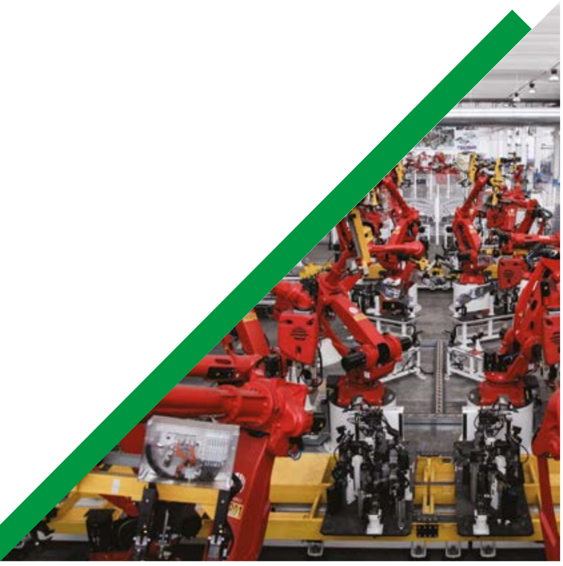
Annual Report 2019



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Annual Report 2019

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We would like to thank the following partner companies
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- Biscotti P. Gentilini S.r.l.
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- Clabo S.p.A.
- CMS S.p.A.
- Labomar S.p.A.
- Magnaghi Aeronautica S.p.A.
- Nautica Salpa S.r.l.
- Renco S.p.A.
- Rustichella d'Abruzzo S.p.A.
- Seco S.p.A.

SIMEST S.p.A. - Società italiana per le imprese all'estero

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Company subject to mangement and coordination by SACE S.p.A.

Contents

SIMEST: Our Role and Mission

SIMEST is a joint-stock company of the Cassa Depositi e Prestiti Group and a subsidiary of SACE S.p.A. Other shareholders include banks and businesses in the private sector. The Company was established in 1991 to promote investments by 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, primarily for SMEs. Together with SACE, SIMEST forms the “Centre for Export and International Expansion” of the CDP Group, which offers the entire range of instruments to support Italian businesses interested in competing and expanding internationally. In particular, SIMEST supports businesses 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 for international expansion

SIMEST manages instruments designed to provide financial support to exports and other forms of international expansion for Italian businesses. In particular, SIMEST finances:

- feasibility studies and technical assistance programmes connected with investments in non-EU countries;
- market penetration programmes for entering non-EU markets;
- the capitalisation of exporting SMEs;
- participation in trade fairs, exhibitions and institutional missions in non-EU countries to promote the Italian brand;
- access to e-commerce through the creation of proprietary IT platforms or by using market places provided by third parties;
- the introduction into the company of temporary export managers, specialised in implementing international expansion projects.

Equity investments

Working alongside Italian businesses, SIMEST can acquire up to 49% of the share capital of foreign businesses, both directly and through blending facilities with the Venture Capital Fund to support investment in foreign operations in certain countries outside the European Union.

SIMEST may also acquire equity investments of up to 49% of the share capital in Italian businesses[1] or their subsidiaries in the European Union that develop productive investments and investments in innovation and research. SIMEST’s investment outside the EU also gives the Italian company access to interest-rate support to finance its equity investment.

Export credit support

SIMEST provides support that allows Italian exporters to offer their foreign clients medium/long-term deferred payment conditions (≥ 24 months) at a fixed subsidised interest rate. This support can be provided in the form of:

- stabilisation of the interest rate of fixed-rate loans: Export Support on Buyer Credit;
- interest subsidies to support with or without recourse factoring of credit-linked notes issued by the foreign buyer: Export Support on Supplier Credit.

1 In sound and profitable companies - bailouts are excluded

Corporate Officers

Board of Directors[2]

Chairman

- Pasquale Salzano

Vice Chairman

- Roberto Rio

Chief Executive Officer

- Mauro Alfonso

Director

- Ilaria Bertizzolo
- Claudio D'Eletto
- Anna Mareschi Danieli
- Gelsomina Vigliotti

Board of Statutory Auditors[3]

Chairman

- Iacopo Conti

Standing Auditor

- Grazia D'Auria
- Alessandro Redondi

Alternate Auditor

- Lucia Cecere
- Cristiano Zanella

2 In office since 23 December 2019, replacing: Salvatore Rebecchini (Chairman), Maurizio Marchesini (Vice Chairman), Alessandra Ricci (Chief Executive Officer), Simonetta Acri (Director), Antonella Baldino (Director), Ivana Greco (Director), and Michele Tronconi (Director).
3 In office since 23 December 2019, replacing: Daniele Discepolo (Chairman), Laura Guazzoni (Standing Auditor), Carlo Hassan (Standing Auditor), Daniela Frusone (Alternate Auditor), and Livio Domenico Trombone (Alternate Auditor).

Designated Judge of the Court of Auditors (Law 259/1958)

- Pio Silvestri

Independent Auditors[4]

- PricewaterhouseCoopers S.p.A.

Supervisory Body

Chairman

- Antonio Bertani

Internal Standing Member

- Mara De Paola

External Standing Member

- Ugo Lecis

4 The Ordinary Shareholders' Meeting of 23 December 2019 approved the mutually-agreed termination of the independent audit engagement awarded by the Ordinary Shareholders' Meeting of 20 April 2018 to the independent auditors PricewaterhouseCoopers S.p.A. for the financial years from 2018 to 2020, with effect from the approval of the financial statements for the year ended 31 December 2019 and, therefore, from the issue of the Independent Auditors' Report on the financial statements at 31 December 2019. At the same time, the Shareholders' Meeting resolved to award the independent audit engagement to Deloitte & Touche S.p.A. for the financial years 2020, 2021 and 2022.

Gentilini

Canada tastes the goodness of Italian biscuits

We have supported the historic Roman biscuit and rusk producer through a “Foreign market penetration” loan, which will enable it to open a sales office in Montreal that will serve all customers in North America.

01
Report on Operations

1. Reclassified financial and operating highlights

(millions of euro)	2019	2018
RECLASSIFIED BALANCE SHEET		
Total assets	585	591
Receivables for equity investments	553	560
Loans payable	270	249
Equity	301	328
RECLASSIFIED INCOME STATEMENT		
Gross income	16	39
Operating income (costs)	(22)	10
Net income (loss) for the year	(27)	1

NEW LENDING, INVESTMENTS AND MANAGED RESOURCES

(millions of euro)

Amounts for the year	2019	2018
Soft Loans	290	248
Equity Loans([1])	271	233
Total international expansion	**560**	**481**
Export Credit	4,702	9,216
Total export	**4,702**	**9,216**
Total new amounts	**5,262**	**9,697**

Year-end balances	2019	2018
Soft Loans	434	343
Equity Loans([2])	743	740
Total year-end balance	**1,177**	**1,084**

PERFORMANCE HIGHLIGHTS

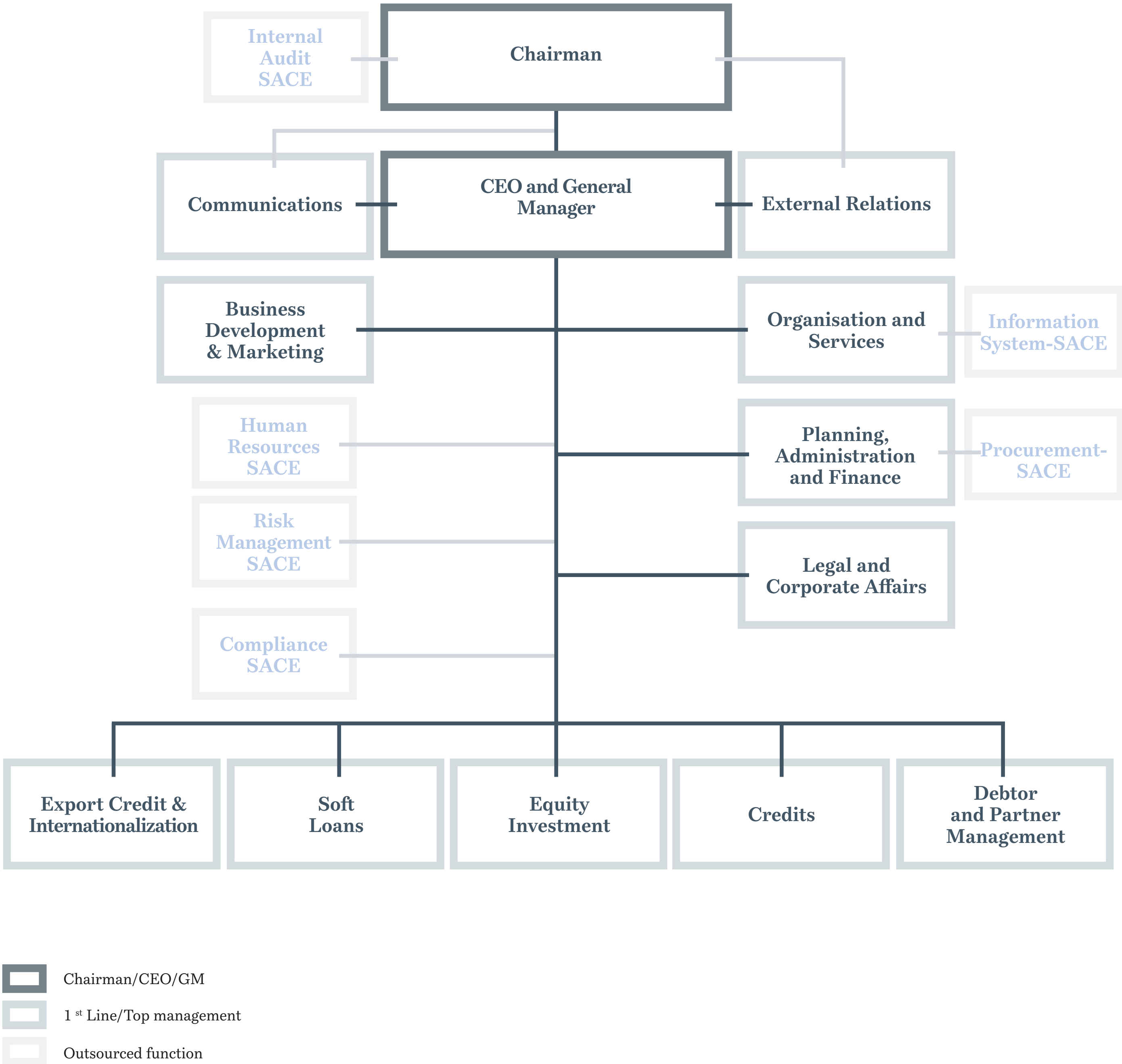
(units; percentages)	2019	2018
PROFITABILITY RATIOS		
Cost/income ratio (%)	144	60
ROE (%)	(9)	0.4
OPERATING STRUCTURE		
Average headcount (including secondments)	155	153

	2019	2018
Customers	1,813	1,566
Target countries	105	103

* The item includes: direct equity investments, equity investments of the Venture Capital Fund and Interest-Rate Support on Equity Loans

** The item includes: direct equity investments and equity investments of the Venture Capital Fund

2. Organisational structure



Note: Services outsourced to SACE S.p.A.: Internal Audit, Risk Management, Human Resources, Procurement, Compliance and ICT

3. 2019-2021 Business Plan

2019-2021 Business Plan

On 21 December 2018, the Board of Directors of SACE S.p.A. formally adopted the 2019-2021 Group Business Plan with respect to guidelines and macro-objectives. The development trends and macro-drivers for the Italian Centre for Export and International Expansion were also defined.
The measures envisaged in the 2019-2021 Business Plan are intended to support Mid-Caps, and especially SMEs, in the complex international expansion and export processes. The planned actions are aimed at developing a targeted offering based on customer segments (medium/small and large enterprises), strengthening the digital offering for SMEs, introducing product/process innovations and consolidating Group synergies.
Commercial and promotional actions are also envisaged in order to reach the largest number of companies possible, including through the strengthening of the synergies with the domestic network, and to disseminate the culture of international expansion.
As regards the objectives set out in the guidelines of the Business Plan, during 2019 specific actions were identified 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 methods of action and the streamlining of processes for existing instruments.

SIMEST 2019-2021 Business Plan

The strategic guidelines of SIMEST's Business Plan, approved by the Board of Directors on 15 March 2019, envisage the growth and consolidation of SIMEST's strategic role in supporting Italian companies in international expansion and exports through: i) structural strengthening of the activity in support of SMEs; ii) increase in the levels of simplification and digitisation of processes and products; iii) maintenance and increase in the ability to intervene in strategic operations for Italy and (iv) continuity of the action in support of international expansion through the development of an offering targeted to the various segments.

