERATING INCOME		**10,703,639**	**18,050,265**
Net provisions for risks and charges	C.9	(761,340)	(657,332)
Net adjustments of property, plant and equipment	C.10	(61,790)	(54,001)
Net adjustments of intangible assets	C.11	(474,299)	(343,039)
PROFIT (LOSS) BEFORE TAX		**9,406,210**	**16,995,893**
Income tax for the period	C.12	(5,781,794)	(5,672,466)
NET PROFIT (LOSS) FOR THE PERIOD		**3,624,416**	**11,323,427**

Statement of changes in shareholders' equity: current year

(in euros)

	As at 31/12/2016	Change in opening balance	As at 01/01/2017	Allocation of net profit of previous year: Reserves	Allocation of net profit of previous year: Dividends and other allocations	Changes in reserves	Changes in the period – Equity transactions: Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for 2017	Shareholders' equity at 31/12/2017
Share capital:														
a) ordinary shares	164,646,232		164,646,232											164,646,232
b) preferred shares														
Share premium reserve	1,735,551		1,735,551											1,735,551
Reserves:														
a) earnings	141,169,384		141,169,384	4,357,625										145,527,008
b) other	5,164,569		5,164,569											5,164,569
Valuation reserves														
a) available for sale														
b) cash flow hedges														
c) other reserves	(388,866)		(388,866)										154,773	(234,093)
Equity instruments														
Treasury shares														
Net profit (loss) for the period	11,323,427		11,323,427	(4,357,625)	(6,965,802)								3,624,416	3,624,416
Shareholders' equity	**323,650,297**		**323,650,297**	**-**	**(6,965,802)**								**3,779,189**	**320,463,683**

Statement of changes in shareholders' equity: previous year

(in euros)

	As at 31/12/2015	Change in opening balance	As at 01/01/2016	Allocation of net profit of previous year: Reserves	Allocation of net profit of previous year: Dividends and other allocations	Changes in reserves	Changes in the period – Equity transactions: Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for 2016	Shareholders' equity at 31/12/2016
Share capital:														
a) ordinary shares	164,646,232		164,646,232											164,646,232
b) preferred shares														
Share premium reserve	1,735,551		1,735,551											1,735,551
Reserves:														
a) earnings	140,082,739		140,082,739	1,086,645										141,169,384
b) other	5,164,569		5,164,569											5,164,569
Valuation reserves:														
a) available for sale														
b) cash flow hedges														
c) other reserves	(178,645)		(178,645)										(210,221)	(388,866)
Equity instruments														
Treasury shares														
Net profit (loss) for the period	4,252,919		4,252,919	(1,086,645)	(3,166,274)								11,323,427	11,323,427
Shareholders' equity	**315,703,365**		**315,703,365**	**-**	**(3,166,274)**								**11,113,206**	**323,650,297**

Statement of comprehensive income

(in euros)

	31/12/2017	31/12/2016
Net profit (loss) for the period	**3,624,416**	**11,323,427**
Other comprehensive income net of taxes not recyclable to profit or loss		
Cash flow hedges		
Financial assets available for sale		
Non-current assets held for sale		
Defined-benefit plans	154,773	(210,221)
Total other comprehensive income net of taxes	**154,773**	**(210,221)**
COMPREHENSIVE INCOME	**3,779,189**	**11,113,206**

Statement of cash flows

(in euros)

	31/12/2017	31/12/2016
A. OPERATING ACTIVITIES		
1. Operations	**(598,654)**	**(1,272,501)**
- Net profit (loss) for the period(+/-)	3,624,416	11,323,427
- Gain (losses) on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss (-/+)	(896,826)	(2,056,371)
- Income and commissions not yet collected (-)	(23,100,416)	(24,136,469)
- Net losses/recoveries on impairment (+/-)	12,770,864	6,666,540
- Net adjustments of property, plant and equipment and intangible assets (+/-)	536,089	397,040
- Net provisions for risks and charges and other costs/revenues (+/-)	6,467,219	6,533,332
2. Net cash flows from/used in financial assets	**(14,809,942)**	**(7,977,848)**
- Receivables for equity investments	(16,997,721)	(16,099,982)
- Other financial receivables	150,261	(67,608)
- Other current assets	2,037,518	8,189,742
3. Net cash flows from/used in financial liabilities	**(2,357,747)**	**(7,065,157)**
- Other current liabilities	(2,357,747)	(7,065,157)
NET CASH FLOWS FROM/USED IN OPERATING ACTIVITIES	**(17,766,343)**	**(16,315,506)**
B. INVESTING ACTIVITIES		
1. Cash flows from	-	-
- Sales of property, plant and equipment	-	-
- Sales of intangible assets	-	-
2. Cash flows used in	**(646,757)**	**(720,639)**
- Purchases of property, plant and equipment	(35,775)	(84,987)
- Purchases of intangible assets	**(610,982)**	**(635,652)**
NET CASH FLOWS FROM/USED IN INVESTMENT ACTIVITIES	**(646,757)**	**(720,639)**
C. FINANCING ACTIVITIES		
- Issues/purchases of equity instruments (payment/repayment of share capital and reserves)	-	-
- Dividend distribution and other allocations	(6,965,802)	(3,166,274)
NET CASH FLOWS FROM/USED IN FINANCING ACTIVITIES	**(6,965,802)**	**(3,166,274)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**(25,378,902)**	**(20,202,419)**
RECONCILIATION		
Initial cash and cash equivalents/(financial payables)	(195,990,667)	(175,788,248)
Net increase/decrease in cash and cash equivalents	(25,378,902)	(20,202,419)
FINAL CASH AND CASH EQUIVALENTS/(FINANCIAL PAYABLES)	**(221,369,569)**	**(195,990,667)**

for the Board of Directors
the Chairman
Salvatore Rebecchini

Notes to the financial statements

Introduction

Information on the Company

For information on the Company please refer to the report on operations.

General basis of preparation

I. Declaration of compliance with international accounting standards

The financial statements of SIMEST have been prepared in accordance with the International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRSs) endorsed by the European Commission as established by Regulation (EC) no. 1606/2002.
Starting from 2015 SIMEST has exercised the option provided for by Legislative Decree 38 of January 28, 2005 (IAS Decree), as amended by Decree Law 91/2014 (Enhancing Competitiveness Decree), to prepare its financial statements in accordance with the international accounting standards (IASs/IFRSs) which extends the option to all companies other than those for which application of the IASs/IFRSs is mandatory or those permitted to prepare condensed financial statements pursuant to Article 2435-bis of the Italian Civil Code (Article 4(6) of Legislative Decree 38/2005).

II. Basis of preparation

SIMEST's financial statements consist of the balance sheet, the income statement, the statement of changes in shareholders' equity, the statement of comprehensive income, the statement of cash flows and the notes to the financial statements, accompanied by the report on operations prepared by the Board of Directors.
The notes to the financial statements provide all the information required by applicable regulations as well as any supplementary information judged necessary to provide a true and fair representation of the Company. The financial statements have been prepared on the assumption that SIMEST will remain a going concern and that there are no doubts as to whether the Company will remain in operation.
The financial statements and accompanying notes set out the figures for the present period as well as the comparative figures at December 31, 2016.
The financial statements use the euro as the reporting currency and are expressed in euros, while unless otherwise indicated the figures in the notes to the financial statements are expressed in thousands of euros.

III. Other issues

International accounting standards endorsed and in effect since 2017
As required by IAS 8 – Accounting policies, changes in accounting estimates and errors, new international accounting standards, or amendments to existing accounting standards, the application of which has become mandatory as from January 1, 2017, are indicated below:
- Commission Regulation (EU) 2017/1990 of November 6, 2017, published in the *Official Journal* L. 291 of November 9, 2017, amending Regulation (EC) 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard 7: the amendments aim to improve disclosure with respect to liabilities arising from financing activities;
- Commission Regulation (EU) 2017/1989 of 6 November 2017, published in the *Official Journal* L. 291 of November 9, 2017, amending Regulation (EC) 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard IAS 12: it clarifies how to account for deferred tax assets related to debt instruments measured at fair value.

New accounting standards and interpretations already issued and endorsed by the European Union but not yet in force (effective for financial years beginning on or after January 1, 2018)
The following are new standards and interpretations already issued and endorsed but which are not yet in force and therefore not applicable for the preparation of financial statements at December 31, 2017 (unless early application is permitted):
- Commission Regulation (EU) 2016/2067 of November 22, 2016, published in the *Official Journal* L. 323 of November 29, 2016, amending Regulation (EC) 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 9: the objective is to improve the financial reporting of financial instruments by addressing concerns that arose during the financial crisis. In particular, IFRS 9 responds to the need to guarantee a transition towards a more forward-looking model for the recognition of expected losses on financial assets;
- Commission Regulation (EU) 2016/1905 of September 22, 2016, published in the *Official Journal* L. 295 of October 29, 2016, amending Regulation (EC) 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 15: it seeks to improve the financial reporting of revenue and to improve comparability of revenue in financial statements;
- Commission Regulation (EU) 2017/1988 of November 3, 2017, published in the *Official Journal* L. 291 dated 9 November 2017, amending Regulation (EC) 1126/2008 adopting certain international accounting standards in accordance with the Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 4: the amendment in question aims to address the temporary accounting consequences of the different effective dates of IFRS 9 and the new standard for insurance contracts replacing IFRS 4 (IFRS 17);
- Commission Regulation (EU) 2017/1987 of October 31, 2017, published in the *Official Journal* L. 291 of November 9, 2017, amending Regulation (EC) 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 15: the amendments aim to clarify certain requirements of the new standard and provide additional transition relief for companies that are implementing the new standard.

IFRS 9: Financial instruments
With the endorsement of IFRS 9 by the European Commission, the process of replacing IAS 39 has been completed. The process was divided into three phases: "classification and measurement", "impairment", "hedge accounting". The revision of the accounting rules for macro-hedge accounting remains to be completed, for which the IASB has decided to launch a separate project from IFRS 9.
Very briefly, the main changes in the new standard concern:
- the classification and measurement of debt instruments, based on the contextual analysis of the management model adopted for those instruments (the so-called "business model") and the characteristics of the contractual cash flows generated by the instrument, establishing three accounting categories: financial assets at amortised cost, financial assets measured at fair value through profit or loss ("FVTPL") and financial assets measured at fair value through other comprehensive income ("FVOCI"). Compared with the current IAS 39, the portfolios of financial assets available for sale and

financial assets held to maturity have been eliminated, as had the possibility of separating derivatives embedded in hybrid contracts solely for financial assets. With regard to financial liabilities, the current classification and measurement rules set out in IAS 39 have been retained;
- the classification of the equity instruments in the FVTPL category, unless the option of classification in the FVOCI category for the equity instruments not held for trading purposes is exercised;
- accounting for so-called "own credit risk" (i.e. the change in the value of financial liabilities measured under the fair value option attributable to changes in an entity's own creditworthiness) through other comprehensive income, rather than through profit or loss as currently required by IAS 39;
- the presence of a single model of impairment, to be applied to all financial assets not measured at fair value through profit or loss, based on expected credit losses instead of the incurred losses concept adopted previously. The objective of the new impairment approach is to ensure more immediate recognition of losses compared with the incurred-loss model envisaged under IAS 39, according to which writedowns must be recognised if objective evidence of impairment is found after initial recognition of the asset. More specifically, the new model calls for financial assets to be allocated to three distinct "stages" in increasing order of deterioration of creditworthiness:
    - *stage* 1: this includes performing financial assets that have not experienced a significant increase in credit risk since initial recognition. Such assets are measured on the basis of 12-month expected credit losses;
    - *stage* 2: this includes performing financial assets that have experienced a significant increase in credit risk since initial recognition. Such assets are measured on the basis of lifetime expected credit losses;
    - *stage* 3: this includes impaired financial assets which, having experienced a significant increase in credit risk since initial recognition, are therefore measured on the basis of lifetime expected credit losses;
- recognition and designation of hedging relationships ("hedge accounting"), with the aim of ensuring greater alignment between hedge accounting and operational (or economic) hedging relationships established by the Risk Management unit;
- entities may not voluntarily discontinue hedge accounting if Risk Management's hedging objective remains. Adoption of the standard is mandatory as from January 1, 2018, with the possibility of early application of the entire standard or only of changes related to the accounting treatment of own credit risk for financial liabilities designated as at fair value.

The introduction of the new standard, which will be applicable to financial statements for annual periods beginning on or after January 1, 2018, aims to improve the financial reporting of financial instruments through the interpretative and applicative simplification of accounting policies and standards. In particular, IFRS 9 responds to the G20 invitation to make the transition to a more timely and forward-looking model for the recognition of expected losses on financial assets. Furthermore, for the purposes of classification and measurement, both the business model used to manage financial assets and liabilities and the characteristics of cash flows must be taken into consideration. In light of the results of the project specifically undertaken for to analyse the likely impact of the adoption of IFRS 9, SIMEST expects that during first-time adoption the majority of equity investments (which currently fall within the definition of loans and receivables for IAS/IFRS purposes) will no longer be recognised at amortised cost and will instead be recognised at fair value, since the characteristics of the cash flows are incompatible with the principle that they must be solely payments of principal and interest on this principle. Failure to pass this so-called SPPI test (solely payments of principal and interest) will therefore entail the measurement of these financial instruments at fair value with a probable consequent increase in the volatility of net profit. The estimation of the quantitative impacts is under way.

IFRS 15: Revenue from contracts with customers

The standard, published by the IASB on May 28, 2014, introduced a single model for the recognition of all revenue from the contracts with customers, replacing the previous standards/interpretations concerning revenue (IAS 18, IAS 11, IFRIC 13, IFRIC 15, IFRIC 18, SIC 31). According to this model, an entity must recognise revenue based on the consideration that is expected to be received for the goods and services provided, as determined on the basis of the following five steps:

1) identifying the contract, defined as an agreement between two or more parties that creates enforceable rights and obligations;
2) identifying the individual obligations ("performance obligations") contained in the contract;
3) determining the transaction price, i.e., the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer;
4) allocating the transaction price to each performance obligation, on the basis of the stand-alone selling price of the individual obligations;
5) recognising the revenue allocated to the individual obligation when the latter is satisfied, i.e. when the customer obtains control of the goods and services. Such recognition takes account of the fact that some services may be rendered at a point in time or over time.

New accounting standards and interpretations already issued and endorsed by the European Union but not yet in force (effective for financial years beginning on or after January 1, 2019)

The following are new standards and interpretations already issued and endorsed but which are not yet in force and therefore not applicable for the preparation of financial statements at December 31, 2017 (unless early application is permitted):

- Commission Regulation (EU) 2017/1986 of October 31, 2017, published in the *Official Journal* L. 291 of November 9, 2017, amending Regulation (EC) 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16.