Italian Centre for Export and International Expansion

Among its various initiatives, the Cassa Depositi e Prestiti 2019-2021 Business Plan, approved by the Board of Directors in December 2018, envisaged the creation of a Group "one-stop desk", a single commercial interface representing a point of access for all companies.
In 2019, the Centre's joint advertising campaign, launched at the end of 2017 and aimed at our target customers, continued with extensive publicity through the main communication channels. 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 companies.

4. Market context

The international scenario

In 2019 the growth rate of the world economy in terms of change in GDP was 2.9%, representing a slowdown compared to +3.6% for 2018, mainly due to the ongoing tariff disputes, growing geopolitical tensions and the weak performance in some major economies in the third quarter of the year.
In advanced economies, GDP grew by 1.7% (+2.2% in 2018), while emerging and developing economies grew by 3.7%, compared to +4.5% in 2018. World trade slowed from +3.7% in 2018 to +1.0% in 2019[1].
As for the main geographical areas, in 2019 the United States saw an increase in GDP of 2.3% compared to +2.9% for 2018, while the Eurozone grew by 1.2% compared to +1.9% in 2018.
The growth rate in emerging and developing economies – at 3.7% in 2019 from 4.5% for 2018 – was the result of varying trends among the main countries in this category. For 2019, growth rates were modest for some countries, such as Russia (+1.1%), Brazil (+1.2%) and South Africa (+0.4%). The economy slowed in China (+6.1% in 2019 compared to +6.9% in 2018) and even more in India where GDP rose by 4.8% from 6.6% in 2018.
Global flows of foreign direct investment (FDI) dropped to 1,394 billion USD in 2019, down 1% from 1,413 billion USD recorded in 2018[2], reflecting the weak performance of the world economy and the uncertainty over policies, including trade policies, which influenced investor choices.
FDI flows to the advanced economies reached record lows, having declined 6%, from 683 billion USD in 2018 to 643 billion USD in 2019 - the lowest level since 2004. The flows were influenced by the FDI to the European Union, which fell by 15% (305 billion USD in 2019 compared to 357 billion USD in 2018), with very negative performance in Holland (-98%) and Spain (-86%).
FDI to the United States remained essentially stable (-1.0%) at 251 billion USD, confirming the country as the world's top destination for foreign investment. The flows to the remaining advanced economies fell by 30%.
FDI flows to emerging economies remained stable at 695 billion USD, representing around half the global total. Specifically, investment in Latin America grew by 16%, with very strong performance in Chile, Peru, Colombia and, above all, in Brazil (+26%), where the privatisation programme started in July 2019 has already generated the first positive effects in terms of inward investment into the country. In contrast, FDI to the emerging Asia countries fell by 6%, with flows to China remaining unchanged compared to 2018.
In Africa, inward investment increased by 3% to 49 billion USD, but was concentrated in a handful of countries, including Egypt, the largest recipient of FDI in the area, and investments were no longer concentrated in the oil and gas sector.
After two years of declining inward investment flows, the economies in transition saw an increase of 65% in 2019, due to the sharp rise in FDI to Russia, where flows more than doubled, which also fuelled investor confidence in other member countries of the Commonwealth of Independent States.

1 See International Monetary Fund, World Economic Outlook Update, January 2020.
2 See UNCTAD, Global Investment Trends Monitor, January 2020.

The global outlook for 2020

The forecasts made at the beginning of 2020 envisaged a resumption of growth in the world economy, although with continued downside global risks, due to the uncertainties linked to both economic and political factors. The positive factors were identified as the market expectations of a recovery in manufacturing and world trade, the accommodative monetary policies adopted in the main advanced economies, the easing of the tariff disputes between the United States and China, and the removal of the no-deal scenario for the United Kingdom's exit from the European Union. But negative factors prevailed, such as the growing geopolitical conflicts, in particular between the United States and Iran, the escalation of social tensions, and the difficulties in relations between the United States and its main trading partners.
However, the current health emergency has prompted the leading economic analysts to downgrade these forecasts. The spread of the coronavirus is generally increasing health concerns and the risk of ever more stringent restrictions on the movement of people, goods and services, in addition to negative consequences on business and consumer confidence, with the immediate effect of slowing down production and holding back investment. There is also still uncertainty about the spread of the virus in countries still only marginally affected and the actual reduction in cases of infection envisaged from the second half of the year.
In its recently published forecast scenario[3], the OECD forecasts global growth of 1.5% in 2020, almost half the previous forecast of +2.9%, due to a crisis that has been defined as the greatest threat to the global economy since the 2008 financial crisis.

The Italian economy

The slowdown in economic activity in Italy continued in 2019, with an estimated increase in GDP of 0.2%, compared to 0.8% in 2018[3]. According to estimates[4], positive contributions to GDP growth came from domestic demand net of inventories, private consumption, investment and, to a lesser extent, net foreign demand, in a situation of slowing international trade.
The average annual inflation rate in 2019 was 0.6%, half the rate in 2018 (+1.2%), continuing the weak growth in consumer prices for both goods and services seen over the entire year[4].
Employment rose to 59.2% of the labour force and the unemployment rate stood at 9.8%[5]. Industrial production fell for the first time since 2014: -1.3% on average for 2019 compared to the previous year[3].
In 2019, exports of goods and services increased by 2.3% in value and fell by 0.8% in volume over 2018, while imports decreased by -0.7% in value and -0.8% in volume. The trade balance for 2019 was positive at 53 billion euro; excluding trade in energy, the surplus increases to +91 billion euro[3].
Foreign direct investment amounted to 21.2 billion euro in 2019 compared to 33.9 billion euro in 2018, while Italian foreign investment amounted to 16.4 billion euro (33.7 billion euro in the same period last year)[6].

3 See OECD, Interim Economic Assessment Coronavirus: The world economy at risk, 2 March 2020.
4 See Bank of Italy, Economic Bulletin No. 1/2020, January 2020.
5 See Bank of Italy, cited; ISTAT, The outlook for the Italian economy in 2019-2020, December 2019.
6 See ISTAT, Consumer prices. Actual data (December 2019), 17 January 2020.
7 See ISTAT, Employed and unemployed. Provisional data (December 2019), 30 January 2020.
8 See ISTAT, Industrial production (December 2019), 10 February 2020.
9 See ISTAT, Foreign trade and import prices (December 2019), 14 February 2020.
10 See Bank of Italy, Balance of payments and financial position abroad, 19 February 2020.

According to the most recent data published by ISTAT in December 2019[6], Italian multinationals continue to expand: in 2017 there were around 24,000 foreign companies controlled by Italian companies (+3.6% compared to 2016), which employed almost 1.8 million people and had a turnover of over 538 billion euro. Almost half of the Italian multinationals had made new controlling investments abroad in 2017 – the year of the survey – or planned to do so in 2018-2019. The possibility of accessing new markets was the main reason for the foreign investments for 80% of Italian multinational groups, and lower labour costs were no longer a significant variable in determining localisation strategies for almost 70% of Italian multinationals.
In terms of figures, the European Union is the main target area for Italian foreign investments, whereas, at individual country level, the United States continues to be the leading country, followed by China and Romania, for industry, and Brazil and Germany for services.
According to the Bank of Italy's macroeconomic outlook for the three-year period 2020-2022[4], published in January 2020, Italian GDP was expected to increase by 0.5% in the current year, by 0.9% in 2021 and by 1.1% in 2022. However, these forecasts are now out of date, due to the negative effect the coronavirus epidemic is having and will have on the Italian and the world economy. The health emergency has come at a time of weakness of the Italian economy and, although the impacts cannot currently be estimated for its various components, expectations point towards a widespread deterioration of economic activity. There is, therefore, a high probability of a decline also in the international operations of companies, with repercussions for the foreign direct investment initiatives supported by SIMEST.
There are likely to be negative impacts both on the management of the portfolio of SIMEST's foreign and Italian investee companies and on the new lending and investments to support new foreign investment initiatives. There is also the risk that the reduced appetite among Italian companies for investing in international expansion projects will lead to a decline in the use of resources from public funds for international expansion managed by SIMEST, for which facilitation measures are already being set up.

11 See ISTAT, Structure and Competitiveness of Italian multinationals -Year 2017, 22 November 2019.
12 See Bank of Italy, Economic Bulletin cited.

Rustichella d'Abruzzo

Showing the world what we're made of

With a new support measure for the company from Abruzzo – a "Capitalisation" loan – we have continued to support the international expansion and export projects of this Pescara-based company.

5. Business performance

5.1 New lending, investments and managed resources

New lending and investments by SIMEST and resources managed through subsidised public funds in 2019 totalled 5,262 million euro. Among the various instruments for international expansion, new lending, investments and managed resources amounted to 560 million euro[1] (+16% compared to 2018), with a significant contribution coming from equity investments (Equity Loans) acquired, and loans for international expansion (Soft Loans). In particular, it is worth mentioning the 145 million euro of equity investments acquired, of which 131 million euro of SIMEST Equity Loans and 14 million euro of Venture Capital Fund Equity Loans.
At 31 December 2019, SIMEST supported 1,813 businesses in their international expansion and export programmes in 105 countries.

New lending, investments and managed resources (2019 flows)

Business lines (millions of euro)	2019	2018	% change
Soft Loans	290	248	17%
SIMEST Equity Loans	131	131	0.3%
Venture Capital Fund Equity Loans	14	21	-35%
*Interest-rate support on Equity Loans**	126	81	55%
TOTAL FUNDS FOR INTERNATIONAL EXPANSION	**560**	**481**	**16%**
*Export credit support**	4,702	9,216	-49%
TOTAL EXPORT CREDIT SUPPORT	**4,702**	**9,216**	**-49%**
TOTAL NEW LENDING, INVESTMENTS AND MANAGED RESOURCES	**5,262**	**9,697**	**-46%**

* Total underlying nominal value

The balances at the end of 2019 rose by 9% overall compared to 2018, mainly due to the significant contribution from the Soft Loans portfolio (+26%).

New lending, investments and managed resources (balance at the end of 2019)

Business lines (millions of euro)	2019	2018	% change
LOANS FOR INTERNATIONAL EXPANSION	**434**	**343**	**26%**
SIMEST Equity Loans	615	606	1%
Venture Capital Fund Equity Loans	128	134	-4%
TOTAL EQUITY INVESTMENTS	**743**	**740**	**0.3%**
TOTAL YEAR-END BALANCE	**1,176**	**1,084**	**9%**

13 Includes SIMEST Soft Loans and Equity Loans, Venture Capital Fund Equity Loans and Interest-Rate Support on Equity Loans.

5.2 International expansion

5.2.1 Soft Loans: loans for international expansion
(Law 394/81 Fund and Sustainable Growth Fund)

In 2019, SIMEST managed soft loans to support international expansion under the Law 394/81 Fund on behalf of the Ministry of Economic Development. From 1 January 2020, the responsibilities regarding the Law 394/81 Fund were assigned to the Ministry of Foreign Affairs and International Cooperation, together with the Ministry of Economic Development and the Ministry of the Economy and Finance, by Article 2 of Decree-Law no. 104/2019, converted, with amendments, by Law no. 132 of 2019. The Sustainable Growth Fund remained under the responsibility of the Ministry of Economic Development.
In 2019, the Subsidies Committee (the interministerial decision-making body responsible for authorising uses of the Fund) approved 868 transactions for a total of 290 million euro, compared with 790 transactions (+10%) totalling 248 million euro (+17%) in 2018. The impact of the subsidies granted by SIMEST has led to an increase in the volumes of exports made by the beneficiary companies and an improvement in their financial results.

SOFT LOANS

Approved volumes - by Product (Law 394/81 Fund and Sustainable Growth Fund)

Product	Number of transactions	Millions of euro
Foreign market penetration programmes	201	157
Capitalisation of exporting SMEs	398	116
SME participation in trade fairs and/or exhibitions	211	10
Feasibility studies and technical assistance programmes	49	5
E-commerce	8	1
Temporary Export Manager	1	0.1
GRAND TOTAL	**868**	**290**

Soft loans to support international expansion break down as follows: financing of foreign market penetration programmes, consisting in the creation of permanent commercial establishments in non-EU countries, amounted to 157 million euro recorded transactions; financing of the capitalisation of exporting SMEs amounted to 116 million euro; financing of feasibility studies and technical assistance programmes linked to Italian investments in non-EU countries totalled 5 million euro. Funding for the participation of SMEs in trade fairs and exhibitions in non-EU markets amounted to 10 million euro. Two new lines of financing were launched during the year: e-commerce, for the creation of IT platforms for the promotion and sale of products online, which recorded transactions worth 1 million euro; and the temporary export manager, designed to fund temporary support from a specialist professional for international expansion projects, which reached 0.1 million euro. SMEs accounted for 94% of the approved volumes, compared to 93% in the previous year, while the remaining 6% benefited large companies and mid-caps[1].
The volume of new loans granted increased compared to 2018 as a result of the introduction of the new SACE SIMEST portal and the product changes made by SIMEST, approved by the Ministry of Economic Development, which came into force at the end of March 2019. The features that have made the soft loans more attractive to companies include: the complete digitisation of the application phase with consequent reduction in times for submitting loan applications and launching the process-

14 Mid-caps are companies with up to 1,500 employees.

ing phase, the streamlining of the contractual framework and disbursement procedures, the use of communication campaigns on digital channels, and the strengthening of customer support through a centralised customer care service.

SOFT LOANS

Approved volumes - by Fund

Funds	Number of transactions	Millions of euro
Law 394/81 Fund	868	286
Sustainable Growth Fund*	43	4
GRAND TOTAL	**868**	**290**

*The Sustainable Growth Fund only applies to foreign market penetration and the capitalisation of exporting SMEs. Of the 868 transactions approved in 2019, 43 benefited from the Sustainable Growth Fund

With reference to foreign market penetration programmes and capitalisation only, in 2016 the agreement charging SIMEST with the management of an 80 million euro tranche of the Sustainable Growth Fund was signed, supplementing the resources of the Law 394/81 Fund. The Sustainable Growth Fund finances initiatives to promote the entry of Italian companies in non-EU markets and enhance and protect the capital strength of small and medium-sized exporting companies. The subsidies available through the Fund had a significant impact on the competitiveness of Italy's production system, helping to reduce the amount of guarantees required with clear benefits as regards accessibility to instruments both in terms of volumes and costs, particularly for SMEs. The benefits in terms of lower guarantees required as a result of the intervention of the Sustainable Growth Fund have generated growing interest among businesses for the loans backed by the Fund. The trend in this regard was particularly strong in 2018, with the funds available for further financing having been used up in January 2019, ahead of the expiry date set in the Agreement with the Ministry of Economic Development, i.e. 31 December 2019. A total of around 4 million euro of funds were approved in 2019.

SOFT LOANS

Approved loans - by country (Law 394/81 Fund and Sustainable Growth Fund)

Country (millions of euro)	Non-EU market penetration programmes	Feasibility studies and technical assistance programmes	Feasibility studies and technical assistance programmes	E-commerce	Temporary Export Manager
United States of America	37	0.3	3	0.2	
Albania	30	0.8	0.1		
United Arab Emirates	17		1.7		
China	13	1.3	1.4	0.5	
Switzerland	7	0.2	0.6		
Turkey	6		0.1		
Canada	5	0.2	0.03		
Japan	3	0.2	0.3		
Ukraine	4				
Russia	2	0.1	1.1	0.4	
Other	33	2.3	2.2	0.1	0.1
GRAND TOTAL*	**157**	**5.4**	**10.5**	**1.1**	**0.1**

* Excluding loans approved for the capitalisation of SMEs.

Loans were granted for a total of 52 countries. Foreign market penetration programmes focused on the United States, Albania, the United Arab Emirates and China. Feasibility studies and technical assistance programmes also mainly involved Albania and China, while the participation of SMEs in trade fairs and exhibitions was mainly directed towards the United States, China, Russia and Switzerland. During the year, 806 contracts were signed for a total of 274 million euro, with about 151 million euro disbursed.

5.2.2 Equity investments

SIMEST Equity Loans: direct equity investments

In 2019, SIMEST's Board of Directors approved 53 transactions, of which:
- 28 new investment projects;
- 4 capital increases in companies already owned;
- 21 changes/revisions of approved or signed equity investment plans.

The companies in which SIMEST approved an equity investment during the year required a financial commitment of approximately 142 million euro from SIMEST.
In 2019, SIMEST's new operations through the shareholder loan instrument became fully operational, following an analysis and evaluation aimed at identifying more flexible ways of supporting Italian companies that invest in foreign markets. These operations consist of the possibility for SIMEST to support the investments made by its foreign investee companies partly through direct loans to those companies, in addition to the equity contribution and with conditions in line with traditional operations in terms of cost and duration (although with the possibility of adopting amortising schemes).
In 2019, four transactions were completed also through shareholder loans, with a financial commitment of around 23 million euro.
Overall, business volumes were in line with 2018, confirming SIMEST's role in supporting investments made by Italian companies in foreign markets. In 2019, SIMEST, together with the SACE network, continued to promote activities aimed at target customers and local counterparties, in addition to joint and coordinated participation in meetings and events. One-to-one meetings were held with companies interested in international expansion projects, which resulted in opportunities for assessing foreign direct investments.

SIMEST EQUITY LOANS (millions of euro)

Approved equity investments - by country

*New projects and capital increases**	**SIMEST commitment**
United States of America	33
Brazil	21
Italy	17
Spain	14
Switzerland	12
China	10
Mauritius	7
Slovenia	5
Canada	4
Morocco	4
Mozambique	4
Romania	3
Australia	3
Other	6
GRAND TOTAL	**142**

* Includes shareholder loans

Callesella Arredamenti

Treviso wood furniture furnishes the U.S.

Through two soft loans, one for “Foreign market penetration” and another for “Participation in Trade Fairs and Exhibitions”, we have opened the U.S. market to the company from Veneto.

Around 73% of the transactions approved involved investment projects in non-EU countries, with a total commitment of 103.5 million euro, while the remaining 27% involved EU countries, including Italy. The main investment targets included the United States with 8 initiatives and a commitment for SIMEST of 33 million euro, followed by Brazil (6 transactions for a commitment of 21 million euro). These were followed by Italy – for investment transactions with prospects of significant export growth and involving commitments spread across several countries – with 9 transactions for a commitment of 17 million euro, and by Spain (2 transactions, commitments of 14 million euro).

SIMEST EQUITY LOANS (millions of euro)

Approved equity investments - by industry

*New projects and capital increases**	**SIMEST commitment**
Mechanical industry	33
Automotive	27
Metalworking industry	22
Chemical/Petrochemical	19
Renewables	17
Electronics/IT	9
Non-financial services	6
Infrastructure and Construction	5
Mining	3
Agri-food	1
GRAND TOTAL	**142**

* Includes shareholder loans

The industry breakdown of the transactions substantially replicates the composition of the production structure with commitments concentrated in the mechanical, automotive, metalworking and chemical/petrochemical industries, as well as the renewable energy sector.
During the year, based on the investments approved, SIMEST completed 32 equity investment transactions for a total amount of 131 million euro, of which:

- 25 new equity investments in foreign companies, amounting to approximately 107 million euro;
- 4 share capital increases in foreign equity investments, already held at 31 December 2018, for a total of 8 million euro;
- 2 new equity investments in Italy, amounting to 14 million euro;
- 1 share capital increase in equity investments in Italy, already held at 31 December 2018, for a total of 2.5 million euro.

The above figures also include shareholder loans.

SIMEST EQUITY LOANS (millions of euro)

Equity investments acquired - by country

*New projects and capital increases**	**SIMEST commitment**
United States of America	33
Brazil	21
Italy	17
Spain	14
Armenia	9
Mauritius	7
Slovenia	5
Canada	4
Australia	4
Morocco	4
China	3
Ethiopia	3
Other	7
GRAND TOTAL	**131**

* Includes shareholder loans

SIMEST EQUITY LOANS (millions of euro)

Equity investments acquired - by industry

*New projects and capital increases**	**SIMEST commitment**
Automotive	27
Chemical/Petrochemical	22
Mechanical industry	22
Renewables	19
Metalworking industry	18
Electrical industry	9
Aeronautics	7
Electronics/IT	4
Infrastructure and Construction	2
Agri-food	1
GRAND TOTAL	**131**

* Includes shareholder loans

The total amount of transactions in equity investments subscribed and shareholder loans during the year amounted to 131 million euro, in line with 2018.
In 2019, in performance of agreements with the partner companies, 36 equity investments were sold for a total of 123 million euro after impairment. At year end, following portfolio transactions in 2019, SIMEST held equity investments in 236 companies in Italy and abroad for a total of 615 million euro (including the equity investment in FINEST), compared with 606 million euro at the end of 2018 (+1%).

Equity investments of the Venture Capital Fund

In 2019, SIMEST managed equity investments in foreign companies through the Venture Capital Fund on behalf of the Ministry of Economic Development. From 1 January 2020, the responsibilities regarding the revolving Venture Capital Fund were assigned to the Ministry of Foreign Affairs and International Cooperation, together with the Ministry of Economic Development and the Ministry of the Economy and Finance, by Article 2 of Decree-Law no. 104/2019, converted, with amendments, by Law no. 132 of 2019.
The Venture Capital Fund consists of a non-controlling interest – in addition to the direct equity investment by SIMEST and/or FINEST[1] – in the share capital of enterprises established by Italian companies abroad (outside the European Union, in geographical areas of strategic interest to these companies).
During 2019, a total of 15 equity investments were approved by the Steering and Reporting Committee (the interministerial decision-making body for the projects submitted through the Fund), of which 14 related to new investment projects and 1 to a capital increase in a company already owned, in addition to 15 plan revisions for projects that had previously been approved.
More specifically, the approved equity investments result in a total commitment through the Venture Capital Fund of approximately 17 million euro.

VENTURE CAPITAL FUND EQUITY LOANS (millions of euro)

Approved equity investments - by country

New projects and capital increases	**Fund commitment**
China	6
Morocco	2
Mauritius	2
Mozambique	1
Colombia	1
Chile	1
Russia	1
India	1
Republic of South Africa	1
Serbia	0.5
GRAND TOTAL	**17**

The geographical distribution of the commitments approved shows they are spread among various countries, with the emergence of new destinations (such as Chile, Colombia, Mauritius and Mozambique) alongside the more traditional ones. However, there is a relative concentration in China, with 6 million euro of commitments approved, confirming the importance of this destination in the international expansion strategies of our companies.

In 2019, equity investments acquired with resources from the Venture Capital Fund totalled about 14 million euro for a total of 13 transactions, broken down as follows:

- 12 new equity investments – in addition to the shares acquired by SIMEST and/or FINEST – for a total amount of approximately 13 million euro;
- 1 capital increase in a company already owned at 31 December 2018 for around 0.5 million euro.

The breakdown of the Fund's new investments by geographical area confirms the interest in China.
In 2019, in performance of agreements with the partner companies, 22 equity investments were sold for a total of 15 million euro. As a result of the transactions made during the year, the portfolio of equity investments held by SIMEST under the Venture Capital Fund amounted to approximately 128 million euro at the end of 2019 (approximately 134 million euro in 2018) and involved 163 foreign companies.

15 FINEST is an equity partner and financing shareholder in the international expansion of companies in the North-East of Italy. It acquires non-controlling interests in the share capital of the foreign joint venture and provides foreign direct financing to the company. Pursuant to Law no. 19/1991, SIMEST holds a 3.9% equity investment in FINEST S.p.A. of Pordenone, a member of the Friulia Group.

The trend in acquisitions and the portfolio reflects the policy of the Steering and Reporting Committee concerning the maximum amount per individual equity investment.

Start-Up Fund Equity investments

In 2018, the Start-Up Fund, set up by Ministerial Decree no. 102 of 4 March 2011 and managed by SIMEST, continued to operate solely in relation to the management of equity investments in the portfolio. No new investment initiatives were approved 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 remained unchanged from the previous year and, at the end of 2019, was equal to about 0.8 million euro. At the end of 2018, Law no. 145 of 30 December 2018 (2019 Budget Law) ordered the 'closure' and transitional management of the Start-Up Fund. Subsequently, on 19 March 2019, SIMEST and the Ministry of Economic Development signed the specific agreement envisaged by Law no. 145, referred to above, for the transitional management of the Start-Up Fund.

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

In 2019, SIMEST managed interest subsidies to support international expansion under the Law 295/73 Fund on behalf of the Ministry of Economic Development. From 1 January 2020, the responsibilities regarding the Law 295/73 Fund were assigned to the Ministry of Foreign Affairs and International Cooperation, together with the Ministry of Economic Development and the Ministry of the Economy and Finance, by Article 2 of Decree-Law no. 104/2019, converted, with amendments, by Law no. 132 of 2019.
These subsidies are provided by SIMEST to Italian companies in support of loans granted for the acquisition of equity investments in foreign companies, in which SIMEST has an interest, in countries outside the European Union.
Under a specific agreement, SIMEST also carries out, on behalf of FINEST (the Friuli-Venezia Giulia Region's holding company), all activities related to the application processing and disbursement of subsidies under the Law 295/73 Fund for the operations carried out by FINEST in Central and Eastern European countries, in the Balkans and in Mediterranean countries.
In 2019, the Subsidies Committee approved 23 transactions for a total of 126 million euro (compared with 30, totalling 81 million euro in 2018). Of these, 22 transactions totalling 123.5 million euro involved equity investments by SIMEST in non-EU countries, and 1 transaction totalling 2.3 million euro related to an investment by FINEST in Russia. The main target countries were the United States (37%), Switzerland (32%), China (6%), Canada and Armenia (4% each).