IFRS 16: Leases

On January 13, 2016, the IASB published IFRS 16 (Leases) which is intended to replace the current standard IAS 17, as well as IFRIC 4 (Determining Whether an Arrangement Contains in Lease), SIC 15 (Operating Leases - Incentives) and SIC 27 (Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The new standard provides a new definition of lease and introduces a criterion based on control ("right of use") of an asset to distinguish lease contracts from service contracts, identifying as discriminants: the identification of the asset, the right to substitute the asset, the right to obtain substantially all the economic benefits deriving from the use of the asset and the right to direct the use of the asset underlying the contract. The objective is to ensure greater comparability among financial statements that have applied different accounting treatment to operating leases and finance leases. The standard establishes a single model for the recognition and measurement of leases by lessees, which provides for the recognition of assets governed by a lease, including operating leases, against the recognition of a corresponding financial liability, while also providing for the possibility of not recognising as leases contracts involving "low-value assets" and short-term leases (those with contractual term of 12 months or less). The new standard does not establish significant changes for lessors.

Accounting standards, amendments and interpretations that had not yet been endorsed by the European Union as of December 31, 2017

As of the date of preparation of this annex, a number of accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union, including:

- IFRS 14: Regulatory Deferral Accounts (issued on January 30, 2014);
- IFRS 17: Insurance Contracts (issued on May 18, 2017);
- IFRIC 22: Foreign Currency Transactions and Advance Consideration (issued on December 8, 2016);
- IFRIC 23: Uncertainty over Income Tax Treatments (issued on June 7, 2017);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28, Investments in Associates and

Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on September 11, 2014);
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on June 20, 2016);
- Amendments to IAS 40: Investment Property Relating to Transfers of Investment Property (issued on December 8, 2016);
- Annual Improvements to IFRS 2014-2016 Cycle (issued on December 8, 2016);
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on October 12, 2017);
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on October 12, 2017).

IV. Use of estimates and judgements

Accounting estimates
In applying the international accounting standards in the preparation of its financial statements, the Company is required to formulate reasonable and realistic estimates of certain items, based upon the information known at the time the estimates are made, that affect the carrying amount of assets and liabilities and to provide disclosures on contingent assets and liabilities at the reporting date, as well as the amount of revenues and costs for the period. Any changes to the conditions upon which judgments, assumptions and estimates are based can also have an impact on the subsequent results.
The estimates made as of the reporting date relate mainly to financial assets connected to receivables for equity investments to verify whether there is evidence indicating that the value of such assets has suffered a reduction, as well as to current and deferred taxes.

Fair value measurement
Fair value is the amount for which an asset (or a liability) can be exchanged in an arm's length transaction between parties with a reasonable level of knowledge about market conditions and the material circumstances of the object of the exchange.
In the definition of fair value, a key assumption is that an entity is fully operational and does not have an urgent need to liquidate or significantly reduce a position. Among other factors, the fair value of an instrument reflects its credit quality as it incorporates the default risk associated with the counterparty or the issuer.
There are three possible ways of determining the fair value of financial instruments:
- in the case of instruments quoted on active markets, prices on financial markets are used (Level 1);
- in the case of instruments not quoted on active markets, recourse is made, where possible, to valuation techniques that use observable market parameters that are not quoted prices for the instrument but are connected with its fair value by non-arbitrage relationships (Level 2);
- in other cases, recourse is made to internal valuation techniques that also use as inputs parameters that are not observable on the market and thus are inevitably subjective to some degree (Level 3).

A market is considered active if prices are readily and regularly available from regulated markets, organised trading facilities, brokers, intermediaries, pricing services, etc. and if those prices can reasonably be considered to be representative of actual and regular market transactions carried out close to the valuation date.
In the case of financial instruments that are not quoted on active markets, valuation using Level 2 inputs requires the use of valuation techniques that process market parameters at different levels of complexity. For example, valuation techniques may, in addition to interpolations and extrapolations, involve the specification of stochastic processes that represent market dynamics and the use of simulations or other numerical techniques to determine the fair value of the instruments being measured.
In selecting the valuation techniques to be used in Level 2 measurements, the Company takes account of the following criteria:

- simpler valuation techniques are preferred to more complex techniques, all other conditions being equal and as long as they represent all of the relevant characteristics of the product, ensuring that they are reasonably in line with the practices and results of other sector operators;
- valuation techniques are applied consistently over time to uniform categories of instruments, unless objective grounds for replacement of the technique should emerge;
- all other conditions being equal, preference is given to standard models whose mathematical structure and implementing procedures are familiar to practitioners and integrated into the Company's corporate systems.

The selection of market parameters as inputs for Level 2 measurements is conducted on the basis of non-arbitrage relationships or comparative relationships that define the fair value of the financial instrument being measured as the relative fair value compared with that of financial instruments quoted on active markets. In some cases, in determining fair value it is necessary to have recourse to valuation techniques that call for inputs that cannot be drawn directly from observable market variables, such as statistical or "expert-based" estimates by the party performing the valuation (Level 3).
Level 3 valuation techniques are also applied consistently over time to uniform categories of instruments, unless objective grounds for their replacement should emerge. Similarly, parameters that cannot be drawn directly from observable market variables are applied consistently over time.

Main accounting policies

The following pages provide a description of the accounting policies adopted in preparing the financial statements of SIMEST at December 31, 2017.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value. Cash refers to cash on hand and the balance on accounts held with banks returning market rates. The amount of the item is increased by the interest accrued on cash and cash equivalents, even if not yet settled.

Financial assets held for trading

Financial assets held for trading includes all financial assets, regardless of form, held for the purpose of generating profits over the short term and derivatives with a positive value, except for those held for hedging purposes.
The portfolio contains derivatives with a positive value, resulting from the separation of derivatives embedded in contracts with partner companies represented by contractual clauses that specify the redemption value of shares held by SIMEST in investee companies. These derivatives are separated from the host contract and classified in this portfolio.
Financial assets held for trading have the following characteristics:
- they are acquired for the purpose of reselling them in the near term;
- they are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- they are derivatives (with the exception of derivatives that are designated as effective hedging instruments).

Reclassification to other categories of financial asset is not permitted except in the event of unusual circumstances that are unlikely to recur in the short term. In these cases, debt and equity securities no longer held for trading may be reclassified to other categories envisaged by IAS 39 where the requirements for such recognition have been met. The transfer value is given by the fair value at the time of the reclassification.

Financial assets are initially recognised on the settlement date for debt and equity securities and at the signing date for derivative contracts. Financial assets held for trading are initially recognised at fair value in the balance sheet, net of transaction costs or income.
Subsequent to initial recognition, financial assets held for trading are measured at fair value, with changes in value recognised in profit or loss. For financial instruments listed on active markets, the fair value is determined on the basis of the market price. In the absence of an active market, fair value is determined using the price of listed instruments with similar features as well as the results of pricing models (based mainly on objective financial variables).
Derivatives contracts are recognised under assets if their fair value is positive and under liabilities if their fair value is negative.
Financial assets held for trading are derecognised when payment is received, when the contractual rights to the cash flows expire or when a sale transfers all the risks and rewards of ownership to a third party. Conversely, when substantially all of the risks and rewards of ownership of the financial asset are retained, the asset continues to be recognised on the balance sheet even if legal title has been transferred.
The gains and losses on sale or redemption and unrealised gains and losses resulting from changes in the fair value of the trading portfolio are reported under "Net gain (loss) on trading activities". The income components are recognised based on the results of the measurement of the financial assets held for trading.

Financial assets available for sale

This category includes financial assets that are not classified as "loans and receivables", "financial assets held to maturity", "financial assets held for trading" or "financial assets at fair value through profit or loss". Debt securities available for sale may be reclassified to "financial assets held to maturity" or to "loans and receivables" (provided that the Company plans to hold them for the foreseeable future). The transfer value is given by the fair value at the time of the reclassification.
Available-for-sale financial assets are initially recognised on the settlement date for debt and equity securities and on the disbursement date in the case of loans. The financial assets are initially recognised at fair value, which generally equals the amount paid, in addition to any directly attributable transaction costs, if material and determinable.
Following initial recognition, financial assets available for sale are measured at fair value with changes in value being recognised in a special equity reserve, the effects of which for the period are recognised in the statement of comprehensive income. For debt securities the value corresponding to the amortised cost is recognised in profit or loss. Certain equity securities not listed on active markets, the fair value of which cannot be reliably determined or verified, are carried at cost and written down in the event of impairment losses. The values recognised in the equity reserve are reversed to profit or loss upon disposal of the asset or in the event of impairment. Where impairment is found, the amount of the loss is measured as the difference between the carrying amount and the fair value of the asset. Where the reasons for the impairment should cease to obtain, writebacks are recognised in profit or loss for debt securities and in equity in the case of equity instruments. The amount of the writeback shall not in any event exceed the amortised cost that the instrument would have had in the absence of the prior writedown.
The interest on debt securities recognised in this category is calculated using the effective interest rate method and is recognised through profit or loss.
Dividends on available-for-sale capital instruments are recognised through profit or loss when the right to receive payment accrues.

Receivables for equity investments

The term "receivables" refers to the portfolio of financial instruments, including debt securities, not quoted on active markets, that IAS 39 refers to as "loans and receivables" and that give rise to the right to future cash flows.

In SIMEST's financial statements this aggregate includes receivables from partner companies arising from investments in investee companies.
Specifically, existing transactions between SIMEST, the partner companies and investee companies represent a financial asset in the form of a linked transaction for which SIMEST has the right to receive a sum of money (determinable by contract and no less than the amount disbursed) from the partner company, thereby substantiating the relationship with the partner within the context of the linked transaction. These transactions, regardless of their legal form, are classified as "loans and receivables", as they meet the requirements set out in IAS 39 for such classification.
Receivables are recognised upon the execution of the contract, i.e. with the acquisition of an unconditional right to payment of an agreed amount. They are initially recognised at fair value, equal to the amount disbursed, including transaction costs and fees and commissions directly attributable to the transaction. If the net amount disbursed is not equal to its fair value due to the application of an interest rate that is lower than the market rate or the rate normally applied to similar loans, the asset is initially measured by discounting the expected future cash flows using an appropriate rate.
The receivables portfolio undergoes testing for impairment when, subsequent to initial recognition, events have occurred that could give rise to objective evidence of impairment.
Receivables for which no objective evidence of impairment has been found undergo collective impairment testing. This testing is performed on groups of positions with uniform credit risk profiles and the associated loss rates are estimated based on the creditworthiness of the counterparties and other observable factors at the measurement date, making it possible to estimate the impairment for each group of receivables.
The country risk of the counterparty is taken into account in measuring receivables. Collective value adjustments are taken to profit or loss.
The key to determining the value of the future cash flows is identifying the estimated collections (expected cash flows), the related timing, and the discount rate to be applied.
Individual and collective impairment is recognised through a writedown of the carrying amount based upon the criteria indicated above. Where the reasons for the impairment should cease to obtain or when a recovery occurs that exceeds the writedown originally taken, a writeback in recognised in profit or loss under net impairment adjustments of loans.

Property, plant and equipment

"Property, plant and equipment" includes all non-current tangible assets used in operations. Property, plant and equipment are recognised at purchase cost including incidental expenses. The carrying amount represents the book value of the assets net of depreciation, which is calculated using the rates that are felt to reflect the remaining useful economic lives of each asset. Newly acquired assets are depreciated as from the period in which they enter service. Assets whose use or nature classifies them as capital equipment are depreciated on a straight-line basis over their remaining useful lives. Maintenance and repair costs that do not increase the utility or useful lives of assets are charged directly to profit or loss for the year.

Intangible assets

"Intangible assets" are governed by IAS 38. Intangible assets are recognised at purchase or development cost including incidental expenses and are amortised over their estimated useful lives, which are reassessed at the end of each year in order to verify the appropriateness of the estimates. An intangible asset is only recognised in the balance sheet under the following conditions:
- the Company can control the future economic benefits generated by the asset;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company;
- the cost of the asset can be measured reliably.

Intangible assets are therefore derecognised when future economic benefits are no longer expected or when sold. Costs incurred for the purchase and development of software by third parties are amortised over the residual useful lives of the assets, which is no greater than three years.

Financial liabilities held for trading

Financial liabilities are initially recognised at the date of signing or at the date of issue at a value equal to the cost corresponding to the fair value of the instrument. The item includes the negative value of trading derivatives as well as the negative value of derivatives embedded in compound contracts but not strictly correlated with them. All financial liabilities held for trading are measured at fair value, with differences recognised through profit or loss. Financial liabilities held for trading are derecognised when the contractual rights to the cash flows expire or a sale transfers all the risks and rewards of ownership to a third party.

Current and deferred taxes

Tax assets and liabilities are classified in the balance sheet under “Tax assets” and “Tax liabilities”. The accounting entries current and deferred taxation include: i) current tax assets, consisting of tax paid in advance and receivables for withholding taxes incurred; ii) current tax liabilities, consisting of tax payables to be settled according to applicable tax regulations; iii) deferred tax assets, consisting of the amounts of tax recoverable in future years in view of temporarily deductible differences; and iv) deferred tax liabilities, consisting of payables for tax to be paid in future periods as a result of taxable temporary differences. Current taxes, consisting of corporate income tax (IRES) and the regional tax on business activities (IRAP), are recognised on an accruals basis using a realistic estimate of the negative and positive tax components for the year and are calculated on the basis of the tax rates currently in force, amounting, for the year 2017, to 27.5% for IRES (24% ordinary rate plus 3.5% surtax) and 5.57% for IRAP. Deferred tax assets and liabilities are recognised based on the tax rate that, under the legislation in force at the reporting date, is expected to apply in the year when the asset is realised or the liability is settled, and are periodically reviewed to take account of any changes in legislation. The term “deferred tax” refers, in particular, to the recognition, in terms of tax, of the temporary differences between the value assigned to the asset or liability for statutory accounting purposes and the corresponding value for tax purposes. Deferred taxes are recognised: i) under tax assets, if they relate to deductible temporary differences, which means the differences between statutory and tax values that will give rise to deductible amounts in future periods, to the extent that they are likely to be recovered; ii) under tax liabilities, if they relate to taxable temporary differences representing liabilities because they relate to accounting entries that will become taxable in future tax periods. More specifically, with respect to IRES (with regard to the 24% ordinary rate), as a result of joining the CDP Group’s tax consolidation mechanism and in accordance with the Consolidation Rules and the prevailing legal theory and practices, the Company calculated its “potential” charge, recognising a payable to the consolidating entity that, in accordance with the new scheme, is the only entity obliged to make tax payments to the tax authority.

Employee termination benefits

Employee termination benefits (trattamento di fine rapporto – TFR) cover the entire amount of the liabilities towards employees accrued at the end of the period, in accordance with the law (Article 2120 of the Italian Civil Code) and applicable labour agreements. In accordance with IAS 19, TFR is considered a “defined-benefit plan” and, therefore, at the reference date represents the accumulating obligation towards employees as the present value of expected future payments with respect to benefits accrued in the current year and the present value of future payments arising from benefits accrued in previous years.