INTEREST-RATE SUPPORT ON EQUITY LOANS (millions of euro)

Deferred principal amount approved - by country

Country	Underlying nominal value
United States of America	47
Switzerland	40
China	8
Canada	6
Armenia	5
Morocco	4
Mozambique	4
Republic of South Africa	3
Brazil	3
Chile	2
Other	5
GRAND TOTAL	**126**

The main industries attracting investment were mechanical (42%), electronics/IT (28%), agri-food and chemical/petrochemical (6% each).

INTEREST-RATE SUPPORT ON EQUITY LOANS (millions of euro)

Deferred principal amount approved - by industry

Industry	Underlying nominal value
Mechanical industry	53
Electronics/IT	35
Agri-food	8
Chemical/Petrochemical	8
Metalworking industry	6
Electrical industry	5
Oil & Gas	4
Aeronautics	3
Other	5
GRAND TOTAL	**126**

5.3 Export credit support (Law 295/73 Fund)

In 2019, SIMEST managed a fund (Law 295/73 Fund) on behalf of the Ministry of Economic Development that is used to stabilise interest rates and distribute subsidies in support of export credit financing. From 1 January 2020, the responsibilities regarding international trade and international expansion of Italy's economy were assigned to the Ministry of Foreign Affairs and International Cooperation by Article 2 of Decree-Law no. 104/2019, converted, with amendments, by Law no. 132 of 2019. Interest rate stabilisation programmes, in the form of both buyer and supplier credit loans, are aimed at supporting the export of capital goods (plant, machinery, replacement parts, associated studies, works and other services) throughout the world.
In 2019, the Subsidies Committee approved 47 transactions for a total of 4,702 million euro (compared with 70 transactions totalling 9,216 million euro in 2018).

EXPORT CREDIT (millions of euro)

Deferred principal amount approved - by product

Product	Number of transactions	Underlying nominal value
Buyer credit loans	11	4,530
Supplier credit loans	36	172
GRAND TOTAL	**47**	**4,702**

Of these transactions, 4,530 million euro involved buyer credit loans for contracts between Italian exporters and foreign customers in the shipbuilding (cruise ship segment) and defence industries.

The remaining 172 million euro, in the form of supplier credit loans, related to the financing of machinery and components supplies sold by Italian companies to foreign customers. In 2019, the product review was completed to refocus it on Italian exporting SMEs. This involved simplifying the documentation to be submitted and revising the level of subsidies based on the size of the company, to the benefit of SMEs.

With regard to buyer credit and supplier credit transactions during the year, the main target countries for supplies were Panama, Bermuda, Egypt and the United States of America.

EXPORT CREDIT (millions of euro)

Deferred principal amount approved - by country

Country	Underlying nominal value
Panama	1,700
Bermuda	1,328
Egypt	849
United States of America	726
Spain	26
France	26
Republic of South Africa	7
Brazil	5
Argentina	3
Morocco	3
Other	30
GRAND TOTAL	**4,703**

The industry breakdown of export credit volumes mainly concerned contracts in the cruise ship segment (78%), and the defence (18%) and mechanical (2%) industries, with the remainder coming from the textile and automotive industries.

EXPORT CREDIT (millions of euro)

Deferred principal amount approved - by industry

Industry	Underlying nominal value
Cruise ship	3,687
Defence	842
Mechanical industry	73
Textiles	6
Automotive	3
Other industries	90
GRAND TOTAL	**4,702**

5.4 Promotion and development activities

In 2019, the promotion and development activities continued in line with 2018 and consisted of: i) emphasis on the equity investments instrument by SIMEST Product Specialists, ii) monitoring of digital and third-party channels and development of communication campaigns for promoting international expansion loans, and iii) the Group's predominantly synergistic approach with regard to export credit instruments.
In continuity with the previous two years, the actions aimed at promoting and developing SIMEST's activities were carried out in synergy with the other Group companies.

In line with the objectives of the 2019-2021 Business Plan, SIMEST has developed its promotional activities through commercial actions/business events aimed at:

- strengthening the collaboration with banks, consulting firms and private equity funds involved in supporting businesses in their international expansion processes;
- monitoring the smaller customer segments by intensifying marketing and lead generation initiatives, also through the strengthening of relations with third-party channels for promotion;
- promoting subsidised lending instruments through specific campaigns conducted with the support of Group Customer Care;
- expanding local coverage, by establishing a stable presence of product specialists including at the Naples and Palermo offices and strengthening synergies with the Group's offices at national scale;
- identifying new solutions, through interactions with third-party channels, capable of anticipating and meeting the needs of businesses (e.g. product and process interventions).

Locally-based relations

In 2019, SIMEST intensified its locally-based activities in order to increase the number of SMEs that use subsidised lending instruments.
In particular, around 430 meetings were held consisting of workshops and select meetings with Banks, Financial Intermediaries, Trade Associations, Advisers and companies.
These locally-based activities are aimed at consolidating and increasing the number of entities and counterparties that SIMEST can partner with to help SMEs interested in developing their operations in international markets.

International missions

In 2019, SIMEST took part in three institutional and business missions in Tunisia and China.
In particular, in China SIMEST participated in the:

- Italy-China Business Group organised by CDP as Co-Chairman of the Business Group;
- Shanghai Furniture Fair.

In the same year, SIMEST participated in the ICE-MAECI-ANCE-OICE business missions in Serbia, Macedonia and Georgia dedicated to the infrastructure sector, where it also took part in the economic forum.
During these missions, SIMEST provided assistance to Italian companies through the numerous business forums and business-to-business and government-to-government meetings examining interests and issues related to business opportunities in the various countries. The aim of this process was to facilitate meetings with local companies with a view to starting up collaboration relationships.
The missions focused on areas of particular interest to each country.

International relations

In 2019, SIMEST made its contribution to EDFI activities by participating in the development of AGRIFI within the EDFI Management Company.
SIMEST participated with other DFIs in the impact assessment meetings of the EDFI Development Impact Working Group held during the year. SIMEST also re-initiated the examination of the pilot programme started in 2017, with a view to its possible structured implementation.
Also in connection with EDFI, SIMEST participated in specialist training courses at the EDFI Academy Trainings, with two equity investment analysts.
Finally, SIMEST was an active participant at the Annual Meeting at The Hague and has taken on the task of organising and hosting the Event in 2020 in Rome.
SIMEST also participated, with CDP and SACE, in the peer review carried out last March by the audit team of the OECD Development Assistance Committee (OECD-DAC).
This was the periodic peer review of the Italian Development Cooperation System, conducted by two OECD-DAC member countries – in 2019 the countries were Spain and New Zealand – with the technical support of the DAC Secretariat.

CMS

Campania Fuel Tanks Take On The U.S.

We have acquired a stake in the U.S. subsidiary to support the Campania-based company in the construction of a new plant for the production of fuel tanks for the U.S. market. This investment will also give a boost to the Salerno plant that designs and manufactures all the equipment used in the U.S.

6. Risk management

In order to identify the risks to be managed, SIMEST, while not subject to prudential regulation, adheres to current banking regulations or the classification scheme adopted by the Basel Committee, which distinguishes between “pillar 1 risks” and “pillar 2 risks”.

This classification is contained in the Risk Regulation adopted by SIMEST to ensure that the Company, in coordination with the Parent Company SACE, is able to cover the risks it faces with its own resources. Thus, the Regulation contains the same risk management principles adopted by the Parent Company, while taking into account the company’s specific nature and size.
The most significant risks are listed below.
Credit risk: the risk of a deterioration in the economic-financial condition of a counterparty with whom the Company has a credit exposure. The Risk Regulation and the Investment Regulation have been supplemented by specific guidelines on subscriptions and dedicated credit rating control functions, both *ex ante* and *ex post*, for each counterparty: the Regulations govern the operation of the investment and monitoring process and the roles of the organisational units involved. For performance monitoring purposes, logics, processes and operational tools for analysing the risk profile of investments have been implemented. The objective of the monitoring consists in promptly detecting signs of anomaly relating to the exposures assumed, so as to allow management to implement specific measures to protect its assets and, if necessary, to recover the amount due. The credit risk associated with the equity investments is mitigated through the direct commitments of the Italian Partners to repurchase SIMEST’s equity investments, partially secured by corporate sureties, collateral and bank or insurance guarantees.
At 31 December 2019, direct commitments of Italian Partners for the repurchase of the equity investments totalled approximately 472 million euro (461 million euro at 31 December 2018). Repurchase commitments secured by bank and/or insurance guarantees amounted to approximately 31 million euro (42 million euro at 31 December 2018), while those secured by collateral amounted to 44 million euro (42 million euro at 31 December 2018).

GUARANTEES

(%; millions of euro)

	2019		2018	
Direct commitments of Italian partners	86%	472	84%	461
Commitments secured by banks and insurance companies	6%	31	8%	42
Commitments secured by collateral	8%	44	8%	42
TOTAL AMOUNT DISBURSED		**547**		**545**

Market risk: the risk arising from market transactions in financial instruments, currency and commodities. Price risk and foreign exchange risk are in part mitigated by contractual clauses which as a rule guarantee that the investment will be recovered at the historic price paid in euro for acquisition of the equity investment. The fair value measurement of a portion of the investment portfolio resulting from the adoption of IFRS 9 exposes the portfolio to market risks arising from fluctuations in market factors (interest rates and credit spreads).

Operational risk: the risk of loss resulting from inadequate or malfunctioning internal procedures, people and systems or from external events. This definition includes losses resulting from fraud, human error, business disruption, system unavailability, breach of contract, and natural disasters.

Liquidity risk: the risk that the Company will not be able to liquidate investments and other assets to settle its financial obligations at maturity without incurring losses. Liquidity risk and interest rate risk are monitored constantly through analysis of expected cash flows, especially for equity investments. Furthermore, specific operational limits for risk management and monitoring have been set out in the Risk Regulation.

Concentration risk: the risk arising from exposures to individual counterparties, groups of connected counterparties, or counterparties belonging to the same economic sector or carrying out the same activity, or belonging to the same geographical area. Specific operational limits for risk management and monitoring have been set out in the Risk Regulation.

Reputational risk: the current or prospective risk of a fall in profits, penalties, loss of economic value or damage to SIMEST's institutional role, resulting from a negative perception of the Company's image by customers, counterparties, shareholders, investors, regulators or other stakeholders. SIMEST gives the highest priority to preventing and monitoring the occurrence of events of a reputational nature in relation to transactions that are part of its corporate purpose. To this end, it has structured internal controls to mitigate this risk and has adopted specific safeguards to prevent reputational events from occurring in its operations.

Compliance risk: the risk of incurring legal or administrative penalties, losses or reputational damage as a result of violations of external provisions (laws or regulations) or self-governance rules (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-governance rules or external provisions.

Within the Risk Regulation the Company also implemented the process of assessing the correspondence between the capital resources available (represented by equity) and the economic capital necessary to cover existing risks, which is measured using the Internal Capital Adequacy Assessment Process (ICAAP) employed by the CDP Group. Results of the assessments have confirmed the full adequacy of capital resources both at present and over the period covered by the Business Plan.

Specific controls are also in place for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which the funds are exposed. More specifically, for the Law 295/73 Fund, in order to ensure support for exports through a more efficient allocation of public resources while maintaining adequate control of major risks (foreign exchange and interest rate risk), even in situations of stress, a new methodology was approved and implemented for quantifying the Fund's overall on-balance sheet financial needs with a view to efficiently managing public resources.

7. Internal Control System

The internal control system consists of a set of rules, procedures, and organisational structures designed to ensure compliance with applicable regulations, in accordance with corporate strategies and the achievement of targets set by company management.
First level controls (line controls) are conducted by operational and administrative structures. These controls are built into organisational procedures and are designed to ensure that activities are carried out correctly.
Second level controls (risk management controls) are carried out by the Risk Management Function and the Compliance Function, which are separate organisational units and aim to ensure that the risk management process is correctly implemented, that the operating limits assigned to the various structures are respected, and that the Company's operations comply with the applicable regulations.
With regard to operational risks, the Risk Management Function monitors the framework for operational risk management, with particular reference to: (i) the assessment of the level of company exposure to operational risks (risk self-assessment) and (ii) the collection and analysis of internal loss data attributable to operational risk events (loss data collection), also monitoring the effective execution of any actions to mitigate risks identified during the periodic follow-ups.
Lastly, third level controls are implemented by the Internal Audit Function, which ensures the monitoring and periodic assessment of the effectiveness and efficiency of the risk management, control and governance system, with respect to the nature and intensity of the risks.
Internal Audit submits an Audit Plan to the Board of the Directors, showing the audit activities planned in connection with the risks associated with activities pursued to meet company objectives. The results of the activities carried out by Internal Audit are presented to the Board of Directors and the Board of Statutory Auditors every six months. However, critical issues identified during examinations are immediately reported to the relevant company structures so that they can implement corrective actions.