Provisions for risks and charges

Provisions for risks and charges are only recognised to cover liabilities of a determinate nature, the existence of which is certain or probable, but whose amount or timing is uncertain at the end of the period. Therefore a provision is made under “Provisions for risks and charges” only when:
- there is a present legal or constructive obligation resulting from a past event;
- it is probable that performance of the obligation is likely to be onerous, that is, an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Provisions are used only to discharge the obligations for which they were originally recognised.

Income from equity investments and interest expense

Income from equity investments and interest expense are recognised in the income statement on a prorated basis for all instruments using an agreed interest rate or the effective interest rate, in the case of the application of the amortised cost.

Fees and commissions

Fees and commissions are recognised in the income statement on an accruals basis. This excludes fees and commissions considered when calculating amortised cost for the purpose of determining the effective interest rate, which are recognised under interest.

Costs

Costs are recognised on an accrual basis.

Information on the balance sheet

ASSETS

A.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents: composition

	31/12/2017	31/12/2016
Banks	15	64
Cash on hand	6	6
TOTAL	**21**	**70**

The item represents cash deposited in bank accounts at December 31, 2017, including interest income credited by banks, and cash on hand, in both euros and foreign currencies.

A.2 FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading: composition by debtor

	31/12/2017	31/12/2016
A. ON-BALANCE-SHEET ASSETS		
1. Debt securities		
2. Equity securities		
3. Units in collective investment undertakings		
4. Loans		
TOTAL A		
B. DERIVATIVES		
a) Banks		
- at fair value		
b) Customers	2,607	1,711
- at fair value	2,607	1,711
TOTAL B	**2,607**	**1,711**
TOTAL (A+B)	**2,607**	**1,711**

The item shows the mark-to-market valuation at December 31 of derivatives relating to put/call options on receivables for equity investments.

Financial assets held for trading: composition by type

	31/12/2017			31/12/2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities						
2. Equity securities						
3. Units in collective investment undertakings						
4. Loans						
TOTAL A						
B. Derivatives						
1. Financial derivatives			2,607			1,711
1.1 Trading						
1.2 Associated with the Fair value option						
1.3 Other			2,607			1,711
2. Credit derivatives						
TOTAL B			**2,607**			**1,711**
TOTAL (A+B)	-	-	**2,607**	-	-	**1,711**

A.3 FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale

	31/12/2017	31/12/2016
Equity interests paid up	5,165	5,165
TOTAL	**5,165**	**5,165**

The item refers to the equity interest (not constituting an associate relationship) that SIMEST holds in FINEST Spa.

Financial assets available for sale: composition by type

	31/12/2017			31/12/2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities			5,165			5,165
2.1 At fair value						
2.2 Carried at cost			5,165			5,165
3. Units in collective investment undertakings						
4. Loans						-
TOTAL	-	-	5,165	-	-	5,165

Change for the period

OPENING BALANCE AT 31/12/2016	5,165
Increases	
-	
Decreases	
-	-
CLOSING BALANCE AT 31/12/2017	5,165

A.4 RECEIVABLES FOR EQUITY INVESTMENTS

Receivables for equity investments: composition

	31/12/2017	31/12/2016
Receivables for equity investments	524,632	505,725
TOTAL	524,632	505,725

This item reports receivables arising in respect of equity investments.

Receivables for equity investments: composition by type

	31/12/2017			
		Impaired positions		
	Performing	Acquired	Other	Total
Due from:				
a) Governments				
b) Other public entities				
c) Other	497,455		27,177	524,632
TOTAL	497,455		27,177	524,632

Receivables for equity investments: by maturity

	Past due	up to 3 months	up to 12 months	up to 5 years	beyond 5 years	Total
Receivables for equity investments	14,009	921	78,575	281,528	157,429	532,462
less:						
Collective value adjustments	x	x	x	x	x	(7,830)
TOTAL						524,632

A.5 OTHER FINANCIAL RECEIVABLES

Other financial receivables: composition

	31/12/2017	31/12/2016
Mortgage loans to employees	4,230	4,261
Personal loans to employees	347	466
TOTAL	**4,577**	**4,727**

The item refers to mortgage and personal loans disbursed to employees.

The breakdown by maturity is shown below:

	up to 3 months	up to 12 months	up to 5 years	beyond 5 years	Total
Mortgage loans to employees	79	237	1,176	2,738	4,230
Personal loans to employees	63	93	191	-	347
TOTAL					**4,577**

A.6 PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment: composition of assets carried at cost

	31/12/2017	31/12/2016
1. Owned assets	**180**	**206**
a) Land		
b) Buildings		
c) Movables	79	91
d) Electronic plant	101	115
e) Other		
2. Assets acquired under financial leases	**-**	**-**
a) Land		
b) Buildings		
c) Movables		
d) Electronic plant		
e) Other		
TOTAL	**180**	**206**

Operating property, plant and equipment: change for the period

	Movables	Electronic plants	Total
A. Opening gross balance	**1,332**	**2,036**	**3,368**
A.1 Total net writedowns	(1,241)	(1,921)	(3,162)
A.2 Opening net balance	91	115	206
B. Increases	**10**	**26**	**36**
B.1 Purchases	10	26	36
C. Decreases	**(22)**	**(40)**	**(62)**
C.1 Sales	-	-	-
C.2 Depreciation	(22)	(40)	(62)
D. Closing net balance	**79**	**101**	**180**
D.1 Total net writedowns	(1,263)	(1,961)	(3,224)
D.2 CLOSING GROSS BALANCE	**1,342**	**2,062**	**3,404**

Depreciation is calculated on a straight-line basis at a rate determined in relation to the use of the assets and their residual useful lives.
Purchases during the year mainly regarded IT system hardware and movables and furnishings.

A.7 INTANGIBLE ASSETS

Intangible assets: composition

	31/12/2017	31/12/2016
Software licences	588	496
Headquarters renovation costs	115	70
TOTAL	**703**	**566**

The item includes the costs for updating IT procedures used to manage Company operations. Software costs and the costs incurred in respect of the business development plan are amortised on a straight-line basis over three years.

Intangible assets: change for the period

A. OPENING BALANCE	**13,036**
A.1 Total net writedowns	(12,470)
A.2 Opening net balance	566
B. Increases	611
B.1 Purchases	611
of which business combinations	
C. Decreases	(474)
C.1 Sales	
of which business combinations	
C.2 Writedowns	(474)
- Amortization	(474)
- Impairement:	-
+ Equity	
+ Income statement	
D. CLOSING NET BALANCE	**703**
D.1 Total net writedowns	**(12,944)**
E. CLOSING GROSS BALANCE	**13,647**

A.8 TAX ASSETS

Deferred tax assets: composition

	31/12/2017	31/12/2016
Deferred tax assets recognized in the income statement	**2,600**	**2,612**
- Provisions for risks and charges	2,018	1,797
- Writedowns of receivables	582	815
Deferred tax assets recognized in equity		
TOTAL	**2,600**	**2,612**

Change in deferred tax assets

	31/12/2017
Opening balance	**2,612**
1. Increases	**417**
1.1 Deferred tax assets recognized during the period	417
1.2 New taxes or increases in tax rates	
1.3 Other increases	
1.4 Business combinations	
2. Decreases	**(429)**
2.1 Deferred tax assets derecognized during the period	(429)
a) Reversals	
b) Writedowns for supervening non-recoverability	
c) Due to changes in accounting policies	
d) Other	(429)
2.2 Reduction in tax rates	
2.3 Other decreases	
2.4 Business combinations	
CLOSING BALANCE	**2,600**

A.9 OTHER ASSETS

Other assets: composition

	31/12/2017	31/12/2016
Trade receivables and advances to public entities	16,130	9,049
Advances to suppliers	21	487
Advances to employees	-	1
Other trade receivables	1	76
Other tax receivables	8	1
Accrued income and prepaid expenses	82	245
TOTAL	**16,242**	**9,859**

Trade receivables and advances to public entities include receivables for fees and commissions earned for managing the Law 295/73 Fund, the Law 394/81 Fund, the Sustainable Growth Fund, the Venture Capital Fund and the Start-Up Fund.

LIABILITIES

P.1 BORROWINGS

Borrowings: composition

	31/12/2017	31/12/2016
Due to banks	135,281	175,995
Due to Cassa depositi e prestiti	86,109	20,066
TOTAL	**221,390**	**196,061**

This item refers to current bank account overdrafts and to the utilisation of credit lines for covering cash flow requirements in respect of equity investments.

Borrowings: by maturity

	31/12/2017	31/12/2016
Borrowings repayable on demand	12,866	65,830
Term borrowings and borrowings repayable with notice	208,524	130,231
TOTAL	**221,390**	**196,061**

"Borrowings repayable on demand" refers to bank current account overdrafts at the end of the year. The carrying amount is equal to the nominal value and includes accrued fees.
"Term borrowings and borrowings repayable with notice" refers to the payable outstanding at the end of the year in respect of credit lines. It includes the 6-year committed credit line from Cassa depositi e prestiti in a pool with another credit institution.

P.2 FINANCIAL LIABILITIES HELD FOR TRADING

Financial liabilities held for trading: composition

	31/12/2017	31/12/2016
Interest rate derivatives	-	89
TOTAL	**-**	**89**

Financial liabilities held for trading: composition by type

	31/12/2017			31/12/2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet liabilities						
2. Equity securities						
3. Units in collective investment undertakings						
4. Loans						
TOTAL A						
B. Derivatives						
1. Financial derivatives		-			89	
1.1 Trading		-			89	
2. Credit derivatives						
2.1 Trading						
2.3 Other						
TOTAL B		-			89	
TOTAL (A+B)	-	-	-	-	89	-

P.3 OTHER LIABILITIES

Other liabilities: composition

	31/12/2017	31/12/2016
Payables for amounts to be disbursed to employees	1,880	963
Trade payables and other items	4,301	2,373
Payables due to tax authorities	338	385
Payables due to social security institutions	621	679
IRES liability in respect of Group Parent Cassa depositi e prestiti Spa from consolidated taxation mechanism	3,957	2,399
TOTAL	**11,097**	**6,799**

P.4 EMPLOYEE TERMINATION BENEFITS

Employee termination benefits: change for the period

	31/12/2017	31/12/2016
A. Opening balance	**3,122**	**3,514**
B. Increases	**25**	**275**
B.1 Provisions for the period	25	65
B.2 Other increases	-	210
C. Decreases	**706**	**667**
C.1 Benefit payments	551	667
C.2 Other decreases	155	-
D. CLOSING BALANCE	**2,441**	**3,122**

Post-employment benefits are divided into two categories:

- defined-contribution plans, in which the Company pays fixed contributions into a separate entity (a fund). In this case the actuarial risk (that benefits are less than expected) and investment risk (that the assets invested are not sufficient to generate the expected benefits) are borne by the employee;
- defined-benefit plans, in which the Company is obligated to pay out agreed benefits for employees in service and those no longer in service, thereby essentially assuming the actuarial and investment risks associated with the plan.

Accounting treatment of defined-contribution plans

The plan's costs are recognised in profit or loss under "Personnel expenses", without any consideration of the present value of the obligation. From January 1, 2007 (the date of entry into force of the reforms of supplementary pension scheme introduced by Legislative Decree 252 of 5 December 2005), for companies with more than 50 employees, the portion of the employee termination benefit paid into pension funds and the INPS Treasury Fund falls under the definition of "defined-contribution plan" without requiring an actuarial valuation to be made. Conversely, the existing portion, which will continue to be held by the Company until the final date of disbursement of the benefits to the employee, will continue to be treated as a "defined-benefit plan". Specifically, the recognition of interest from discounting and the distributions made will affect this portion only.

Accounting treatment of defined-benefit plans

The cost recognised with respect to a defined-benefit plan must be recalculated, based on demographic, statistical and salary movement assumptions. Specifically, the portion of the employee termination benefits that remains with the Company, which falls under the definition of a defined-contribution plan, is calculated based on the present value of the obligation accruing and accrued (respectively the present value of expected future payments with respect to benefits accrued in the current year and the present value of future payments arising from benefits accrued in previous years) using the projected unit credit method. The costs of servicing the plan are recognised under "Personnel expenses", while the actuarial gains and losses are posted in the "Valuation reserves" in equity. The actuarial assessment is conducted in accordance with the revised IAS 19, as amended by the IASB on June 16, 2011 and approved with Regulation (EU) no. 475/2012 of June 5, 2012.

In accordance with this standard, the following were calculated:

- Past Service Liability: the present value calculated based on demographic and financial parameters of benefits accrued by employees (employee termination benefits) in respect of past periods of service;
- Defined Benefit Obligation: the average present value at December 31, 2017 of the defined benefit obligations accrued by employees at the measurement date for service in the current period and in previous periods;
- Current Service Cost: the average present value at December 31, 2017 of obligations in respect of employee termination benefits accrued by employees in service at December 31 for service during the period;
- Expected Future Working Life of Active Membership: average residual working life of employees in service and an indicator of the period on the basis of which any amortisation charges to be recognised in profit or loss for the period will be determined;
- Actuarial (Gains)/Losses: these measure the change in the obligation during the period.

The following were the main actuarial assumptions made in calculating employee termination benefits:

Accounting treatment of defined-contribution plans and defined-benefit plans *(%)*

ECONOMIC AND FINANCIAL PARAMETERS	2017	2016	2015
Nominal annual discount rate	0.86%	0.86%	2.03%
Annual inflation rate	1.2%	1.50%	1.75%

DEMOGRAPHIC PARAMETERS	2017
Mortality	ISTAT - Annuario Statistico Italiano 2017
Disability	Equal to 3% until age 54 and 5% subsequently
Retirement age	Provisions of Law 214/2011

RECONCILIATION OF LIABILITIES 01/01/2017-31/12/2017	*(in euros)*
Past service liability at January 1, 2017	3,121,725
Total pension cost	24,477
Uses	(551,098)
Actuarial gains/(losses)	(154,772)
PAST SERVICE LIABILITY AT DECEMBER 31, 2017	**2,440,332**

The actuarial losses are recognised in the statement of comprehensive income without being recycled to the income statement, as an adjustment to equity.

P.5 TAX LIABILITIES

Tax liabilities: composition

	31/12/2017	31/12/2016
Tax liabilities		
a) Current	577	-
b) Deferred	36	17
TOTAL	**613**	**17**

"Current tax liabilities" regard the IRES liability arising from the application of the 3.5% surtax, while "deferred tax liabilities" regard the IRES liability in respect of items that will become taxable in future years.

P.6 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges: composition

	31/12/2017	31/12/2016
1. Company pension plans		
2. Other provisions for risks and charges	**1,324**	**1,715**
2.1 Legal disputes	-	-
2.2 Personnel expenses	761	1,152
2.3 Other	563	563
TOTAL	**1,324**	**1,715**

Provisions for personnel expenses regard the provision for variable remuneration in 2017, which will be paid to employees in 2018.

Provisions for risks and charges: change for the period

	31/12/2017	31/12/2016
A. Opening balance	**1,715**	**2,138**
B. Increases	**761**	**657**
B.1 Provisions for the year	761	657
B.2 Changes due to passage of time		
B.3 Changes due to changes in the discount rate		
B.4 Other increases		
C. Decreases	**1,152**	**1,080**
C.1 Use during the year	1,152	1,080
C.2 Changes due to changes in the discount rate		
C.3 Other decreases		
D. CLOSING BALANCE	**1,324**	**1,715**

SHAREHOLDERS' EQUITY

P.7 SHARE CAPITAL

Share capital: composition

	31/12/2017	31/12/2016
Share capital subscribed and paid	164,646	164,646
TOTAL	**164,646**	**164,646**

At December 31, 2017, share capital amounted to €164,646 thousand, fully subscribed and paid up, represented by 316,627,369 shares with a par value of €0.52 each.

Share capital – number of shares: change for the period *(units)*

	Ordinary	Other
A. Shares at the start of the period	**316,627,369**	-
- Fully paid	316,627,369	
A.1 Treasury shares (-)		
A.2 Shares in circulation: opening balance	316,627,369	
B. Increases		
B.1 New issues		
B.2 Sales of treasury shares		
B.3 Other changes		
C. Decreases		
C.1 Cancellation		
C.2 Purchase of treasury shares		
C.3 Disposal of companies		
C.4 Other changes		
D. Shares in circulation: closing balance	**316,627,369**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares at the end of the year	**316,627,369**	**-**
- Fully paid	316,627,369	-

P.8 SHARE PREMIUM RESERVE

Share premium reserve

	31/12/2017	31/12/2016
Share premium reserve	1,736	1,736
TOTAL	**1,736**	**1,736**

The share premium reserve applied to a total of 22,403,298 shares.

P.9 RESERVES

Reserves

At December 31, 2017 the Company reported the following “Reserves”:

	31/12/2017	31/12/2016
Capital reserve:	**5,165**	**5,165**
Reserve pursuant to Art. 88(4) of Pres. Decree 917/86	5,165	5,165
Earnings reserve:	**145,292**	**140,780**
Legal reserve	22,354	21,788
Other reserves	59,411	55,465
First-time adoption reserve	63,527	63,527
TOTAL	**150,457**	**145,945**

The reserve pursuant to Article 88(4) of Pres. Decree 917/86 regards the capital contribution received from the Ministry of Economic Development to subscribe the equity investment in FINEST Spa of Pordenone, as established by Law 19 of January 9, 1991.

OTHER INFORMATION

Guarantees issued and commitments

The Company did not issue guarantees to be reported in memorandum accounts. At December 31, 2017, commitments in respect of equity investments subscribed but not paid in amounted to €11,437 thousand.

Assets pledged as security for own liabilities and commitments

No unsecured guarantees or collateral were pledged directly or indirectly in the interest of third parties.

Information on the income statement

C.1 INCOME FROM EQUITY INVESTMENTS

Income from equity investments: composition

	31/12/2017	31/12/2016
Income from equity investments	28,461	27,361
TOTAL	**28,461**	**27,361**

Income from equity investments refers to fees received for outlays in respect of equity investments (€26,744 thousand) and includes the related deferred payment interest (€505 thousand) and default interest (€1,212 thousand).

C.2 INTEREST AND SIMILAR EXPENSE

Interest and similar expense: composition

	31/12/2017	31/12/2016
Interest and similar expense	(1,868)	(1,535)
TOTAL	**(1,868)**	**(1,535)**

This refers to interest expense accrued on bank current account overdrafts and on credit lines used to meet cash flow requirements in respect of equity investments.

C.3 FEE AND COMMISSION INCOME

Fee and commission income: composition

	31/12/2017	31/12/2016
Fee and commission income	16,576	16,381
TOTAL	**16,576**	**16,381**

This item refers essentially to fees and commissions earned for managing the Venture Capital Fund (€4,596 thousand), the Law 394/81 Fund (€5,480 thousand), the Sustainable Growth Fund (€674 thousand), and the Law 295/73 Fund (€5,735 thousand).
It also includes fees and commissions in respect of the Start-Up Fund (€11 thousand) and revenue from “Ministry of Economic Development Programmes” (€80 thousand).

C.4 NET GAIN (LOSS) ON ASSETS AND LIABILITIES HELD FOR TRADING

Net gain (loss) on assets and liabilities held for trading: composition

	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net gain (loss) [(A+B) - (C+D)]
1. Financial assets held for trading	**897**	**1,215**			**2,112**
1.1 Debt securities					
1.2 Equity securities					
1.3 Units in collective investment undertakings					
1.4 Loans	897	1,215			
1.5 Other					-
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Payables					
2.3 Other					
3. Other financial assets and liabilities: foreign exchange differences					
4. Derivatives		**89**		**89**	-
4.1 Financial derivatives		89		89	-
- On debt securities and interest rate		89		89	-
4.2 Credit derivatives					
TOTAL	**897**	**1,304**	**-**	**89**	**2,112**

The item shows a net gain generated by gains on the disposal of receivables for investments (€2.112 thousand) and gains on the expiry of a financial instrument in 2017 (€89 thousand) and the negative difference on the same operation.

C.5 OTHER FINANCIAL INCOME

Other financial income: composition

	31/12/2017	31/12/2016
Other financial income	36	43
TOTAL	**36**	**43**

This item mainly refers to interest income on other financial receivables for mortgage and personal loans to employees.

C.6 NET IMPAIRMENT ADJUSTMENTS OF LOANS

Net impairment adjustments of loans: composition

	31/12/2017	31/12/2016
Net impairment adjustments of loans	(12,483)	(6,009)
TOTAL	**(12,483)**	**(6,009)**

Net impairment adjustments of loans represent the individual and collective writedowns on loans and receivables in respect of equity investments as shown in the following table

	Writedowns		Writebacks		Total at
	Specific	Portfolio	Specific	Portfolio	31/12/2017
Receivables for equity investments	(13,088)	-	288	317	(12,483)
TOTAL	**(13,088)**	**-**	**288**	**317**	**(12,483)**

C.7 ADMINISTRATIVE EXPENSES

Administrative expenses: composition

	31/12/2017	31/12/2016
a) Personnel expenses	(14,487)	(14,126)
b) Other administrative expenses	(7,645)	(7,146)
TOTAL	**(22,131)**	**(21,272)**

Personnel expenses: composition

	31/12/2017	31/12/2016
1) Employees	**(12,807)**	**(12,881)**
a) Wages and salaries	(7,773)	(8,771)
b) Social security contributions	(17)	(25)
c) Termination benefits	(544)	(603)
d) Pensions	(2,120)	(2,343)
e) Payments to external pension funds	(239)	(317)
- Defined contribution	(239)	(317)
i) Other employee benefits	(2,114)	(822)
2) Other personnel	**(1,381)**	**(925)**
3) Board of Directors and Board of Auditors	**(299)**	**(320)**
TOTAL	**(14,487)**	**(14,126)**

Other employee benefits: composition

	31/12/2017	31/12/2016
Lunch vouchers	(228)	(274)
Insurance policies	(478)	(530)
Early retirement incentives	(1,327)	-
Other benefits	(81)	(18)
TOTAL	**(2,114)**	**(822)**

Other administrative expenses: composition

	31/12/2017	31/12/2016
Professional and financial services	(1,084)	(1,699)
Outsourcing	(1,170)	(285)
Information services	(861)	(754)
Advertising and marketing	(496)	(540)
General services	(1,294)	(1,108)
Utilities, duties and other expenses	(2,605)	(2,607)
Other corporate bodies	(65)	(139)
Expenses incurred on behalf of the Ministry of Economic Development (Special programmes)	(71)	(14)
TOTAL	**(7,645)**	**(7,146)**

Fees for the services provided by PricewaterhouseCoopers Spa during the year are given below:

	Provider	Fee
Statutory audit	PwC Spa	37,299
Other audit-related services (audit of annual and semi-annual Reporting Package for Parent Company and Group Parent, audit of accounting separation file)	PwC Spa	69,278
TOTAL		**106,577**

C.8 OTHER OPERATING (EXPENSE)/INCOME

Other operating (expense)/income: composition

	31/12/2017	31/12/2016
Other operating (expense)/income	-	(18)
TOTAL	**-**	**(18)**

C.9 NET PROVISIONS FOR RISKS AND CHARGES

Net provisions for risks and charges: composition

	31/12/2017	31/12/2016
Sundry personnel costs	(761)	(657)
TOTAL	**(761)**	**(657)**

C.10 NET ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT

Net adjustments of property, plant and equipment: composition

	Depreciation (a)	Writedowns for impairment (b)	Writebacks (c)	Net gain (loss) (a + b - c)
A. Property, plant and equipment				
A.1 Owned	(62)			(62)
- Operating assets	(62)			(62)
- Investment property				
A.2 Acquired under finance leases				
- Operating assets				
- Investment property				
TOTAL	**(62)**	**-**	**-**	**(62)**

C.11 NET ADJUSTMENTS OF INTANGIBLE ASSETS

Net adjustments of intangible assets: composition

	Amortization (a)	Writedowns for impairment (b)	Writebacks (c)	Net gain (loss) (a + b - c)
A. Intangible assets				
A.1 Owned	(474)			(474)
- Other	(474)			(474)
A.2 Acquired under finance leases				
TOTAL	**(474)**	**-**	**-**	**(474)**

C.12 INCOME TAX FOR THE PERIOD

Income tax expense from continuing operations: composition

	31/12/2017	31/12/2016
1. Current taxes (-)	(5,706)	(5,780)
2. Changes in current taxes from previous periods (+/-)	95	203
3. Reduction of current taxes for the period (+)		
4. Change in deferred tax assets (+/-)	(153)	(78)
5. Change in deferred tax liabilities (+/-)	(18)	(17)
6. INCOME TAXES FOR THE PERIOD (-) (-1+/-2+3+/-4+/-5)	**(5,782)**	**(5,672)**

In 2017 provisions for current and deferred tax liabilities amounted to €4,546 thousand in respect of corporate income tax (IRES) and €1,236 thousand in respect of the regional business tax (IRAP). For deferred tax items, a receivable of €2,600 thousand with respect to deferred tax assets and a payable of €36 thousand with respect to deferred tax liabilities were recognised on the basis of the calculation of deferred tax assets and liabilities at December 31, 2017.

The following tables provide a reconciliation of the theoretical tax liability and the actual tax liability recognised.

	31/12/2017
Net profit (loss) for the period before tax	**9,406**
Theoretical IRES tax liability (27.5%)	**(2,587)**
Increases	
- Temporary differences	(230)
- Permanent differences	(3,285)
Decreases	
- Dividends	339
- Capital gains on equity investments	574
- Other decreases	643
EFFECTIVE IRES TAX LIABILITY	**(4,546)**

	31/12/2017
Difference between value of production and production costs	**21,410**
Theoretical IRAP tax liability (5.57%)	**(1,193)**
Increases in taxes	(64)
Decreases in taxes	21
EFFECTIVE IRAP TAX LIABILITY	**(1,236)**

Information on risks and risk management policies

In order to identify the risks that need to be managed, and although SIMEST is not subject to prudential regulation, the Company has based its approach on existing banking supervision regulations, namely the classification adopted by the Basel Committee, distinguishing between "pillar 1 risks" and "pillar 2 risks".
This classification is contained in the Risk Rules adopted by SIMEST. The primary purpose of those rules is to ensure that SIMEST, in coordination with the Parent Company, SACE, is able to meet the risks it assumes with its own resources. The Rules therefore contain the same risk management principles adopted by the Parent Company, taking account of the specific features and dimension of SIMEST. The consequent operational policies have also been issued.

The most significant risks to which SIMEST is exposed are as follows.
Credit risk: this is the risk of an unexpected deterioration in the economic-financial condition of a counterparty with whom the Company has a credit exposure. The Risk Rules and the Investment Rules set out specific investment guidelines and specific arrangements for assessing creditworthiness, both ex ante and ex post, for each individual counterparty: the Rules govern the operation of the investment and monitoring process and the roles of the organisational units involved. The results of the origination activities conducted by the various organisational units are summarised in investment proposals, which are then submitted for evaluation by the Investment Committee. In the event a proposal is deemed valid and of interest – taking due account of the related financial/credit risk and the methods for managing and mitigating such risks – it is submitted to the SIMEST Board of Directors for final approval. Subsequently, agreements with the partner are defined on the basis of the guidelines and other indications provided by the Board. For monitoring purposes, SIMEST has implemented approaches, processes and operational tools for analysing and monitoring the risk of investments. The objective of monitoring is to promptly identify any problem credit positions so as to enable management to take specific actions to safeguard assets and, where possible, to recover the credit position. Furthermore, the credit risk associated with equity investments is first mitigated by acquiring direct commitments from the Italian partners for the forward acquisition of the SIMEST investment, partly backed by corporate sureties, collateral and bank or insurance guarantees.
At December 31, 2017, the direct commitments of Italian partners for the forward acquisition of equity investments amounted to about €436 million (€410 million at December 31, 2016). Commitments secured by bank and/or insurance guarantees amounted to about €48 million (€58 million at December 31, 2016) and those backed by collateral amounted to €31 million (€28 million at December 31, 2016).

GUARANTEES

(%; millions of euros)

	2017		2016	
Direct commitments of Italian partners	85%	436	83%	410
Commitments guaranteed by financial institutions and insurance companies	9%	48	12%	58
Commitments secured by collateral	6%	31	6%	28
TOTAL AMOUNT PAID		**514**		**496**

Market risk: this is the risk generated by operations in the markets involving financial instruments, currencies and commodities. Price and foreign exchange risks are mitigated through contractual language that generally guarantees that SIMEST will recoup its investment at the price paid in euros for the investment.

Operational risk: this is the risk of incurring losses due to the inadequacy or failure of procedures, human resources and internal systems or to external events. At its meeting of October 27, 2017, the Board of Directors of SIMEST adopted the CDP Group policies "Identification of Operational Risks (Loss Data Collection and Risk Self-Assessment)" and the related implementation plan to strengthen the control arrangements in the various phases of the financing/grant management process and external reporting.

Liquidity risk: this is the risk that the Company will not be able to liquidate investments and other assets to settle its financial obligations when they fall due without incurring losses. Liquidity risk and interest rate risk are constantly monitored using a cash flow analysis approach, especially for equity investments. In addition, in order to reduce exposure to liquidity and interest rate risk, in 2017 we continued to review the composition of debt to ensure the consistency of the time profile of equity investments with the related funding by taking on new medium and long-term financing and renegotiating existing lines of credit.

Concentration risk: this is the risk associated with exposures to counterparties, groups of connected counterparties and counterparties in the same economic sector or engaged in the same activity or belonging to the same geographical area.

Reputational risk: this is the current or prospective risk of lower profits, penalties, loss of economic value or impairment of the institutional role of SIMEST deriving from a negative perception of the Company's image by customers, counterparties, shareholders, investors, supervisory authorities or other stakeholders. SIMEST gives the highest priority to the need to prevent and monitor the occurrence of reputational events connected with the operations that fall within the scope of its corporate purpose. To this end, we have established internal controls to mitigate this risk and have adopted specific measures to prevent reputational events in operations.