In the area of financial reporting, SIMEST has also adopted the Internal Control System for Financial Reporting, based on best practice and in compliance with the applicable regulations (Law 262/2005), in order to strengthen the Company's framework of internal controls on administrative and accounting processes.

8. Governance and support activities

8.1 Communications

In 2019, the Communications team continued to focus on raising awareness about SIMEST within the "Centre for Export and International Expansion of the CDP Group" and on promoting products to existing customers and – above all – to prospects, particularly SMEs, in line with the company mission.
After the positive results from the offline advertising campaign for the Centre – which started in 2017 and is based on the concept of an "impossible enterprise" which becomes possible thanks to the excellence of Italian companies and the support of SACE and SIMEST – this activity continued in 2019 through the online channels focusing on the integrated digital offering of the Centre's insurance and financial products. For SIMEST, in particular, the online communications campaign mainly focused on the promotion of the two new financing products – "E-commerce" and "Temporary Export Manager" – available from July and completely digital.
Simplification and digitalisation have been the drivers of process and product innovation activities that have also led to the creation of the new portal, online from March 2019, providing the gateway for Italian companies to the Centre's entire digital offering for SMEs, including SIMEST's full range of loans for international expansion. This was also accompanied by the launch of the new single website sacesimest.it, which brings together all the companies in the Centre and provides users quicker access to the integrated product offering.
The launch of the new single site was also an opportunity to present the Centre's new brand identity, which is now coordinated and consistent with the CDP Group. Within the rebranding process, the Communications team was directly involved in updating the venues and materials and promoting the new brand image to the outside world.
Digitalisation and advertising campaigns – together with intensive direct email marketing activities – contributed to a sharp increase in the volume of financing provided to businesses during the year.
On the media relations front, in addition to the national press, activities with the local press were also stepped up, with a view to achieving an ever-increasing level of coverage when transmitting information that is of interest to businesses.

8.2 Human resources and organisation

Organisational structure and workforce

In 2019, a review of the Company's organisation was carried out for the purpose of further streamlining activities and segregating responsibilities, as well as increasing specialisation in the monitoring of risks.
Firstly, following the implementation of the Group Policy "Organisational principles and management of organisational changes", the types of organisational structures were redefined according to their positioning in the Company's Organisation Chart, renaming the Areas and Departments as First Line, or Top Management, and Second Line respectively, and also introducing the Third Line.
Professional Categories were also introduced to group together the control and business orientation and support functions, in terms of similar missions, expertise and areas of responsibility.
Following the streamlining of the activities of the Legal and Corporate Affairs structure, the Legal Advice Department was assigned responsibility for handling company contracts relating to goods and services and supplies. At the same time, the name of the Legal Disputes and Contracts Department was changed to Legal Disputes Department.
In the business area, changes were made to the second-level organisational structure of the Equity Investment structure: the Equity Origination organisational unit was set up with specific responsibilities for own account activities and the name of the Equity Investor organisational unit was changed to Equity Execution.

To streamline the activities of the Debtor and Partner Management First Line structure, two Second Line structures were set up: Soft Loans Administration, for activities relating to the administration of transactions through the Law 394 Funds and the Sustainable Growth Fund, and Export Credit Administration, for activities relating to the administration of transactions through the Law 295 Fund.
In addition, within the Soft Loans Administration Second Line structure, two Third Lines structures have been established: Soft Loans Disbursement which ensures the disbursements related to the management of soft loans and Soft Loans Collection which ensures the collections and repayments for soft loans.
Two First Line structures were then renamed: "Communications" from "Identity & Communications" and "Planning, Administration and Finance" from "Administration, Planning and Control".
The Head of Internal Operations was assigned the role of Representative of the Security Department in accordance with the applicable regulations, and the activities relating to the management of the Company's Security System were also transferred to Internal Operations.
Lastly, the three-year Certification of the Occupational Health and Safety Management System was renewed in accordance with OHSAS 18001:2007 standards.

At 31 December 2019, the Company's workforce consisted of the following:

COMPANY WORKFORCE*

	Workforce at 31/12/2019	Workforce at 31/12/2018
Senior management	10	13
Middle management	81	80
Non-managerial personnel	63	63
TOTAL	**154**	**156**

* includes SIMEST personnel seconded to other companies (no. 6 resources) and personnel from other companies seconded to SIMEST (no. 16 resources)

8.3 Legal disputes

There were two legal disputes pending before the courts at 31 December 2019 concerning amounts claimed for professional fees totalling 287,000 euro. The first instance proceedings in one of the cases ended in 2018 with a decision ordering SIMEST to pay approximately 80,000 euro. In 2019, the first instance proceedings in the second dispute were concluded, with the rejection of the claim. Appeals are currently under way in both proceedings.
The other dispute involves the objection filed against an order to pay the amount of 710,607 euro served in 2018. The amount claimed constitutes the alleged financial loss suffered by the claimant in connection with an investment contract. In 2019, the application for provisional enforcement of the order was rejected.

8.4 Corporate governance

Organisational model pursuant to Legislative Decree no. 231/2001

SIMEST adopted the "Organisation, Management and Control Model" pursuant to Legislative Decree 231/2001 (231 Model), which identifies the company areas and operations that are most exposed to the risk of criminal activity as defined in the decree, along with the principles, rules and regulations for the control system introduced to supervise significant operating activities, which is subject to update.
The Supervisory Body is tasked with overseeing the operation of and compliance with the Model and with updating its content, and assisting the competent corporate bodies in the task of implementing the Model correctly and effectively. SIMEST's Supervisory Body consists of three members, an expert in criminal law, an expert in business economics and the Chief Audit Officer of CDP or another employee of the CDP Group designated by him with extensive experience in Internal Control Systems.
During 2019, the Supervisory Body was supported by Internal Audit to provide ongoing, independent monitoring of the proper functioning of corporate processes, as well as oversight of the Internal Control System as a whole.
On 20 December 2018, the Board of Directors appointed the members of the Supervisory Body for the three-year period from 2019 to 2021.
The Supervisory Body met on 6 occasions during 2019.

In accordance with the "Regulation on Exercise of Management and Coordination Activities with regard to companies of the CDP Group" approved by CDP on 23 March 2016, SIMEST has been subject to management and coordination by SACE S.p.A. since 15 November 2016.

Code of Ethics

In accordance with the provisions of the Regulation on Exercise of Management and Coordination Activities, at its meeting of 21 June 2017 the Board of Directors of SIMEST approved the Code of Ethics of Cassa Depositi e Prestiti S.p.A. and of the companies subject to management and coordination ("Code of Ethics") issued on 10 March 2017 by CDP.
The Code of Ethics – which is an integral part of the 231/2001 Model – provides guidelines with regard to those with whom SIMEST has relations and requires that the principles, values and rules contained therein, in addition to applying to persons within SIMEST (corporate officers, senior managers, whether employees or non-employees, and persons reporting to senior managers), also apply to persons outside the Company and all those who, directly or indirectly, have relations of any kind with SIMEST.
SIMEST also promotes awareness of and compliance with the 231 Model 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 and shared values. An internal control system 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 "Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01" may be found on the Company's website.

Internal committees

Following the implementation of the Group Policy "Organisational principles and management of organisational changes", the SIMEST Committees were updated in accordance with the organisational structure in force in SIMEST, SACE and CDP and, consistently with the parent company SACE, the name of the Steering Committee was changed to Management Committee.

Magnaghi Aeronautica

Campania-based group flying to the U.S. with SACE and SIMEST

Joint initiative of the SACE and SIMEST Centre in support of the Neapolitan company's investment in the U.S. SIMEST subscribed to the capital increase, while SACE guaranteed the related loan.
The new funds are aimed at completing the acquisition of an established U.S. company.

Related parties

With regard to relations with the majority shareholder, SACE S.p.A., 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 Agreement" – which establishes that CDP is to provide financial support and SACE is to provide guarantees in operations to finance the international expansion and export efforts of Italian businesses.
In relations with SACE S.p.A., remuneration was paid in 2019 to its senior managers who sit on the SIMEST Board of Directors, and payment was made for professional services received within the scope of an agreement relating to the assessment of environmental impact parameters for subsidised export credit transactions.
In addition, following the creation of the Centre for Export and International Expansion, and with a view to centralising functions and achieving operational synergies, outsourcing agreements were established with SACE S.p.A. to manage the following services: Human Resources, ICT, Procurement, Compliance, Internal Audit, and Risk Management.
At the end of 2019, 10 SACE S.p.A. employees were seconded to SIMEST, and two SIMEST employees were seconded to SACE S.p.A.
Also of note is the lease payment made for the use of offices in Mestre and Bologna and the payment for the lease of IT hardware.
With regard to the other companies in the Group, in 2019 credit lines provided by Cassa Depositi e Prestiti (CDP), both individually and in a pool with other lenders, were drawn down.
Also, again with regard to relations with CDP, in 2019 remuneration was paid for the members of the SIMEST Board of Directors appointed from among CDP's senior managers.
At the end of 2019, six CDP employees were seconded to SIMEST, and two SIMEST employees were seconded to CDP.
With regard to tax items, the receivable from CDP relates to the Group's Fiscal Consolidation.
Also, one SIMEST employee was seconded to Fintecna S.p.A.
Also worth noting are contracts with SACE SRV S.r.l (a subsidiary of SACE S.p.A.) for infoprovider, personal data management, customer care and debt collection services. One SIMEST employee has also been seconded to SACE SRV S.r.l.
In addition, at 31 December 2019, following the update of the map of the CDP Group, the related-party transactions included the receivable due to SIMEST from Ansaldo Energia S.p.A. in relation to the investment in Ansaldo Energia Switzerland AG and a receivable for interest income due to be collected.
These related-party transactions have all been conducted at arm's length.

9. Sustainability

9.1 Corporate Social Responsibility

In 2019, SIMEST continued its commitment to supporting corporate welfare and workplace safety initiatives, in addition to activities aimed at reducing its environmental impact.

Initiatives for employees

SIMEST believes in work-life balance for its personnel as a tool for promoting growth in productivity. Accordingly, in 2019 the Company continued to encourage employees to subscribe to the smart working initiative, which provides flexible working options and has been taken up by 57% of employees.
In 2019, the YOPA (Your Opinion Produces Action) programme, launched in 2018 in coordination with the parent company SACE, continued with initiatives aimed at promoting cohesion, corporate culture, engagement, transparency and meritocracy. This included two other initiatives:

- "I put myself in your shoes", which allows employees to work alongside their Group colleagues for two days;
- the first company welfare programme, which offers employees a flexible benefits plan providing them access to benefits and services that can be customised according to their needs, increasing their purchasing power.

At the beginning of the year the Company also launched the Early Career Program (ECP), aimed at young people and based on the principles of fairness, competitiveness and performance, in addition to holding the Generation Mix day, where personnel from different age groups shared their experiences and put together proposals for building a more inclusive working environment, which brings together and harnesses the best of the different generations.
In 2019, SIMEST organised another "Working Mothers' and Fathers' Day", an opportunity for the children of employees to meet up and celebrate at the Company premises. In addition, thanks to the contribution made by the Company, SIMEST employees were given the opportunity to access the SACE CRAL (Employee Recreation Centre) and take advantage of leisure activities offered through special agreements and discounts.
Lastly, SIMEST renewed all the employee insurance policies and made related services available on the dedicated portal.
The Company continued to provide training aimed at acquiring and enhancing technical and specialist skills and spreading knowledge about the business, with a view to ensuring and promoting the professional growth of its personnel.

SIMEST supported the Leonardo Committee for the tenth consecutive year, helping to reward rising talents who, in their studies and in their graduate theses, analysed "Made in Italy" success stories. This initiative also led to internship opportunities in the Company.

Environmental Impact Management

In 2019, SIMEST adopted an internal regulation for the Management of the Environmental System that identifies the roles, responsibilities and objectives of the activities related to environmental protection. This has given even greater impetus to the action aimed at reducing environmental impact, by progressively optimising energy consumption and implementing a new initiative to reduce the use of plastics.
Neon lamps have been replaced with the new, more efficient LED lamps and the windows and doors have been replaced to improve their external thermal and acoustic insulation.
In July the plastic reduction project was launched with the adoption of glass water bottles (with returnable empties) or canned water, paper cups, wooden coffee stirrers and compostable coffee capsules. A tap water dispenser has also been installed and each employee has been provided an aluminium water bottle.
SIMEST is also progressively reducing the use of paper by digitising entire business processes and making greater use of digital documentation.
To facilitate separate waste collection, containers have been placed on each floor of the Company offices for each type of waste and each workstation has a bin for the separate collection of paper.

10. Balance sheet and income statement figures

An analysis of the financial statements at 31 December 2019 is provided below. Both the balance sheet and the income statement have been reclassified based on operational criteria.
With effect from 1 January 2019, IFRS 16 has come into force, which provides a new definition of leases and introduces new criteria based on the party that effectively has control of the asset, with the related right of use recognised in the balance sheet assets.
Based on the instructions provided by the Parent Company CDP, on first-time adoption SIMEST chose to apply the new standard using the "Modified Retrospective Approach", which allows recognition of the cumulative effect of its initial adoption without restating the comparative information and without any impacts on equity at that date.

10.1 Reclassified balance sheet

The assets in the reclassified balance sheet at 31 December 2019 included the following items:

ASSETS

(millions of euro)	31/12/19	31/12/18
Cash and cash equivalents	0.01	0.02
Financial assets measured at fair value through other comprehensive income	5.2	5.2
Receivables for equity investments	553.5	560.3
Other financial receivables	4.1	4.5
Property, plant and equipment	6.3	0.4
of which: right of use on buildings	5.7	-
Intangible assets	0.7	0.6
Tax assets	2.7	1.8
a) current tax assets	1.4	1.4
b) deferred tax assets	1.3	0.4
Other assets	12.2	17.8
TOTAL ASSETS	**584.7**	**590.6**

At 31 December 2019, total assets amounted to 584.7 million euro (590.6 million euro at 31 December 2018), a decrease of about 5.9 million euro from the previous year.
The decrease in assets is mainly due to the decrease in the total value of "Receivables for equity investments", which amounted to 553.5 million euro (560.3 million euro at 31 December 2018). This is the main asset item, accounting for about 95% of the total. 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 partners' obligation to repurchase the stake at maturity qualifies the transaction, under those standards, as a receivable from the partners, even though they relate to subscribed equity investments.
The decrease of around 6.8 million euro in this item was due to the trend in payments of equity investments (128.3 million euro), collections (91.0 million euro), net income from receivables for equity investments measured at fair value, including individual write-downs of critical positions (-27.5 million euro) and credit risk adjustments to equity investments measured at amortised cost (-16.6 million euro).

“Financial assets measured at fair value through other comprehensive income” at 31 December 2019 amounted to 5.2 million euro, unchanged from 31 December 2018, and represent the equity investment in FINEST (which is not an associate).
“Other financial receivables”, amounting to 4.1 million euro (4.5 million euro at 31 December 2018), refer to mortgage and personal loans granted to employees.
Of note was the increase in “Property, plant and equipment”, which stood at 6.3 million euro at 31 December 2019 (0.4 million euro at 31 December 2018). This item takes into account the adoption, with effect from 1 January 2019, of the new accounting standard IFRS 16. In particular, the amount includes approximately 5.4 million euro relating to the right of use of the leased building housing the company headquarters in Rome.

“Tax assets” totalled 2.7 million euro (1.8 million euro at 31 December 2018), of which 1.3 million euro for deferred tax assets recognised on income components that will become taxable in future tax periods, 0.5 million euro for taxes related to the application for a refund of IRAP (regional tax on business activities) in accordance with Article 2 of Decree Law 201/2011, and 0.9 million euro for greater advance taxes paid.

Lastly, “Other assets”, totalling 12.2 million euro (17.8 million euro at 31 December 2018), mainly include trade receivables in respect of the agreement to manage public funds in the amount of 9.8 million euro (16.7 million euro at 31 December 2018) and advances to suppliers and other assets in the amount of 2.4 million euro.

LIABILITIES AND EQUITY (millions of euro)

(millions of euro)	31/12/19	31/12/18
Loans payable measured at amortised cost	270.3	249.1
Other liabilities and tax liabilities	8.9	9.4
Staff severance pay	2.1	2.2
Provisions for risks and charges	2.7	2.1
Equity	300.5	327.7
TOTAL LIABILITIES AND EQUITY	**584.5**	**590.5**

At 31 December 2019, “Loans payable measured at amortised cost” amounted to 270.3 million euro (249.1 million euro at 31 December 2018) and refer to the use of loans and credit lines granted by CDP and banks that are shareholders of SIMEST, aimed at supporting net flows of funding and the related increase in the investment portfolio.
At 31 December 2019, this item also included payables (5.9 million euro) arising from rights of use acquired under leases, based on the new IFRS 16.
“Other liabilities and tax liabilities”, totalling 8.9 million euro (9.4 million euro at 31 December 2018), mainly include trade payables and other items in the amount of 7.0 million euro (6.7 million euro at 31 December 2018), amounts due to employees and related social security contributions and other liabilities in the amount of 1.9 million euro (2.7 million euro at 31 December 2018).
“Staff severance pay”, amounting to 2.1 million euro (2.2 million euro at 31 December 2018), reflects the amounts due to employees under the specific legal and contractual provisions in force at 31 December 2019. These amounts are recognised in the financial statements in accordance with IAS 19.
“Provisions for risks and charges”, amounting to 2.7 million euro (2.1 million euro at 31 December 2018), represent provisions for likely liabilities, stated at current values, including future charges in respect of employees.

At 31 December 2019, "Equity" amounted to 300.5 million euro (327.7 euro million at 31 December 2018) and represented approximately 51% of total liabilities.

10.2 Reclassified income statement

The economic performance of SIMEST was analysed using the income statement layout reclassified on the basis of management criteria:

INCOME STATEMENT (millions of euro)	31/12/19	31/12/18
Income from equity investments	29.2	28.8
Interest expense and similar expense	(2.6)	(2.3)
Commission income	17.3	16.6
Net profit (loss) on assets mandatorily measured at fair value through profit or loss	(27.5)	(4.0)
Other financial income	0.0	0.0
Gross income	**16.4**	**39.1**
Net adjustments/recoveries for credit risk on assets measured at amortised cost	(16.6)	(6.3)
Administrative expenses and other expense and income	(21.7)	(22.7)
Operating income (costs)	**(21.9)**	**10.1**
Net provisions for risks and charges	(1.4)	(1.5)
Net adjustments to/recoveries on property, plant and equipment and intangible assets	(1.9)	(0.7)
Income (loss) before tax	**(25.2)**	**7.9**
Income tax for the year	(1.9)	(6.7)
NET INCOME (LOSS) FOR THE YEAR	**(27.1)**	**1.2**

The income statement shows that in 2019 SIMEST posted a net loss of 27.1 million euro (net income of 1.2 million euro in 2018) after provisions for taxes (current and deferred) of 1.9 million euro. The loss for the year 2019 was mainly due to credit risk adjustments to equity investments (measured, according to IFRS 9, partly at amortised cost and partly at fair value).

In particular, for the receivables arising from equity investments, a total of around 40.9 million euro in specific adjustments were made to the individual positions, in addition to the IFRS 9 impairment loss on receivables measured at amortised cost of around 1.8 million euro and the write-down of default interest accrued but not collected of around 2.3 million euro. These write-downs were also made taking into account the severe situation that arose in the early months of 2020 as a result of the spread of Covid-19 (coronavirus) at global level with impacts on both the Italian and the world economy. In addition, within the fair value and impairment model (IFRS 9), the Parent Company CDP has updated the sets of values for the Point in Time Probability of Default (PD) to capture a baseline of possible impacts on the economy related to the spread of the coronavirus. These adjustments were concentrated on critical positions mainly relating to investment initiatives with the S.E.C.I. (Officine Maccaferri) Group, which generated write-downs of approximately 17.6 million euro on a total investment of approximately 29.9 million euro, and the initiative with Officina Metalmeccanica Angelucci which, following that company's declaration of bankruptcy, generated write-downs of approximately 10.4 million euro. Other write-downs were also made on existing bad debt positions (mainly relating to initiatives with the Ferrarini Group, Mossi & Ghisolfi S.p.A., Maglital S.r.l. and Metec S.p.A.) totalling around 12.8 million euro.

On the revenue side, "Income from equity investments" totalled 29.2 million euro (28.8 million euro in 2018) and includes fees, interest on deferred payments and default interest on equity investments. The average annual return on the equity investment portfolio was about 5.3% (5.3% in 2018). "Interest expense and similar expense" amounted to 2.6 million euro (2.3 million euro in 2018) and refers to interest expense on financial payables. In addition, at 31 December 2019, this item included the interest expense on lease payments recognised on the basis of the new IFRS 16 (0.2 million euro). The average annual cost of debt for 2019 came to around 1.0%, down on the figure of around 1.1% for 2018.

"Commission income" totalled 17.3 million euro (16.6 million euro in 2018) and essentially concerns fees received for management of the Venture Capital Fund, the Law 394/81 Fund, the Sustainable Growth Fund, and the Law 295/73 Fund.

"Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss" refers to the fair value measurement of some of the receivables for equity investments that did not pass the SPPI Test (under IFRS 9) and amounts to a negative 27.5 million euro, which takes into account individual write-downs (in terms of principal, fees and default interest) applied to critical positions of approximately 26.8 million euro and the negative measurement of the change in fair value of approximately 0.9 million euro.

"Gross income" for 2019 amounted to 16.4 million euro.

"Net adjustments/recoveries for credit risk on assets measured at amortised cost" amounted to 16.6 million euro and refer to adjustments made to the portion of receivables for equity investments.

"Administrative expenses" (21.7 million euro) were in line with 2018, taking into account the adoption of the new IFRS 16, which, for the purposes of a like-for-like comparison with 2018, resulted in the need to also include the item "Amortisation, depreciation and impairment of property, plant and equipment and intangible assets".

The balance of operating income and costs for 2019 was therefore a negative figure of 21.9 million euro.

"Provisions for risks and charges", amounting to around 1.4 million euro, related to employee redundancy costs (1.7 million euro) and the positive effect of the reversal of a previous provision for existing disputes of around 0.3 million euro.

As a result of the above, there was a "Loss before tax" of 25.2 million euro (income of 7.9 million euro in 2018).

11. Significant events after the reporting date

After the end of the financial year, during March 2020, the new Covid-19 virus, originating in China, spread to many countries around the world, with the World Health Organization consequently defining the epidemic as a "pandemic situation" on 11 March 2020.
In Europe, at the date of preparing this Report, Italy represents one of the worst hit countries. This has led to considerable pressure on the country's health system and the consequent enactment of a series of measures by the Government (adoption by the Prime Minister of the Decrees of 4, 8, 9 March 2020 and of the "Cura Italia" Decree Law on 17 March 2020), which have introduced restrictive and unprecedented measures to the activities of the Public Administration, the economy in general and the daily life of Italian citizens, as well as substantial economic measures to support families, workers and businesses.
In a scenario where the virus does not stop spreading in the short term, this pandemic development could also significantly affect the global outlook for future growth, influencing the general macroeconomic framework and financial markets.
On this point, SIMEST's Directors deemed that the trend of the emergency along with uncertainties surrounding further developments in terms of impact on the productive, economic and social fabric of the country does not allow – at present – any approximation of a reasonable quantification of the Company's 2020 performance.
It is not excluded that the possible continuation of the current health emergency may result in short-term losses in margins, which at present cannot be estimated with the elements available. In particular, SIMEST's operations in 2020 could be affected by the effects of the current health emergency. Indeed, initial signs of a slowdown can be seen in the international expansion operations of Italian companies, with presumable repercussions both on the performance of the companies already in SIMEST's portfolio and on the feasibility of any new equity investments due to be made during the year. With regard to the public funds managed by SIMEST, given that these essentially operate on the basis of foreign investments and exports, a slowdown in terms of new lending, investment and managed resources is conceivable.
In accordance with IAS 10, this circumstance is not deemed to lead to any adjustment to the balances in the financial statements at 31 December 2019, since the fact itself and its consequences occurred after the reporting date, nor a factor of uncertainty as to the Company's ability to continue to operate as a going concern.

12. Business outlook

In light of the negative repercussions that the coronavirus epidemic is having and will have on Italy's economy, as well as the world economy, the Company's performance is likely to be affected and impacted in terms of i) equity investments already held that could become non-performing and/or investments due to be made during the year and ii) volumes of new lending and investment deriving from the public funds managed. In addition, the contribution coming from the international expansion support activities is subject to the necessary public resources being allocated.

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

With regard to the additional information required under Article 2428 of the Italian 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 during the financial year, treasury shares and/or the shares/quotas of parent companies, either directly or through trust companies or other intermediaries. The Company does not hold any derivative or structured financial instruments for managing financial risk.

for the Board of Directors
The Chairman
Pasquale Salzano

Labomar

Treviso supplements target North America

We have acquired a 33% stake in the Canadian subsidiary of the Labomar Group, to support the Veneto-based company – a leader in the food supplements sector – in its strategy of expansion in North America, through the acquisition of a major Canadian company.