Compliance risk: this is the risk of being assessed judicial or administrative sanctions, incurring losses or reputational harm as a result of violations of peremptory norms (laws, regulations) or instruments of self-regulation (e.g., articles of association, codes of conduct). SIMEST has adopted the CDP Group's "Risk Assessment and Control of Compliance Risk" policy, while structuring a compliance risk management process aimed at ensuring that internal processes and procedures are consistent with the objective of preventing the violation of self-regulatory or external provisions.
Within the Risk Rules, SIMEST also implemented the process for assessing the congruity of the available capital resources (represented by shareholders' equity) and the economic capital necessary for the risks assumed, measured using the Internal Capital Adequacy Assessment Process (ICAAP) employed by the CDP Group. The results of the assessments confirmed that capital is fully compatible with the current situation and over the time horizon of the Business Plan.
Specific arrangements have been implemented for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which the funds are exposed. More specifically, in 2017, in order to mitigate the greatest risk to which the Law 394/81 Fund is exposed, namely credit risk, a new scoring system was implemented for SIMEST to apply in assessing the economic and financial situation of companies that apply for financing under than Fund.
As regards the Law 295/73 Fund in 2017, in order to ensure support for exports through the more efficient allocation of public resources while maintaining adequate management of the main risks (exchange rate and interest rate risk) during stress scenarios, the methodological framework was revised on the basis of market best practice.

Transactions with related parties

Since September 30, 2016, SACE Spa has held a 76% interest in SIMEST and exercises management and coordination over SIMEST.

Transactions with the Parent Company

With regard to transactions with the controlling shareholder SACE Spa and the other members of the CDP Group, pursuant to Article 2428 of the Italian Civil Code, SIMEST, CDP and SACE have signed an Export Bank Convention regarding the financing of international expansion and exports of Italian businesses, with CDP providing financial support and SACE providing guarantees.
In addition, in relations with the majority shareholder (SACE), in 2017 remuneration was paid to members of SACE Spa's senior management who sit on the SIMEST Board of Directors (€25.8 thousand) and payment was made for professional services received within the scope of a contract relating to the assessment of environmental impact parameters for export credit support transactions (€20.0 thousand).
In addition, following the formation of the export and internationalisation hub, in order centralise expertise and generate operational synergies, since April 2017 outsourcing agreements have been established with SACE Spa to manage Human Resources, ICT, Procurement, Compliance, Internal Audit and Risk Management (€1,098.5 thousand).
At the end of 2017, four SACE Spa employees were seconded to SIMEST and one SIMEST employee was seconded to SACE Spa.
Finally, the Company paid €10.8 thousand to use offices in Mestre and Bologna.

Transactions with other related parties

With regard to other Group companies, in 2017 SIMEST made use of two lines of credit issued by Cassa depositi e prestiti both individually and in a pool transaction with other banks, which generated interest commission expense of €439.3 thousand. In addition, in 2017 other transactions with CDP included remuneration paid for the members of the SIMEST Board of Directors appointed from among CDP's senior managers (€80.9 thousand), rental on an office in Milan (€7.8 thousand) and the outsourcing of Internal Audit and Risk Management until March 2017 (€71.2 thousand). At the end of 2017, seven CDP employees were seconded to SIMEST and one SIMEST employee was seconded to CDP. In addition, at the end of 2017 one SIMEST employee was seconded to Fintenca.
Furthermore, the Company leases an office in Milan (€14.8 thousand) from SACE BT (a subsidiary of SACE Spa) and has a contract with SACE SRV (a subsidiary of SACE Spa) for infoprovider and commercial information services (€107.3 thousand).
These transactions with related parties were all conducted on an arm's length basis.

	Directors		Auditors	
	Amount due for year	**Amount paid**	**Amount due for year**	**Amount paid**
Short-term benefits	222	158	78	35
TOTAL	**222**	**158**	**78**	**35**

Subsequent events

No significant events occurred after the close of the financial year.

Proposed allocation of profit for the year

We hereby submit for your review and approval the financial statements for 2017, which include the balance sheet, the income statement, the statement of changes in equity, the statement of comprehensive income, the statement of cash flows and the notes to the financial statements. The financial statements are accompanied by the Directors' report on operations. Net profit for 2017, in the amount of €3,624,4126, shall be allocated in accordance with the resolution of the shareholders.
It should also be noted that €181,221 must be allocated to the legal reserve.

for the Board of Directors
the Chairman
Salvatore Rebecchini

Financial highlights of the company that exercises management and coordination

In accordance with Article 2497-bis, paragraph 4, of the Italian Civil Code, the following tables report key financial highlights from the most recent financial statements of the Parent Company, SACE Spa, which has its registered office at Piazza Poli 37-42, Rome, with Tax ID and VAT no. 05804521002.

(thousands of euros)

BALANCE SHEET	31/12/2016	31/12/2015
Intangible assets	565	375
Investments	4,807,725	6,437,915
Reinsurers' share of technical provisions	614,878	395,160
Receivables	883,389	1,562,785
Other assets	2,583,593	117,314
Accruals and deferrals	28,563	27,074
BALANCE SHEET - ASSETS	**8,918,713**	**8,540,624**
Shareholders' equity		
- Share capital	3,730,324	3,541,128
- Share premium account	43,305	-
- Revaluation reserve	-	-
- Legal reserve	235,799	215,466
- Other reserves	233,907	146,518
- Profit for the year	303,528	406,652
- Retained earnings (loss carried forward)	-	-
- Interim dividends		
Subordinated liabilities	500,000	500,000
Technical provisions	3,449,615	3,086,800
Provisions for risks and charges	178,061	200,286
Creditors and other liabilities	226,597	426,574
Accruals and deferrals	17,578	17,199
BALANCE SHEET - LIABILITIES	**8,918,713**	**8,540,624**

(thousands of euros)

INCOME STATEMENT	31/12/2016	31/12/2015
Non-life business technical account		
Gross premiums	534,242	483,811
Change in the provision for unearned premiums and outward reinsurance premiums	(397,209)	(220,352)
Net premium income	137,033	263,459
Change in other technical provisions, net of reinsurance	(5,225)	(5,225)
Allocated investment return transferred from the non-technical account	121,523	183,760
Change in the equalisation provision	(28,699)	(9,589)
Other technical income and charges	(9,949)	(6,210)
Claims incurred, net of recoveries	(17,320)	(174,358)
Premium refunds and profit sharing	(13,928)	(5,965)
Operating expenses	(52,345)	(58,914)
BALANCE ON THE NON-LIFE BUSINESS TECHNICAL ACCOUNT	**131,089**	**186,956**
Non-technical account		
Non-life investment income	1,214,220	1,512,377
Investment management and financial charges for non-life business	(875,954)	(996,015)
Allocated investment return transferred to the non-life technical account	(121,523)	(183,760)
Other income	133,280	221,877
Other expense	(68,885)	(97,413)
BALANCE ON THE NON-TECHNICAL ACCOUNT	**281,138**	**457,065**
Income from extraordinary operations	**1,094**	**13,854**
Income taxes	(109,794)	(251,224)
PROFIT FOR THE YEAR	**303,528**	**406,652**

for the Board of Directors
the Chairman
Salvatore Rebecchini

2017 SIMEST PROFILES

The **CLN GROUP** bets on **Argentina**

After Brazil, South Africa and Europe, we have written another success story with the Piedmont-based leader in the automotive component industry, supporting the Group with an equity investment.

Annex: equity investments in companies at December 31, 2017

Annex: equity investments in companies at December 31, 2017

EUROPE

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
MACCAFERRI BALKANS SH.P.K.	OFFICINE MACCAFERRI Spa	Albania	BUILDING/CONSTRUCTION	9.5	211,418
		Total Albania			**211,418**
METECNO BULGARIA A.D.	METECNO Spa	Bulgaria	BUILDING/CONSTRUCTION	10.7	383,081
		Total Bulgaria			**383,081**
BDF SERVIS D.O.O.	BDF INDUSTRIES Spa	Croatia	ENGINEERING	25.4	689,135
BIJELA HARMONIJA D.O.O.	ARMONIA HOLDING Spa	Croatia	SERVICES	12.0	245,682
CRVENA LUKA D.D.	OCTAVIA Srl	Croatia	TOURISM/HOTELS	22.1	2,188,000
		Total Croatia			**3,122,818**
TECNOCAP S.R.O.	TECNOCAP GROUP PARTECIPAZIONI Srl	Czech Republic	ENGINEERING	18.0	2,914,603
		Total Czech Republic			**2,914,603**
GRANAROLO FRANCE S.A.S	GRANAROLO Spa	France	AGRICULTURE/FOOD PRODUCTS	2.2	15,000,000
L'IMAGE RETROUVÉE S.A.S.	L'IMMAGINE RITROVATA Srl	France	SERVICES	49.0	196,000
MARAIS TECHNOLOGIES S.A.S.	TESMEC Spa	France	ENGINEERING	34.0	3,999,999
		Total France			**19,195,999**
FAREST R.T.	STUDIO DE CAPOA E ASSOCIATI	Hungary	SERVICES	25.0	-
		Total Hungary			**-**

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
ALESSANDRO ROSSO GROUP Spa	THE RS HOLDING Srl	Italy	SERVICES	10.7	750,000
BRICOFER ITALIA Spa	GAVAL INTERNATIONAL Srl; MASSIMO PULCINELLI; ROBERTA PULCINELLI	Italy	SERVICES	0.1	5,000,000
BUCCI AUTOMATIONS Spa	ROBERTO BUCCI & C Spa	Italy	ENGINEERING	13.2	5,000,000
CASTELLINI OFFICINE MECCANICHE Spa	BRESCIA FINIMMOBILIARE Srl	Italy	ENGINEERING	7.2	3,000,000
CONSORZIO CASALASCO DEL POMODORO SOC. AGR. COOP.	CONSORZIO CASALASCO DEL POMODORO SOC. AGR. COOP.	Italy	AGRICULTURE/FOOD PRODUCTS	25.0	15,000,000
DISTILLERIA CANELLESE C. BOCCHINO & C. Srl	VINCA S.S.; VIPI S.S.	Italy	AGRICULTURE/FOOD PRODUCTS	32.1	800,000
DUCATI ENERGIA Spa	G.M.G. GROUP Srl	Italy	ENGINEERING	19.9	10,000,000
GREEN NETWORK HOLDING RINNOVABILI Srl	GREEN NETWORK Spa	Italy	ENERGY	45.45	3,500,000
GRUPPO PSC Spa	PSC PARTECIPAZIONI Spa	Italy	ENGINEERING	14.3	11,000,000
IDS Spa	FINSIS Spa	Italy	ELECTRONICS/IT	10.0	3,737,999
INDUSTRIALESUD Spa	IMR AUTOMOTIVE Spa; H.G. Srl	Italy	AUTOMOTIVE	18.8	7,500,000
MA Srl	CLN Spa	Italy	AUTOMOTIVE	2.2	5,000,000
MAGLITAL Srl	FINAC Srl	Italy	TEXTILES/CLOTHING	26.1	4,200,000
MARIO BUCCELLATI ITALIA Srl	BUCCELLATI HOLDING ITALIA Spa	Italy	OTHER	49.0	1,176,000
MARNAVI CHEM Srl	MARNAVI Spa	Italy	SERVICES	44.4	4,500,000
MGM MONDO DEL VINO Srl	MONDODELVINO Spa	Italy	AGRICULTURE/FOOD PRODUCTS	1.4	5,000,000
O.M.A. OFFICINA METALMECCANICA ANGELUCCI Spa	ANGELUCCI HOLDING Srl	Italy	ENGINEERING	27.0	10,000,000
OMNITECH FINANZIARIA INTERNAZIONALE Spa	OMNITECH HOLDING Srl; OMNITECH SERVICES Srl	Italy	ELECTRONICS/IT	19.6	490,000
PALOMAR Spa	INASPETTATAMENTE Srl	Italy	OTHER	12.6	4,000,000
PARMACOTTO Spa	COFIRM Srl	Italy	AGRICULTURE/FOOD PRODUCTS	15.6	-
PASTA ZARA Spa	FFAUF SA	Italy	AGRICULTURE/FOOD PRODUCTS	2.0	5,500,000
PAYPERMOON ITALIA Srl	AISLIN Srl	Italy	OTHER	13.8	600,000
PELLICONI ASIA PACIFIC Srl	PELLICONI & C. Spa	Italy	ENGINEERING	49.0	4,900,000
PIETRO CORICELLI Spa	G.A. CORICELLI Spa	Italy	AGRICULTURE/FOOD PRODUCTS	9.9	4,000,000
PMP INDUSTRIES Spa	LUIGINO POZZO	Italy	ENGINEERING	22.2	5,000,000
PROGER Spa	PROGER INGEGNERIA Srl; PROGER MANAGERS & PARTNERS Srl; RECCHI INGEGNERIA E PARTECIPAZIONI Spa; TIFT PARTECIPAZIONI Srl	Italy	BUILDING/CONSTRUCTION	27.4	6,000,000
PROMA Spa	FINPO Srl	Italy	AUTOMOTIVE	0.4	11,000,000
RUSTICHELLA D'ABRUZZO Spa	HOPERA Srl; MOLINO MAGRI Srl	Italy	AGRICULTURE/FOOD PRODUCTS	26.4	600,000
SOLE COMPONENTS Srl	PRIMA SOLE COMPONENTS Spa	Italy	RUBBER/PLASTICS	6.5	11,000,000
STILNOVO MANAGEMENT Spa	STILNOVO PARTECIPAZIONI Srl	Italy	OTHER	20.19	-
TERMIGAS Spa	MISMA PARTECIPAZIONI Spa	Italy	ENGINEERING	13.4	2,500,000
TERRA MORETTI Spa	HOLDING TERRA MORETTI Srl	Italy	AGRICULTURE/FOOD PRODUCTS	14.1	12,000,000
VISMARA Spa	FERRARINI Spa; SOCIETÀ AGRICOLA FERRARINI Spa	Italy	AGRICULTURE/FOOD PRODUCTS	1.6	5,000,000
		Total Italy			**167,753,999**

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
ARKOS LLC	R.I. Spa	Kosovo	BUILDING/CONSTRUCTION	21.3	412,000
SOL - K.L.L. CO.	SOL Spa	Kosovo	CHEMICALS/PHARMACEUTICALS	23.0	807,300
		Total Kosovo			**1,219,300**
TRE ZETA MK Dooel	TRE ZETA GROUP Srl	Macedonia	TEXTILES/CLOTHING	24.9	400,000
		Total Macedonia			**400,000**
FERRARINI SP. Z O.O.	FERRARINI Spa; SOC.AGRICOLA FERRARINI Spa	Poland	AGRICULTURE/FOOD PRODUCTS	30.5	5,000,000
MARCEGAGLIA POLAND SP. Z O.O.	MARCEGAGLIA CARBON STEEL Spa	Poland	METALS/STEEL	7.7	2,003,817
		Total Poland			**7,003,817**
DOROTEX Srl	ARFIL Srl	Romania	TEXTILES/CLOTHING	25.3	63,552
G. CANALE & C. Srl	G. CANALE & C. Spa	Romania	SERVICES	3.2	460,000
GDS MANUFACTURING SERVICES S.A.	GLOBAL DISPLAY SOLUTIONS Spa	Romania	ELECTRONICS/IT	18.1	1,425,000
GHIMAR Srl	INTERNATIONAL COMPANY Srl	Romania	ENGINEERING	14.9	-
PANDACIA NATURAL INNOVATIONS Srl	PANGHEA NATURAL AND CHEMICAL INNOVATION Srl	Romania	CHEMICALS/PHARMACEUTICALS	48.8	483,301
ROTER ROMANIA Srl	ROTER Spa	Romania	ENGINEERING	22.4	-
		Total Romania			**2,431,853**
CMK OOO	CELLINO Srl	Russia	ENGINEERING	12.5	177,867
EXTRA M OJSC	F.LLI DE CECCO DI FILIPPO - FARA SAN MARTINO - Spa	Russia	AGRICULTURE/FOOD PRODUCTS	15.1	2,687,433
GLENKO ZAO	M.M.M.S Spa	Russia	TEXTILES/CLOTHING	17.0	-
ISOPAN RUS OOO	ISOPAN Spa	Russia	BUILDING/CONSTRUCTION	8.6	2,742,000
MACCAFERRI GABIONS CIS LLC	OFFICINE MACCAFERRI Spa	Russia	ENGINEERING	12.7	1,591,796
MARCEGAGLIA RU OOO	MARIVEN Srl	Russia	ENGINEERING	41.0	11,366,000
OLD MILL HOLDING LLC	OLD MILL HOLDING Spa	Russia	RUBBER/PLASTICS	33.0	1,238,000
SERIOPLAST RUS OOO	SERIOPLAST Spa	Russia	RUBBER/PLASTICS	33.9	1,360,000
		Total Russia			**21,163,096**

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
BELA HARMONIJA D.O.O.	ARMONIA HOLDING Spa	Serbia	SERVICES	12.0	240,000
LAMP EAST D.O.O.	LAMP SAN PROSPERO Spa	Serbia	CHEMICALS/PHARMACEUTICALS	20.0	156,800
PMC AUTOMOTIVE D.O.O.	PMC AUTOMOTIVE Spa	Serbia	ENGINEERING	38.5	3,850,075
P & T DESIGN D.O.O.	DELTA Srl; PLADOS Spa	Serbia	WOOD/FURNITURE	20.0	387,000
		Total Serbia			**4,633,875**
CECOMP D.O.O.	CECOMP Spa	Slovenia	ENGINEERING	49.0	2,205,000
		Total Slovenia			**2,205,000**
ANSALDO ENERGIA SWITZERLAND AG	ANSALDO ENERGIA Spa	Switzerland	ENGINEERING	10.5	10,000,000
		Total Switzerland			**10,000,000**
BITRON ELEKTROMEKANIC LTD. STI.	BITRON INDUSTRIE Spa	Turkey	ELECTRONICS/IT	9.7	711,382
CORNAGLIA TURKEY LTD. STI.	OFFICINE METALLURGICHE CORNAGLIA Spa	Turkey	ENGINEERING	26.7	629,594
SAME DEUTZ-FAHR SAHSUVAROGLU TRAKTOR SANAYI VE TICARET A.S.	SAME DEUTZ - FAHR ITALIA Spa	Turkey	ENGINEERING	5.0	1,500,000
SERIOPLAST AMBALAJ SANAYI VE TICARET A.S.	SERIOPLAST Spa	Turkey	RUBBER/PLASTICS	28.6	2,000,000
		Total Turkey			**4,840,976**
ZEUS KERAMIK J.S.C.	EMILCERAMICA Spa	Ukraine	BUILDING/CONSTRUCTION	6.8	597,420
		Total Ukraine			**597,420**
DELMA EGINEERING UK LTD	ICM Spa	United Kingdom	BUILDING/CONSTRUCTION	44.6	8,473,619
		Total United Kingdom			**8,473,619**
TOTAL EUROPE					**256,550,874**

AFRICA

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
ETC SURETY S.A.	ETC GROUP Srl	Benin	SERVICES	19.3	74,540
		Total Benin			**74,540**
COMETEX THREADS FREE ZONE S.A.E.	MANIFATTURA ITALIANA CUCIRINI Spa	Egypt	TEXTILES/CLOTHING	15.8	475,000
INSTANT RENTALS FOR VEHICLES S.A.E.	JAZ INVESTMENT GROUP Spa; INTERNATIONAL SERVICE DEVELOPMENT Srl	Egypt	SERVICES	18.5	483,815
INTERNATIONAL ENVIRONMENT SERVICES CO.	GE.SE.N.U. Spa	Egypt	SERVICES	8.0	240,175
MEDITERRANEAN WOOL INDUSTRIES COMPANY	SCHNEIDER INDUSTRIE Srl	Egypt	TEXTILES/CLOTHING	25.0	1,730,104
		Total Egypt			**2,929,094**
FUDA MARBLE P.L.C.	FUDA ANTONIO Srl	Ethiopia	BUILDING/CONSTRUCTION	20.5	125,000
		Total Ethiopia			**125,000**
SIGIT MAROC TFZ S.C.A.R.L.	SIGIT Spa	Morocco	RUBBER/PLASTICS	25.0	400,000
		Total Morocco			**400,000**
OMEGA FISHING S.A.	RIUNIONE INDUSTRIE ALIMENTARI Srl	Senegal	AGRICULTURE/FOOD PRODUCTS	24.0	366,285
		Total Senegal			**366,285**
DEDALUS SOUTHERN AFRICA LTDA	DEDALUS Spa	South Africa	ELECTRONICS/IT	20.8	500,000
MA AUTOMOTIVE SOUTH AFRICA (PTY) LTD	MA Srl	South Africa	ENGINEERING	5.2	4,825,355
MACCAFERRI SA (PTY) LTD	OFFICINE MACCAFERRI Spa	South Africa	BUILDING/CONSTRUCTION	26.3	1,485,000
SERIOPLAST SOUTH AFRICA (PTY) LTD	SERIOPLAST Spa	South Africa	RUBBER/PLASTICS	25.0	1,000,000
		Total South Africa			**7,810,355**
CIB - CORPORATE & INSTITUTIONAL BUILDING	APRI SVILUPPO Spa	Tunisia	SERVICES	7.8	-
EUROTRANCIATURA TUNISIA S.A.R.L.	EURO GROUP Spa	Tunisia	ENGINEERING	24.5	980,141
GENERAL BETON TUNISIE S.A.R.L.	GENERAL BETON TRIVENETA Spa	Tunisia	BUILDING/CONSTRUCTION	16.2	1,219,768
GUALINI AFRIQUE S.A.R.L.	GUALINI Spa	Tunisia	BUILDING/CONSTRUCTION	23.9	65,410
PLASTIK NORD AFRIQUE S.A.R.L.	PLASTIK Spa	Tunisia	RUBBER/PLASTICS	10.3	410,000
SIVAM TUNISIE S.A.R.L.	SIVAM Srl	Tunisia	SERVICES	24.5	245,000
TRE ZETA GROUP TN S.A.R.L.	TRE ZETA GROUP Srl	Tunisia	OTHER (SHOE UPPERS)	24.8	500,000
		Total Tunisia			**3,420,319**
SIPA HOLDINGS LTD	PAC Spa	Uganda	ENERGY	38.9	4,244,520
		Total Uganda			**4,244,520**
TOTAL AFRICA					**19,370,113**

AMERICA

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
AGRO MAX Srl	SIPCAM Spa	Argentina	CHEMICALS/PHARMACEUTICALS	9.0	1,000,000
C.IMM. SUDAMERICA S.A.	FAMI Srl	Argentina	METALS/STEEL	19.2	500,000
GRUPO ECONOMICO SCL AUSTRAL S.A.	SOCIETÀ CHIMICA LARDERELLO Spa	Argentina	CHEMICALS/PHARMACEUTICALS	27.9	1,384,478
MAGNETTO AUTOMOTIVE ARGENTINA S.A.	MA Srl	Argentina	AUTOMOTIVE	47.6	3,000,000
PROMA SSA S.A.	PROMA Spa	Argentina	AUTOMOTIVE	21.4	750,000
TIBERINA AUTOMOTIVE ARGENTINA S.A.	TIBERINA HOLDING Srl	Argentina	AUTOMOTIVE	16.3	3,000,000
		Total Argentina			**9,634,478**
ABRAMO DO BRASIL SERVIÇOS DE ATENDIMENTO TELEFONICO LTDA	ABRAMO HOLDING Spa	Brazil	SERVICES	9.4	220,000
ADVENTUS DO BRASIL LTDA	ADVENTUS INTERNATIONAL Srl	Brazil	BUILDING/CONSTRUCTION	26.6	4,000,000
ALMAVIVA DO BRASIL S.A.	ALMAVIVA CONTACT Spa	Brazil	SERVICES	4.8	10,000,000
ARVEDI METALFER DO BRASIL LTDA	METALFER Spa	Brazil	METALS/STEEL	8.4	8,110,503
ASK DO BRASIL LTDA	ASK INDUSTRIES Spa	Brazil	ENGINEERING	2.4	312,500
BRONTE ADMINISTRAÇÃO E PARTICIPAÇÕES LTDA	BOMI ITALIA Spa	Brazil	SERVICES	36.4	4,000,000
COMUTENSILI DO BRASIL LTDA	COMUTENSILI Spa	Brazil	ENGINEERING	24.7	112,000
EMIL GROUP DO BRASIL LTDA	CERAMICHE SPERANZA Spa	Brazil	BUILDING/CONSTRUCTION	23.8	83,333
EXPRIVIA DO BRASIL SERVICOS DE INFORMATICA LTDA	EXPRIVIA Spa	Brazil	ELECTRONICS/IT	24.3	500,000
GASPARINI MERCOSUL INDUSTRIA E COMERCIO DE MAQUINAS LTDA	GASPARINI Spa	Brazil	ENGINEERING	23.4	225,000
GSI BRASIL FABRICACAO DE ARTEFACTOS PLASTICOS LTDA	GLOBAL SYSTEM INTERNATIONAL Spa	Brazil	ENGINEERING	24.0	315,642
IMI FABI BRASIL PARTICIPACOES LTDA	IMI FABI Spa	Brazil	CHEMICALS/PHARMACEUTICALS	24.2	8,000,000
IRRITEC DO BRASIL INDÚSTRIA E COMÉRCIO DE EQUIPAMENTOS PARA IRRIGAÇÃO LTDA	IRRITEC Spa	Brazil	ENGINEERING	32.4	1,600,000
MA AUTOMOTIVE BRASIL LTDA	MA Srl	Brazil	ENGINEERING	6.2	4,389,608
MACCAFERRI DO BRASIL HOLDING PARTICIPAÇÕES EMPRESARIAIS E IMOBILIARIAS LTDA	OFFICINE MACCAFERRI Spa	Brazil	BUILDING/CONSTRUCTION	43.9	3,520,000
MAGNAGHI AERONAUTICA DO BRASIL PARTICIPAÇÕES LTDA	MAGNAGHI AERONAUTICA Spa	Brazil	ENGINEERING	32.6	1,950,000
MANGINI SOUTH AMERICA PARTICIPAÇÕES E INVESTIMENTOS LTDA	MANGINI Srl	Brazil	WOOD/FURNITURE	27.1	199,828
MARCEGAGLIA DO BRASIL LTDA	MARCEGAGLIA CARBON STEEL Spa	Brazil	ENGINEERING	13.2	15,000,000
PEYRANI BRASIL S.A.	PEYRANI TRASPORTI Spa	Brazil	SERVICES	8.9	625,000
PMC AUTOMOTIVA DO BRASIL LTDA	PMC AUTOMOTIVE Spa	Brazil	ENGINEERING	19.0	5,000,000
PROMA DO BRASIL PARTICIPAÇÕES LTDA	PROMA Spa	Brazil	AUTOMOTIVE	9.8	3,750,000
SOILMEC DO BRASIL S.A.	COLLIDRILL Spa; SOILMEC Spa	Brazil	ENGINEERING	22.8	454,434
SSE SIRIO SISTEMAS ELETRONICOS LTDA	SIRIO SISTEMI ELETTRONICI Spa	Brazil	ELECTRONICS/IT	19.9	270,000
STOLA DO BRASIL LTDA	METEC INDUSTRIAL MATERIALS Srl	Brazil	ENGINEERING	18.2	1,213,661
TIBERINA AUTOMOTIVE MG - COMPONENTES METALICOS PARA INDUSTRIA AUTOMOTIVA LTDA	TIBERINA HOLDING Srl	Brazil	AUTOMOTIVE	23.2	4,000,000
TIBERINA AUTOMOTIVE PE COMPONENTES METALICOS PARA INDUSTRIA AUTOMOTIVA LTDA	TIBERINA HOLDING Srl	Brazil	AUTOMOTIVE	27.4	4,000,000
VERONAFIERE DO BRASIL - ORGANIZAÇÃO DE EVENTOS LTDA	VERONAFIERE Spa	Brazil	SERVICES	25.0	653,586
		Total Brazil			**82,505,096**

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
IDS NORTH AMERICA LTD	I.D.S. - INGEGNERIA DEI SISTEMI Spa	Canada	ELECTRONICS/IT	43.0	2,492,544
		Total Canada			**2,492,544**
BOMI DE CHILE Spa	BOMI ITALIA Spa	Chile	SERVICES	24.5	318,500
DISTRIBUIDORA DE MUEBLES S.A.	MOVING Srl	Chile	WOOD/FURNITURE	12.2	245,000
INVERSIONES ASSIMCO LTDA	ASTALDI CONCESSIONI Srl	Chile	HYDRO-ELECTRIC	31.4	8,908,447
METECNO DE CHILE S.A.	METECNO Spa	Chile	BUILDING/CONSTRUCTION	20.6	778,247
PARQUE EÓLICO TALINAY ORIENTE S.A.	ENEL GREEN POWER Spa	Chile	ENERGY	4.5	4,922,903
		Total Chile			**15,173,096**
BROVEDANI REME MEXICO S.A. DE C.V.	BROVEDANI GROUP Spa	Mexico	ENGINEERING	25.8	2,500,000
EÓLICA ZOPILOAPAN SAPI DE C.V.	ENEL GREEN POWER PARTECIPAZIONI SPECIALI Srl	Mexico	ENERGY	3.5	5,000,000
ETROMEX S. DE R.L. DE C.V.	C.L.N. Spa - ISIL Srl	Mexico	ENGINEERING	25.0	290,762
EURO HIGH TECH MEXICO S.A. DE C.V.	EUROTRANCIATURA Spa	Mexico	ENGINEERING	23.3	3,861,066
EUROTRANCIATURA MEXICO S.A. DE C.V.	EUROTRANCIATURA Spa	Mexico	ENGINEERING	16.4	2,541,181
FLENCO DE MEXICO S.A. DE C.V.	FLENCO FLUID SYSTEM Srl	Mexico	ENGINEERING	7.4	22,879
HANDLING HEALTHCARE S.A. DE C.V.	BOMI ITALIA Spa	Mexico	SERVICES	21.8	498,173
OLSA SISTEMAS DE ILUMINACIÓN AUTOMOTRIZ, S. DE R.L. DE C.V.	OLSA Spa	Mexico	ENGINEERING	9.6	1,000,000
OMP MECHTRON MEXICO S.A. DE C.V.	OMP MECHTRON Spa	Mexico	ENGINEERING	22.2	191,213
OMPI NORTH AMERICA S. DE R.L. DE C.V.	STEVANATO GROUP Spa	Mexico	CHEMICALS/PHARMACEUTICALS	3.1	500,693
OPERADORA EROGI S.A.	SMALL BUILDING Srl	Mexico	TOURISM/HOTELS	30.4	611,735
STIPA NAYAA S.A. DE C.V.	ENEL GREEN POWER PARTECIPAZIONI SPECIALI Srl	Mexico	ENERGY	4.1	5,000,000
		Total Mexico			**22,017,701**