02

Financial statements
at 31 December 2019

Form and content of the financial statements at 31 December 2019

The financial statements at 31 December 2019 have been prepared in accordance with applicable regulations and consist of:

- Balance sheet
- Income statement
- Statement of Comprehensive Income
- Statement of changes in equity
- Statement of Cash Flows
- Notes to the Financial Statements

Contents of the Notes to the Financial Statements:

INTRODUCTION
- Information about the Company
- General preparation principles
- Declaration of compliance with the International Financial Reporting Standards
- Basis of preparation
- New accounting standards endorsed and in force at 31 December 2019 and future requirements
- Use of estimates and assumptions

MAIN ACCOUNTING POLICIES
- Cash and cash equivalents
- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at amortised cost
- Property, plant and equipment
- Intangible assets
- Financial liabilities
- Staff severance pay
- Provisions for risks and charges
- Income taxes

TRANSITION TO IFRS 16
INFORMATION ON THE BALANCE SHEET
INFORMATION ON THE INCOME STATEMENT
INFORMATION ON RISKS AND HEDGING POLICIES
TRANSACTIONS WITH RELATED PARTIES
SIGNIFICANT EVENTS AFTER THE REPORTING DATE
PROPOSAL FOR ALLOCATION OF THE NET LOSS FOR THE YEAR
OTHER INFORMATION
- Financial highlights of the company performing management and coordination

Balance sheet

Assets (euro)	**Note**	**31/12/19**	**31/12/18**
Cash and cash equivalents	A.1	10,056	20,579
Financial assets measured at fair value through other comprehensive income	A.2	5,164,569	5,164,569
Financial assets mandatorily measured at fair value through profit or loss:	A.3	257,909,887	345,218,311
of which: Receivables for equity investments		*257,909,887*	*345,218,311*
Financial assets measured at amortised cost:	A.4	299,709,405	219,580,572
of which: Receivables for equity investments		*295,561,881*	*215,082,114*
of which: Other financial receivables		*4,147,524*	*4,498,458*
Property, plant and equipment	A.5	6,299,723	378,619
of which: right of use on buildings		*5,669,988*	-
Intangible assets	A.6	667,083	563,424
Tax assets	A.7	2,730,588	1,835,329
a) current tax assets		*1,421,693*	*1,414,318*
b) deferred tax assets		*1,308,895*	*421,010*
Other assets	A.8	12,173,013	17,820,804
Total assets		**584,664,324**	**590,582,206**

Liabilities and equity (euro)	**Note**	**31/12/19**	**31/12/18**
Loans payable measured at amortised cost	P.1	270,323,994	249,130,322
of which: payables relating to rights of use on buildings		*5,727,652*	-
Other liabilities	P.2	8,899,782	9,293,315
Staff severance pay	P.3	2,147,254	2,233,852
Tax liabilities	P.4	39,158	104,138
a) current tax liabilities		-	-
b) deferred tax liabilities		*39,158*	*104,138*
Provisions for risks and charges	P.5	2,739,143	2,106,471
c) other provisions		*2,739,143*	*2,106,471*
Share capital	P.6	164,646,232	164,646,232
Share premium reserve	P.7	1,735,551	1,735,551
Reserves	P.8	161,258,497	160,126,472
- of which FTA reserve		*63,526,684*	*63,526,684*
- of which IFRS 9 FTA reserve		*9,454,490*	*9,454,490*
Net income (loss) for the year (+/-)	P.9	(27,125,287)	1,205,854
Total liabilities and equity		**584,664,324**	**590,582,206**

Income statement

Items (euro)	Note	31/12/19	31/12/18
Income from equity investments	C.1	29,178,904	28,814,323
Interest expense and similar expense	C.2	(2,637,686)	(2,307,276)
Commission income	C.3	17,294,743	16,614,699
Net profit (loss) on assets mandatorily measured at fair value through profit or loss	*C.4*	*(27,527,595)*	*(4,047,081)*
Other financial income	C.5	45,564	31,236
Gross income		**16,353,930**	**39,105,902**
Net adjustments/recoveries for credit risk on assets measured at amortised cost	*C.6*	*(16,581,741)*	*(6,303,218)*
Administrative expenses:	C.7	(21,452,953)	(22,769,628)
a) staff costs		*(14,859,939)*	*(14,329,235)*
b) other administrative expenses		(6,593,014)	(8,440,393)
Other operating income (costs)	C.8	-	37,868
Operating income		**(21,680,764)**	**10,070,923**
Net provisions for risks and charges	*C.9*	*(1,601,915)*	*(1,544,393)*
Net adjustments to/recoveries on property, plant and equipment	C.10	(1,348,111)	(85,721)
Net adjustments to/recoveries on intangibles assets	C.11	(566,562)	(584,817)
Income (loss) before tax		**(25,197,352)**	**7,855,992**
Income tax for the year	C.12	(1,927,935)	(6,650,138)
Net income (loss) for the year		**(27,125,287)**	**1,205,854**

Statement of changes in equity: current financial year

(euro)	Balance at 31.12.2018	Allocation of net income (loss) for previous year		Changes for the year								Equity at 31.12.2019
					Equity transactions							
		Reserves	Dividends and other allocations	Changes in reserves	Issues of new shares	Purchase of treasury shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for 2019	
Share capital:												
a) ordinary shares	**164,646,232**											**164,646,232**
b) preference shares												
Share premium reserve	**1,735,551**											**1,735,551**
Reserves:												
a) income	**155,164,174**	1,205,854										**156,370,028**
b) other	**5,164,569**											**5,164,569**
Valuation reserves:												
a) available for sale												
b) cash flow hedges												
c) other reserves	**(202,272)**										(73,830)	**(276,102)**
Equity instruments												
Treasury shares												
Net income (loss) for the year	**1,205,854**	(1,205,854)	-								(27,125,287)	**(27,125,287)**
Total equity	**327,714,109**	-	-								(27,199,117)	**300,514,993**

Statement of changes in equity: previous financial year

(euro)	Balance at 31.12.2017	Changes in opening balance	Balance at 01.01.2018	Allocation of net income (loss) for previous year: Reserves	Allocation of net income (loss) for previous year: Dividends and other allocations	Changes for the year: Changes in reserves	Changes for the year – Equity transactions: Issues of new shares	Changes for the year – Equity transactions: Purchase of treasury shares	Changes for the year – Equity transactions: Special dividend distribution	Changes for the year – Equity transactions: Changes in equity instruments	Changes for the year – Equity transactions: Derivatives on own shares	Changes for the year – Equity transactions: Stock options	Comprehensive income for 2018	Equity at 31.12.2018
Share capital:														
a) ordinary shares	164,646,232		**164,646,232**											**164,646,232**
b) preference shares														
Share premium reserve	1,735,551		**1,735,551**											**1,735,551**
Reserves:														
a) income	145,527,008	9,454,490	**154,981,498**	182,677										**155,164,174**
b) other	5,164,569		**5,164,569**											**5,164,569**
Valuation reserves:														
a) available for sale														
b) cash flow hedges														
c) other reserves	(234,093)		**(234,093)**										31,821	**(202,272)**
Equity instruments														
Treasury shares														
Net income (loss) for the year	3,624,416		**3,624,416**	-182,677	-3,441,739								1,205,854	**1,205,854**
Total equity	**320,463,683**		**329,918,173**	**-**	**(3,441,739)**								**1,237,675**	**327,714,109**

Statement of Comprehensive Income

Items (euro)	31/12/19	31/12/18
Net income (loss) for the year	**(27,125,287)**	**1,205,854**
Other comprehensive income net of taxes not transferred to income statement		
Cash flow hedges		
Non-current assets held for sale		
Defined benefit plans	(73,830)	31,821
Total other comprehensive income net of taxes	**(73,830)**	**31,821**
Comprehensive income	**(27,199,117)**	**1,237,675**

Statement of Cash Flows

(euro)	31/12/19	31/12/18
A. OPERATING ACTIVITIES		
1. Operations	**21,670,230**	**(567,050)**
net income for the year (+/-)	(27,125,287)	1,205,854
net profit (loss) on financial assets mandatorily measured at fair value through profit or loss (Revenues)/Costs	27,527,594	4,047,081
income and commissions not yet collected (-)	2,299,266	(22,260,469)
net adjustments/recoveries for credit risk on assets measured at amortised cost (+/-)	16,581,740	6,303,218
net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	1,914,673	670,538
net provisions and other costs/revenues (+/-)	472,244	9,466,728
2. Cash generated by/used in financial liabilities	**(34,476,775)**	**(12,933,017)**
Financial assets measured at fair value and amortised cost	(32,304,173)	(19,708,796)
of which: Receivables for equity investments	(32,304,173)	(19,787,406)
other current assets	(2,172,602)	6,775,779
3. Cash generated by/used in financial liabilities	**(458,215)**	**(10,068,785)**
other current liabilities	(458,215)	(10,068,785)
Cash generated by/used in operating activities	**(13,264,760)**	**(23,568,852)**
B. INVESTING ACTIVITIES		
1. Cash generated by	-	-
sale of property, plant and equipment		-
sale of intangible assets	-	-
2. Cash used in	**(7,939,435)**	**(729,583)**
purchase of property, plant and equipment	(7,269,214)	(284,559)
purchase of intangible assets	(670,221)	(445,024)
Cash generated by/used in investing activities	**(7,939,435)**	**(729,583)**
C. FINANCING ACTIVITIES		
issue/purchase of equity instruments (payment/repayment of share capital and reserves)	-	-
dividend distribution and other allocations	-	(3,441,739)
Cash generated by/used in financing activities	-	**(3,441,739)**
Cash generated/used during the year	**(21,204,195)**	**(27,740,174)**
RECONCILIATION		
Opening Cash and cash equivalents/ (financial payables)	(249,109,743)	(221,369,569)
Total cash generated/used during the year	(21,204,195)	(27,740,174)
Closing Cash and cash equivalents/ (Financial payables)	**(270,313,938)**	**(249,109,743)**

for the Board of Directors
The Chairman
Pasquale Salzano

Notes to the financial statements

Introduction

Information about the Company

For information about the Company please refer to the Report on Operations.

General preparation principles

Declaration of compliance with the International Financial Reporting Standards

The financial statements of SIMEST 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.

Starting from 2015, SIMEST has exercised the option provided for by Legislative Decree no. 38 of 28 January 2005 (IAS Decree), as amended by Decree Law 91/2014 (Competitiveness Decree), which extended the option to prepare financial statements in accordance with the international accounting standards (IAS/IFRS) to all companies, other than those that must prepare their financial statements in accordance with the IAS/IFRS or are permitted to prepare condensed financial statements pursuant to Article 2435-bis of the Italian Civil Code (Article 4, paragraph 6 of Legislative Decree 38/2005).

Basis of preparation

SIMEST's financial statements consist of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and these notes to the financial statements. They are accompanied by the Board of Directors' Report on Operations.

The notes to the financial statements provide all of the information required by law, as well as any supplemental information deemed necessary to give a true and fair view of the company's financial performance and standing. With regard to disclosures on the going concern basis and in compliance with the requirements on the same issue contained in IAS 1 Revised, the Company has conducted an assessment of its ability to continue to operate as a going concern, considering all available information over a medium-term time horizon. Based on an analysis of the information and the results achieved in previous financial years, the Company believes that it is appropriate to prepare its financial statements on a going concern basis.

The financial statements and accompanying notes show the figures for the reporting period, as well as the comparative figures at 31 December 2018.

The financial statements use the euro as the reporting currency. The financial statements are expressed in euro, whereas the amounts shown in these notes to the financial statements are expressed in thousands of euro, unless otherwise stated.

Other issues

IFRS in force and endorsed since 2019

As required by IAS 8 - Accounting policies, changes in accounting estimates and errors, details of the new international financial reporting standards, or amendments to standards already in force, whose application became mandatory from 1 January 2019, are provided below:
- Commission Regulation (EU) 2017/1986 of 9 November 2017, endorsed on 31 October 2017, amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16;
- Commission Regulation (EU) 2018/498 of 26 March 2018, endorsed on 22 March 2018, amending Commission Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 9;

- Commission Regulation (EU) 2018/1595 of 24 October 2018, endorsed on 23 October 2018, amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards Interpretation 23 of the International Financial Reporting Interpretations Committee;
- Commission Regulation (EU) 2019/237 of 11 February 2019, endorsed on 8 February 2019, amending Regulation (EC) No 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard IAS 28;
- Commission Regulation (EU) 2019/402 of 14 March 2019, endorsed on 13 March 2019, amending Regulation (EC) No 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard IAS 19;
- Commission Regulation (EU) 2019/412 of 15 March 2019, endorsed on 14 March 2019, amending Commission Regulation (EC) No 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 12 and 23 and International Financial Reporting Standards (IFRS) 3 and 11.