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
AGRATI USA CORP.	A. AGRATI Spa	USA	ENGINEERING	13.7	15,750,000
ASTALDI CONSTRUCTION CORP.	ASTALDI Spa	USA	BUILDING/CONSTRUCTION	34.2	6,308,883
BDF INDUSTRIES NORTH AMERICA LLC	BDF INDUSTRIES Spa	USA	ENGINEERING	48.4	517,552
DOXEE USA INC.	DOXEE Spa	USA	ELECTRONICS/IT	49.0	1,121,102
ENERGIA PACIFICA INC.	E.VA. ENERGIE VALSABBIA Spa	USA	ENERGY	48.9	1,897,827
ENERRAY GLOBAL SOLAR OPPORTUNITIES INC.	ENERRAY Spa	USA	SERVICES	49.0	9,362,079
EXOR ELECTRONIC RESEARCH & DEVELOPMENT INC.	EXOR INTERNATIONAL Spa	USA	ELECTRONICS/IT	45.0	488,924
FAGIOLI INC.	FAGIOLI Spa	USA	METALS/STEEL	8.7	750,000
GEAR SYSTEM USA, INC.	GEAR SYSTEM Srl	USA	ENGINEERING	48.9	9,450,398
GEO INVESTMENT HOLDING INC.	EXERGY Spa	USA	ENERGY	49.0	6,312,663
INGLASS USA INC.	INGLASS Spa	USA	ENGINEERING	45.6	5,881,258
LC INTERNATIONAL LLC	COMPAGNIA IMMOBILIARE AZIONARIA Spa	USA	AGRICULTURE/FOOD PRODUCTS	19.6	1,466,517
M&G LOGISTICS & ENGINEERING CO.	M&G FINANZIARIA Spa	USA	CHEMICALS/PHARMACEUTICALS	37.7	8,236,489
MOLEMAB USA CORP.	MOLEMAB Spa	USA	METALS/STEEL	33.8	291,947
PARMACOTTO USA INC.	PARMACOTTO Spa	USA	AGRICULTURE/FOOD PRODUCTS	49.0	511,560
SAIRA AMERICAS INC.	SAIRA ELECTRONICS Srl; GRUPPO IND. LE TOSONI Spa	USA	ELECTRONICS/IT	46.7	960,000
SEDA AMERICAS INC.	SEDA INTERNATIONAL PACKAGING GROUP Spa	USA	PACKAGING	25.0	3,589,891
TESMEC USA INC.	TESMEC Spa	USA	ENGINEERING	33.0	7,406,069
THESAN USA CORP.	THESAN Spa	USA	ENGINEERING	49.0	1,750,000
		Total USA			**82,053,158**
TOTAL AMERICA					**213,876,073**

ASIA

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
ALBA CHIARA HONG KONG LTD	E. BOSELLI & C. Spa; LINEA AZZURRA MARE Srl; PIAVE MAITEX Spa; ROMI Srl; TESSITURA TAIANA VIRGILIO Spa; TEXTRA Srl	China	TEXTILES/CLOTHING	18.3	717,112
BITRON ELECTRONIC CHINA CO. LTD	BITRON INDUSTRIE Spa	China	ELECTRONICS/IT	10.9	1,280,457
BITRON INDUSTRY CHINA CO. LTD	BITRON INDUSTRIE Spa	China	ELECTRONICS/IT	9.0	1,215,000
BONFIGLIOLI DRIVERS (SHANGHAI) CO. LTD	BONFIGLIOLI RIDUTTORI Spa	China	ENGINEERING	14.0	3,158,833
BREVINI (YANCHENG) PLANETARY DRIVES CO. LTD	DANA BREVINI POWER TRANSMISSION Spa	China	ENGINEERING	7.5	600,000
CLABO PACIFIC HOLDING LTD	CLABO Spa	China	WOOD/FURNITURE	25.0	575,000
CMS PRECISION MECHANICAL MANUFACTURING WUJIANG CO. LTD	C.M.S. Spa	China	ENGINEERING	11.3	59,746
COGNE HONG KONG LTD	COGNE ACCIAI SPECIALI Spa	China	METALS/STEEL	21.1	5,042,214
DAMIANI HONG KONG LTD	DAMIANI Spa	China	OTHER	27.4	1,871,471
SHANDONG CHANGLIN DEUTZ-FAHR MACHINERY CO. LTD	SAME DEUTZ - FAHR ITALIA Spa	China	ENGINEERING	1.9	1,500,000
EURO GROUP ASIA LTD	EURO GROUP Spa	China	ENGINEERING	27.6	2,273,149
FABI ASIA LTD	FABI Spa	China	TEXTILES/CLOTHING	25.0	500,000
FERRARINI PACIFIC LTD	FERRARINI Spa; SOCIETÀ AGRICOLA FERRARINI Spa	China	AGRICULTURE/FOOD PRODUCTS	49.1	4,970,378
FIAMM AUTOTECH CO. LTD	FIAMM COMPONENTI ACCESSORI - F.C.A. Spa	China	AUTOMOTIVE	14.4	1,000,000
FINNORD SUZHOU AUTO PARTS CO. LTD	MECCANICA FINNORD Spa	China	ENGINEERING	11.5	252,000
FLENCO HUASHEN AUTOMOBILE TOOLS CO. LTD	CA Srl	China	ENGINEERING	25.0	182,941
FLENCO NINGBO POWER AUXILIARY EQUIPMENT & SYSTEMS CO. LTD	FLENCO FLUID SYSTEM Srl	China	ENGINEERING	12.5	67,735
FLUORSEALS ASIA MANUFACTURING CO. LTD	FLUORSEALS Spa	China	RUBBER/PLASTICS	22.8	613,000
GASKET (SUZHOU) VALVE COMPONENTS CO. LTD	GASKET INTERNATIONAL Spa	China	ENGINEERING	15.1	900,000
GIGLIO TV HK LTD	GIGLIO GROUP Spa	China	SERVICES	24.5	735,000
ICONA HONG KONG CO. LTD	ICONA STC Srl	China	ENGINEERING	20.6	211,878
IMF FOUNDRY MACHINERY (TIANJIN) CO. LTD	I.M.F. IMPIANTI MACCHINE FONDERIA Srl	China	ENGINEERING	25.0	165,669
INDEPENDENT (SHENZHEN) CO. LTD	MOTION Spa	China	ENGINEERING	17.9	163,979
JIANGMEN EMAK OUTDOOR POWER EQUIPMENT CO. LTD	EMAK Spa	China	ENGINEERING	20.0	513,460
JIAXING OLSA MANUFACTURING CO.	OLSA Spa	China	ENGINEERING	5.2	525,952
K-FLEX (HONG KONG) INSULATION COMPANY LTD	L'ISOLANTE K-FLEX Spa	China	RUBBER/PLASTICS	20.0	1,842,760

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
LEONESSA BREVINI (YANCHENG) SLEWING BEARINGS CO. LTD	DANA BREVINI POWER-TRANSMISSION Spa; LA LEONESSA Spa	China	ENGINEERING	14.2	1,000,050
L'IMMAGINE RITROVATA ASIA LTD	L'IMMAGINE RITROVATA Srl	China	SERVICES	24.5	125,634
MACCAFERRI ASIA LTD	OFFICINE MACCAFERRI Spa	China	ENGINEERING	24.8	2,849,560
META SYSTEM ELECTRONICS CO. LTD	META SYSTEM Spa	China	ELECTRONICS/IT	18.8	784,878
METECNO HOLDING HONG KONG LTD	METECNO Spa	China	BUILDING/CONSTRUCTION	11.2	539,356
NINGBO ASK AUTOMOTIVE SOUND AND COMMUNICATION CO. LTD	ASK INDUSTRIES Spa	China	ENGINEERING	14.4	325,000
PEUTEREY HONG KONG LTD	PEUTEREY GROUP Spa	China	TEXTILES/CLOTHING	28.2	1,550,000
PMP DRIVE SYSTEM (TAICANG) CO. LTD	PMP INDUSTRIES Spa	China	ENGINEERING	20.0	854,476
RANGER SHANGHAI CO. LTD	GLOBAL SYSTEM INTERNATIONAL Spa	China	RUBBER/PLASTICS	20.0	800,000
SAMP MACHINERY (SHANGHAI) CO. LTD	SAMP Spa	China	ENGINEERING	28.6	1,177,753
SIRA (TIANJIN) ALUMINIUM PRODUCTS CO. LTD	SIRA INDUSTRIE Spa	China	ENGINEERING	17.6	892,039
SIRA GROUP (TIANJIN) HEATING RADIATORS CO. LTD	EMILPRESS GROUP Srl	China	ENGINEERING	11.6	500,153
SITI B&T CERAMIC TECHNOLOGY LTD	SITI - B&T GROUP Spa	China	ENGINEERING	20.0	1,179,430
SOILMEC (WUJIANG) MACHINERY CO. LTD	SOILMEC Spa	China	ENGINEERING	24.5	1,176,000
TIAN XIN YI GARMENT CO. LTD	SASCH Spa	China	TEXTILES/CLOTHING	16.7	-
TITAN ITM TIANJIN CO. LTD	ITALTRACTOR ITM Spa	China	ENGINEERING	20.0	625,000
U.B.C. FAR EAST LTD	U.B.C. UNITED BRANDS COMPANY Spa	China	TEXTILES/CLOTHING	24.4	202,162
ZHEJIANG ELLECI NEW MATERIAL CO. LTD	ELLECI Spa	China	WOOD/FURNITURE	20.9	305,000
		Total China			**45,824,226**

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
AMW MGM FORGINGS PVT LTD	SIDERFORGEROSSI GROUP Spa	India	ENGINEERING	3.0	800,000
COGEME PRECISION PARTS PVT LTD	COGEME SET Spa	India	ENGINEERING	12.5	125,000
CORNAGLIA METALLURGICAL PRODUCTS INDIA PVT LTD	OFFICINE METALLURGICHE CORNAGLIA Spa	India	ENGINEERING	14.2	257,250
DECAL IN PVT LTD	SERIGRAFIA76 Srl	India	RUBBER/PLASTICS	21.0	75,000
DELL'ORTO INDIA PVT LTD	DELL'ORTO Spa	India	ENGINEERING	20.2	1,744,987
D'ORSOGNA SWEET INGREDIENTS PVT LTD	D'ORSOGNA DOLCIARIA Srl	India	AGRICULTURE/FOOD PRODUCTS	24.0	250,000
FAGIOLI PSC INDIA PVT LTD	FAGIOLI Spa	India	SERVICES	1.5	111,000
GUSTORA FOODS PVT LTD	RUSTICHELLA D'ABRUZZO Spa	India	AGRICULTURE/FOOD PRODUCTS	15.0	157,142
ITALIAN EXPOSITION PVT LTD	EXPO RIVA INTERNATIONAL Srl; RIVA DEL GARDA - FIERECONGRESSI Spa	India	OTHER	9.5	50,751
K-FLEX INDIA PVT LTD	L'ISOLANTE K-FLEX Srl	India	RUBBER/PLASTICS	41.8	5,000,000
MECCANOTECNICA HTA INDIA PVT LTD	MECCANOTECNICA UMBRA Spa	India	ENGINEERING	25.3	556,243
METECNO (INDIA) PVT LTD	METECNO Spa	India	BUILDING/CONSTRUCTION	23.4	1,438,522
OLCI ENGINEERING INDIA PVT LTD	OLCI ENGINEERING Srl	India	SERVICES	20.0	600,000
PMP DRIVE SYSTEMS INDIA PVT LTD	PMP INDUSTRIES Spa	India	ENGINEERING	18.9	1,000,000
ROSSINI INDIA PRINTING ROLLERS PVT LTD	ROSSINI Spa	India	RUBBER/PLASTICS	25.0	993,240
SAIRA ASIA INTERIORS PVT LTD	SAIRA EUROPE Spa	India	ENGINEERING	23.7	-
TECHNO SYSTEM INDIA PVT LTD	TECNO SYSTEM Spa	India	ELECTRONICS/IT	24.5	544,455
UTP-UNDERCARRIAGE & TRACTOR PARTS PVT LTD	JAAZMINE Srl	India	ENGINEERING	12.1	782,163
		Total India			**14,485,752**
ARTILE ROOF LTD	CUNIAL ANTONIO ILCA Spa	Israel	BUILDING/CONSTRUCTION	10.6	866,668
ATURA LTD	ALBIS INTERNATIONAL Srl	Israel	RUBBER/PLASTICS	24.5	127,727
		Total Israel			**994,394**
K-FLEX MALAYSIA SDN BHD	L'ISOLANTE K-FLEX Srl	Malaysia	RUBBER/PLASTICS	27.7	2,364,000
		Total Malaysia			**2,364,000**
MACCAFERRI (PHILIPPINES) MANUFACTURING INC.	OFFICINE MACCAFERRI Spa	Philippines	BUILDING/CONSTRUCTION	46.3	1,320,000
		Total Philippines			**1,320,000**
FAGIOLI ASIA PVT LTD	FAGIOLI Spa	Singapore	SERVICES	18.9	600,000
		Total Singapore			**600,000**
CHALYBS CYLINDERS LTD	FABER INDUSTRIE Spa	Thailand	METALS/STEEL	7.6	1,472,132
		Total Thailand			**1,472,132**
BELLELLI EMIRATES ENGINEERING GENERAL CONTRACTING LLC	BELLELLI ENGINEERING Spa	United Arab Emirates	ENGINEERING	20.0	14,266
BLACK SHARE DMCC	COLEMAN Spa	United Arab Emirates	SERVICES	49.0	2,071,585
IK-INSULATION LIMITED	L'ISOLANTE K-FLEX Srl	United Arab Emirates	RUBBER/PLASTICS	36.7	5,500,012
LEGNANO TEKNOELECTRIC COMPANY MIDDLE EAST FZCO	LEGNANO TEKNOELECTRIC COMPANY Spa	United Arab Emirates	ENGINEERING	6.5	713,366
MR. ENGINEERING PROJECTS FZE	MONTALBANO Srl	United Arab Emirates	ENGINEERING	49.0	490,000
NAPAG MIDDLE EAST FZCO	NAPAG ITALIA Srl	United Arab Emirates	SERVICES	25.0	500,000
		Total United Arab Emirates			**9,289,228**
TOTAL ASIA					**76,349,733**

OCEANIA

Company	Italian partner	Country	Sector	SIMEST % holding	Amount (euros)
MORROW SODALI HOLDINGS AUSTRALIA PTY LTD	SODALI Spa	Australia	SERVICES	49.0	496,870
		Total Australia			**496,870**
WENTWORTH DISTRIBUTORS NZ LTD	DOPPIOVI Srl	New Zealand	TEXTILES/CLOTHING	25.0	500,000
		Total New Zealand			**500,000**
TOTAL OCEANIA					**996,870**

TOTAL EQUITY INVESTMENTS IN COMPANIES IN ITALY AND ABROAD AT DECEMBER 31, 2017 **567,143,662**

2017 SIMEST PROFILES

R.I. consolidates its presence in the **Balkans**

We have renewed our support for the Puglia-based company with a second equity investment in the Kosovo subsidiary that manufactures innovative modular systems for residential, tourist and emergency uses.

Report of the Board of Auditors

Report of the Board of Auditors

Financial statements for the year ending December 31, 2017

Shareholders,
This report was approved by the entire Board in time for filing at the Company's (herein after also "SIMEST") registered office 15 days prior to the date of the first call of the Shareholders' Meeting to approve the financial statements.
The Board of Directors provided us with the following documents, approved on March 14, 2018, for the year ending December 31, 2017:
- draft financial statements with the statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and accompanying notes;
- report on operations.

During the financial year ending December 31, 2017, we carried out our statutory supervisory activity in accordance with the standards recommended by the National Council of the Italian Accounting Profession.

We preface our remarks as follows:
A. the Board of Auditors in office at the date of this Report was appointed by the Ordinary Shareholders' Meeting of August 6, 2015 and is composed of Daniele Discepolo (Chairman), Laura Guazzoni (Standing auditor) and Carlo Hassan (Standing auditor);
B. SIMEST is a joint-stock company (società per azioni) indirectly controlled by Cassa depositi e prestiti Spa (CDP);
C. SACE Spa has held a 76% interest in SIMEST since September 30, 2016, as a result of the transfer by CDP of its controlling interest in the Company to SACE Spa;
D. pursuant to the provisions of Article 12 of Law 259/1958, the Company's finance operations are subject to the oversight of the State Audit Court. To that end, a magistrate of the State Audit Court is delegated to participate in the meetings of the Board of Directors and the Board of Auditors;
E. the Company is subject to the management and coordination of its Parent Company, SACE Spa, in accordance with the "Rules on the exercise of management and coordination" approved by CDP and adopted by the Board of Directors of SIMEST;
F. the Company, taking account of the recommendations of the SACE Spa in the exercise of its management and coordination duties, outsourced its Risk Management, Compliance, Internal Audit, Human Resources, IT systems and Procurement functions to SACE Spa as from April 1, 2017. As a result of that outsourcing, the Company approved changes to its organisational structure and the changes to its Compliance Model under Legislative Decree 231/2001, replacing the Compliance function with an Internal Audit service to support the Supervisory Body;
G. in 2017, in accordance with the 2016-2020 Business Plan approved on December 21, 2016, which was prepared in accordance with the guidelines provided by SACE and in line with the Group Business Plan approved by CDP aiming at the creation of an integrated SACE-SIMEST export and internationalisation hub (the "one-door" model), the Company approved the budget for 2018 for resources mobilised and managed (i.e. overall resources for loans for internationalisation, the Law 394/81 Fund, equity investments, the Venture Capital Fund, grants for equity investments drawn from the Law 295/73 Fund, direct equity investments, and export credit support under the Law 295/73 Fund);
H. the Company approved the Group policy "Risk assessment and control of compliance risk" issued by the Group Parent, CDP, which describes the operational/methodological tools that the Group companies must adopt to manage the risk of incurring judicial or administrative penalties, major financial losses or reputational harm as a result of violations of operative norms or self-regulatory rules;
I. the Company approved the Group policy "Identification of operational risks (loss data collection and risk self-assessment)" in compliance with the provisions of the rules governing the exercise of management and coordination activities;
J. the Company provided information on the new guidelines of October 10, 2017 issued by the Ministry of Economic Development containing the general guidelines and limits for SIMEST interventions and the guidelines for the most significant transactions in terms of risks within the scope of the SACE operations, in relation to which the Group Parent, CDP, shall issue an opinion;
K. in 2017, the Company approved the Code of Ethics of CDP and the companies subject to management and coordination, which forms an integral part of the Compliance Model under Legislative Decree 231/2001 and replaces the previous Code of Conduct of SIMEST;
L. since 2015, SIMEST has exercised the option to prepare its financial statements in accordance with the international accounting standards (IASs/IFRSs) provided for by Legislative Decree 38 of January 28, 2005 (IAS Decree), as amended by Decree Law 91/2014 (Enhancing Competitiveness Decree), which extended the option to all companies other than those for which application of the IASs/IFRSs is mandatory or those permitted to prepare condensed financial statements pursuant to Article 2435-bis of the Italian Civil Code (Article 4(6) of Legislative Decree 38/2005). Accordingly, the financial statements have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) endorsed by the European Commission as established by Regulation (EC) no. 1606/2002;
M. the notes to the financial statements for 2017 indicate the new accounting standards and interpretations already issued and endorsed by the European Union that come into force starting from annual periods beginning on or after January 1, 2018, including:
    - IFRS 9, which replaces IAS 39 with the aim of improving financial reporting on financial instruments by establishing a more forward-looking model for recognising expected credit losses on financial assets;
    - IFRS 15, which is intended to improve the reporting of revenue and enhance the comparability of revenue in the financial statements;
N. as indicated in the explanatory notes referred to above, with regard to disclosures on business continuity and in compliance with the requirements for the same issue contained in IAS 1 Revised, the Company conducted an assessment of its ability to continue operating as a going concern, taking account of all available information over a medium-term scenario. Based on the analysis of this information and on the basis of its results in previous years, the Company deems it appropriate to assess its financial statements on from the perspective of a going concern;
O. the faithful representation of the results of operations in the accounts and their presentation in the financial statements, in line with the IASs/IFRSs, have been audited by PricewaterhouseCoopers Spa (hereinafter "PwC") in the performance of its statutory audit activities;
P. the Company approved the Reporting Package at June 30, 2017, for the Group Parent, CDP, and the Parent Company, SACE;
Q. the financial statements for 2017 report net income of €3,624 thousand and shareholders' equity of €320,464 thousand, including the net income for 2017.

The Board of Auditors reports, with regard to the issues within the scope of our responsibilities, that:
- we participated in the Shareholders' Meetings, all of the meetings of the Board of Directors held to date, and received periodic information from the Directors on the activities carried out, expected future developments, as well as on the most significant operations in terms of size or and/or features conducted by SIMEST;
- we found that that the actions resolved by the Shareholders' Meeting and the Board of Directors comply

with the law and the bylaws and were not manifestly imprudent or otherwise prejudicial to the integrity of the Company's assets;

- the transactions carried out also comply with the law and the bylaws and do not potentially conflict with the resolutions of the Shareholders or jeopardise the integrity of the Company's assets;
- we examined and monitored the organisational structure of the Company and the functioning of its internal control, administrative and accounting system, as well as the reliability of the latter in correctly representing operational events, by obtaining information from individual department heads and PwC, the audit firm responsible for the statutory audit, and by examining corporate documentation;
- we monitored the adequacy of the controls against risks of non-compliance with rules and regulations through periodic meetings with the head of the Compliance function;
- we held meetings with the audit firm, PwC, during which we exchanged information;
- we received no complaints pursuant to Articles 2408 and 2409, paragraph 7, of the Italian Civil Code;
- during the year we issued favourable opinions, as provided for by law, concerning the determination of the remuneration of directors assigned special duties;
- we monitored the work of the Supervisory Body by virtue of the Company's adoption of the Compliance Model envisaged under Legislative Decree 231/01 and no reports were received concerning the model that would require special mention in this Report. Furthermore, we also noted that in 2017 Antonio Bertani was appointed as Chairman of the Supervisory Body, replacing the outgoing Chairman Roberto Tasca, who resigned, with the determination of the related remuneration for the position, and that Mara De Paola, head of the Supervisory Body support service of CDP, was appointed as a member of the Supervisory Body, replacing Vincenzo Malitesta, who resigned;
- we approved, pursuant to Article 2386 of the Italian Civil Code, the resolution of the Board of Directors of September 27, 2017 concerning the replacement of a director and acknowledged the concomitant appointment by the Board of Directors of Alessandra Ricci as the Chief Executive Officer and General Manager, with effect from October 1, 2017.

In addition, the Board of Auditors reports that:

1. we have examined the draft financial statements for the year ended December 31, 2017, provided to us by the time limit established in Article 2429 of the Italian Civil Code;
2. as this body is not responsible for performing the statutory audit of the financial statements, we monitored the general approach to their preparation and their general compliance with the provisions of law concerning their layout and structure;
3. as to the information obtained from the Directors and through meetings with the independent auditors responsible for the statutory audit, we found no atypical and/or unusual transactions were carried out during 2017. With regard to transactions with related parties, the Directors report on the main operations carried out during the year with the controlling shareholder, SACE Spa and the companies belonging to the CDP Group in the notes to the financial statements, specifically in the section "Transactions with related parties". They were carried out in the interests of the Company and on market terms; please see this section for information on the types of transactions carried out and their impact on the Company's performance and financial position;
4. we have ascertained that the financial statements correspond to the information at our disposal following the performance of our duties, and we have no special comments in this regard;
5. we have examined the format of the draft financial statements, their general compliance with the provisions of law concerning their layout and structure and have no particular observations in this regard;
6. we have also verified compliance with the provisions of law governing the preparation of the report on operations and have no comments that would require special mention here;
7. we note that the fees paid to PwC for its services amounted to €37,299 for the statutory audit and €69,278 for additional activities associated with that audit;
8. the audit firm, PwC, in its report on the financial statements dated April 4, 2018 pursuant to Article 14 Legislative Decree 39 of January 27, 2010, did not have any particular observations or issue an adverse opinion. PwC also certified that the report on operations is consistent with the Company's financial statements at December 31, 2017;
9. in the course of its audit of the 2017 financial statements, PwC performed additional extraordinary work related to the adoption of IAS 9 as from January 1, 2018, beyond that provided for in its engagement to conduct the statutory audit for the years 2015-2017 referred to in paragraph 4.3(b), and has requested additional fees, for 2017 only, of €9,000.

In this regard, on March 22, 2018, the Board of Auditors issued a reasoned proposal, prepared in accordance with Article 13, paragraph 1 of Legislative Decree 39/2010, on supplementing the fees provided for in the engagement of PwC for the years 2015-2017, which has been included as an item on the agenda for the Ordinary Shareholders' Meeting of SIMEST called for April 20, 2018;

10. on March 22, 2018, the Board of Auditors issued a reasoned proposal for the award of the statutory audit engagement pursuant to Article 14 of Legislative Decree 39/2010 and Articles 2409-bis et seq. of the Italian Civil Code for the years ended December 31, 2018, 2019 and 2020 to the audit firm PwC, which has been included as an item on the agenda for approval by the aforementioned Shareholders' Meeting, as the three-year engagement previously granted by SIMEST to PwC is expiring with the approval of the financial statements under review, taking account of the circumstance that the PwC is also the audit firm of the Group Parent, CDP, with expiry of that engagement with the approval of the 2019 financial statements;
11. to the best of our knowledge, in preparing the financial statements the Board of Directors did not avail itself of the exemption permitted under Article 2423, paragraph 4, of the Italian Civil Code;
12. in 2017, there were a total of 14 meetings of the Board of Directors and 1 Shareholders' Meeting, all of which were attended by the Board of Auditors. The Board of Auditors held 6 meetings, to which the magistrate designated by the State Audit Court to oversee finance operations pursuant to Law 259/1958 was always invited.

In view of the foregoing and taking account of the findings of the external auditors responsible for the statutory audit, which are contained in their report accompanying the financial statements issued on April 4, 2018, we recommend that you approve the financial statements for the year ended December 31, 2017 and concur with the allocation of net profit proposed in the notes to the financial statements, specifically €181,221 to the legal reserve as provided for by Article 2430 of the Italian Civil Code and €3,624,416 as profit for the year to be distributed as resolved by the Shareholders' Meeting
The Board of Auditors recalls that its three-year term of office expires with the approval of the financial statements for the year ended December 31, 2017. It is therefore necessary to appoint a new control body and its Chairman for the 2018-2020 period.

Milan, April 4, 2018

THE BOARD OF AUDITORS

Daniele Discepolo
Laura Guazzoni
Carlo Hassan

Report
of the audit firm

Relazione della società di revisione indipendente
ai sensi dell'articolo 14 del DLgs 27 gennaio 2010, n° 39

Società Italiana per le Imprese all'Estero – SIMEST SpA

Bilancio d'esercizio al 31 dicembre 2017

Relazione della società di revisione indipendente
ai sensi dell'articolo 14 del DLgs 27 gennaio 2010, n° 39

Agli Azionisti della
Società Italiana per le Imprese all'Estero – SIMEST SpA

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Società Italiana per le Imprese all'Estero – SIMEST SpA (la Società), costituito dallo stato patrimoniale al 31 dicembre 2017, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2017, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'articolo 14, comma 2, lettera e), del DLgs 39/10

Gli amministratori della Società Italiana per le Imprese all'Estero – SIMEST SpA sono responsabili per la predisposizione della relazione sulla gestione della Società Italiana per le Imprese all'Estero – SIMEST SpA al 31 dicembre 2017, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n° 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Società Italiana per le Imprese all'Estero – SIMEST SpA al 31 dicembre 2017 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Società Italiana per le Imprese all'Estero – SIMEST SpA al 31 dicembre 2017 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'articolo 14, comma 2, lettera e), del DLgs 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Roma, 4 aprile 2018

PricewaterhouseCoopers SpA

Gian Paolo Di Lorenzo
(Revisore legale)

Approval of the financial statements at December 31, 2017

Approval of the financial statements at December 31, 2017

On April 20, 2018 the Ordinary Shareholders' Meeting, representing 95.28% of the share capital, unanimously approved the financial statements for the year ended December 31, 2017 and the allocation of net profit for the year of €3,624,427 as follows:

· 5% or €181,221 to the legal reserve;

· €3,441,740 to the shareholders in the amount of 0.01087 cents per share;

· the remainder of €1,455 to the extraordinary reserve.

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Editing and layout:
Creactivity – Rome

Printing:
Marchesi Grafiche Editoriali Spa – Rome

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