New accounting standards and interpretations issued and endorsed by the European Union, but not yet in force (date of entry into effect for financial years beginning from 1 January 2020)

Listed below are the new standards and interpretations already issued and endorsed, but not yet in force and therefore not applicable to the preparation of the financial statements at 31 December 2019 (unless, where permitted, it is chosen to adopt them in advance):
- Commission Regulation (EU) 2019/2075 of 6 December 2019, endorsed on 29 November 2019, amending the references to the IFRS Conceptual Framework;
- Commission Regulation (EU) 2019/2104 of 10 December 2019, endorsed on 29 November 2019, amending Regulation (EC) No 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards IAS 1 and 8;
- Commission Regulation (EU) 2020/34 of 16 January 2020, endorsed on 15 January 2020, amending Commission Regulation (EC) No 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard IAS 39 and International Financial Reporting Standards IFRS 7 and 9.

Accounting standards, amendments and interpretations not yet endorsed by the European Union at the reporting date of 31 December 2019

Certain accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union as at the date of preparation of this annex:
- Standards - IFRS 17 Insurance Contracts issued in May 2017;
- Amendments - Definition of business (Amendments to IFRS 3) issued in October 2018.

Use of estimates and assumptions

Accounting estimates

The application of International Financial Reporting Standards in preparing the financial statements requires the Company to make accounting estimates for certain balance sheet items that are considered reasonable and realistic according to the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities, and the disclosures on contingent assets and liabilities at the reporting date, as well as the amounts reported for revenues and costs for the reporting period. Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on future results.

The estimates made at the reporting date relate mainly to financial assets connected with receivables for equity investments, in order to verify whether there is evidence indicating that the value of such assets may be impaired, in addition to estimates related to current and deferred taxes.

Fair value measurement

The fair value is the amount for which an asset (or liability) could be exchanged in a hypothetical transaction between independent counterparties that have a reasonable degree of knowledge of market conditions and the relevant facts related to the item being traded.

In the definition of fair value, a key assumption is that an entity is fully operational and does not have the 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 inputs other than quoted prices for the financial instrument but connected with its fair value by non-arbitrage relationships (Level 2);
- in other cases, recourse is made to internal valuation techniques that also use unobservable market inputs that are therefore inevitably subjective to some degree (Level 3).

A market is considered active if prices are readily and regularly available on regulated markets, organised trading facilities, brokers, intermediaries, pricing services, and if those prices can reasonably be considered to be representative of actual and regular market transactions executed 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 inputs at different levels of complexity. For example, valuation techniques may involve, in addition to interpolations and extrapolations, 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. SIMEST takes the following into consideration when selecting the Level 2 valuation models:
- 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 consistent categories of instruments, unless objective grounds for replacement emerge;
- all other conditions being equal, preference is given to standard models whose mathematical structure and implementing procedures are familiar to practitioners and implemented in the Company's systems.

The market parameters used as inputs for Level 2 valuations are selected 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 listed on active markets. In some cases, in determining the fair value it is necessary to have recourse to valuation techniques that call for inputs that cannot be drawn directly from observable market variables, statistical or "expert-based" estimates by those carrying out the valuation (Level 3).

Level 3 valuation techniques are also applied consistently over time to consistent categories of instruments, unless objective grounds for replacement 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 31 December 2019.

Cash and cash equivalents

Cash and cash equivalents are measured 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 measured at fair value through profit or loss

This item includes all financial assets that are not classified in the portfolio of financial assets measured at fair value through other comprehensive income, or the portfolio of financial assets measured at amortised cost.

In particular, this item includes:
- financial assets held for trading, represented by debt and equity securities and the positive value of derivative contracts held for trading;
- financial assets mandatorily measured at fair value, represented by the financial assets which do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not provide solely for payments of principal and interest on the principal amount outstanding (i.e. those financial assets that do not pass the SPPI Test), or financial assets not held within a business model whose objective is to hold assets in order to collect contractual cash flows (the "Hold to Collect" business model), or whose objective is achieved by both collecting contractual cash flows and selling financial assets (the "Hold to Collect and Sell" business model);
- financial assets designated at fair value, i.e. those financial assets defined as such at the time of initial recognition and where the conditions are met. In such a case, at initial recognition an entity has the option to irrevocably designate a financial asset as measured at fair value through profit or loss if, and only if, this will eliminate or significantly reduce a recognition inconsistency.

In SIMEST's financial statements, this amount includes receivables from partner companies resulting from investment transactions in investees which, under IFRS 9, do not pass the SPPI Test "solely payments of principal and interest on the principal amount outstanding" and therefore must be measured at fair value.

In particular, the relationships between SIMEST, its partner companies and its investees are considered financial assets ("linked transactions") whereby SIMEST is entitled to receive a contractually defined amount of money from the companies which is not less than the amount disbursed, thereby substantiating the relationship with the partner within the context of the linked transaction. These relationships, regardless of their legal form, are classified as loans and receivables.

Financial assets measured at fair value through other comprehensive income

This item includes financial assets that meet both of the conditions listed below:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("Hold to Collect and Sell" business model);
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. those financial assets that pass the SPPI Test).

The item also includes equity instruments, not held for trading purposes, for which the option to be designated at fair value through other comprehensive income was exercised at the time of initial recognition.

Therefore, this item includes all financial assets (debt securities, equity securities and loans) classified in the portfolio measured at fair value through other comprehensive income.

Financial assets measured at amortised cost

This item includes debt securities and loans classified in the portfolio of assets measured at amortised cost.

Financial assets that meet both of the following conditions are therefore included:
- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows ("Hold to Collect" business model);
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. those financial assets that pass the SPPI Test).

In SIMEST's financial statements, this amount includes receivables from partner companies resulting from investment transactions in investees which, having passed the SPPI Test, are measured at amortised cost.

The relationships between SIMEST, its partner companies and its investees are considered financial assets ("linked transactions") whereby SIMEST is entitled to receive a contractually defined amount of money from the companies which is not less than the amount disbursed, thereby substantiating the relationship with the partner within the context of the linked transaction. These relationships, regardless of their legal form, are classified as loans and receivables.

In particular, IFRS 9 states that if the contractual cash flows involve characteristics other than the payment of principal and interest on the notional amount, the SPPI Test is deemed to have been passed if these additional characteristics only have a de minimis effect, i.e. if this effect may be considered "insignificant" at each reporting date and cumulatively over the life of the instrument, it has no impact on the classification of that financial instrument.

With regard to SIMEST, the agreements with the Partners establish a floor on the exit price of the equity investment equal to the purchase price and a cap on the realisable capital gain. The threshold value for applying the de minimis concept was determined based on an in-depth analysis. Consequently, a portion of the portfolio relating to receivables for equity investments held by SIMEST which falls within this threshold is classified and measured at amortised cost, which is more consistent with the characteristics of the instrument.

Property, plant and equipment

Property, plant and equipment refers to non-current assets which are consistently used in the course of the Company's business. Property, plant and equipment is recognised at purchase cost, including incidental expenses. The financial statements report the carrying value of property, plant and equipment net of depreciation, which is calculated using the rates that are deemed 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 and/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, at the end of each financial year, is subject to impairment testing in order to verify the appropriateness of the estimates. An intangible asset is only recognised in the asset section of the balance sheet under the following conditions:

- the Company can control the future economic benefits generated by the asset;
- future economic benefits from the asset are expected to flow to the entity;
- the cost of the asset can be measured reliably.

Intangible assets are therefore derecognised when sold or when future economic benefits are not expected. Costs incurred for the purchase and development of software by third parties are amortised on a straight-line basis over the residual useful lives of the assets, which is no greater than three years.

Current and deferred taxes

Tax assets and liabilities are recognised in the balance sheet respectively under the asset item "Tax assets" and the liability item "Tax liabilities". The accounting entries related to current and deferred taxes 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 deductible temporary 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 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. They are calculated on the basis of applicable tax rates. Deferred tax assets and liabilities are recognised according to 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 an 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 financial years, to the extent that they are likely to be recovered; and ii) under tax liabilities, if they relate to taxable temporary differences representing liabilities because they are related to accounting entries that will become taxable in future tax periods. In particular, with regard to IRES, following the CDP Group's decision to participate in the National Fiscal Consolidation and in accordance with both the Regulations governing consolidation and prevailing tax theory and practice, the Company determined its "potential" liability, recognising as balancing entry a payable to the consolidating entity that, in accordance with the new scheme, is the only entity obliged to settle transactions with the tax authorities.

Staff severance pay

Staff severance pay covers the entitlement accrued by employees at the end of the financial year, as provided by law (Article 2120 of the Italian Civil Code) and applicable employment agreements. In accordance with IAS 19, the staff severance pay is a "Defined benefit plan" and, therefore, at the reporting date the liability is represented by the present value of expected future payments due to employees for the benefits accrued in the current year, and the present value of future payments deriving from the amounts accrued in previous years.

Provisions for risks and charges

The provisions for risks and charges consist of the allowances set aside to cover specific types of liabilities whose existence is certain or probable, but whose amount or timing were uncertain at the reporting date. 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 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.

The provisions are used only to cover the costs for which they were originally recognised.

Income from equity investments and interest expense

Income from equity investments and interest expense is recognised in the income statement on a *pro rata* basis over time for all instruments based on the contractual interest rate or at the effective interest rate if the amortised cost method is applied.

Commission income (expense)

Commission income (expense) is recognised in the income statement on an accrual basis. The commissions considered within the amortised cost for the purpose of determining the effective interest rate are excluded and are included under interest.

Costs

Costs are recognised on an accruals basis.

Transition to IFRS 16

From 1 January 2019, the new standard IFRS 16 “Leases”, issued by the IASB in January 2016, replaced IAS 17, the standard applicable for the accounting treatment and related disclosure of lease transactions.

The new accounting standard provides a new definition of leases and introduces new criteria based on the party that effectively has control of the asset, in order to distinguish between leases and service contracts. The changes have in fact standardised the accounting treatment of operating and finance leases by the lessee.

Based on the instructions provided by the Parent Company CDP, on first-time adoption SIMEST chose to apply the new standard using the “Modified Retrospective Approach”, which allows recognition of the cumulative effect of its initial adoption without restating the comparative information and without any impacts on equity at that date.

SIMEST then conducted analyses on the nature of the contracts in place at 1 January 2019 to determine whether or not they should be included in the scope of IFRS 16. This work was carried out in close coordination with the working group identified by the Parent Company.

In this context, the practical expedients allowed by the standard were adopted, namely:
- exclusion from the new accounting method of lease contracts with a residual term of 12 months or less (starting on 1 January 2019) and those involving assets with a unit value of less than 5,000 euro, in view of their limited materiality; for these assets, lease payments will continue to be recognised through profit or loss on the basis of the previous method.

The analyses showed that the Company held 13 lease contracts relevant for the new accounting standard at 1 January 2019. A total of 7 contracts were excluded based on the practical expedient, because:
- the contract involved assets with a unit value of less than 5,000 euro;
- the lease term was 12 months or less.

For the contracts covered by the new standard, the Company has recognised the right of use and the corresponding financial liability of around 6.9 million euro, determined based on the discounting of the minimum lease payments due up to maturity, which were discounted using the BTP rate curve as instructed by the Parent Company CDP. In particular, the amount included approximately 6.6 million euro relating to the lease of the company headquarters in Rome.

At 31 December 2019, SIMEST had a total of 16 lease contracts, as the lessee, covered by the new standard, broken down into the following types of lease:
- 6 contracts relating to the Real Estate sector, 1 of which with a renewal option;
- 7 contracts relating to the Automotive sector, 1 of which with a renewal option;
- 3 contracts relating to the IT Hardware sector.

IFRS 16 reconciliation table at 1 January 2019

The statements below, called “reconciliation statements”, show the impacts resulting from the application of the recognition rules under IFRS 16. In particular, the gross effects resulting from the adoption of the new standard were determined from the balances transferred.

RECONCILIATION OF LEASE LIABILITIES (thousands of euro)	**01/01/19**
	Gross Amount
IAS 17 undiscounted operating lease commitments at 31 December 2018 (+)	**7,266.00**
Recognition exceptions pursuant to IFRS 16 (-)	(25)
- For short-term leases (-)	*(25)*
- For low value leases (-)	
Other changes (i.e. non-deductible VAT) to be specified:	
-xxx	
-xxx	
-xxx	
-xxx	
-xxx	
IFRS 16 undiscounted operating lease liabilities at 1 January 2019	**7,241**
Discounting effect on operating leases (-)	*(389)*
IFRS 16 discounted operating lease liabilities at 1 January 2019	**6,852**
IAS 17 finance lease liabilities at 1 January 2019 (+)	
Total IFRS 16 lease liabilities at 1 January 2019	**6,852**

Note: the lease liability will be shown with a (+) sign

(thousands of euro)	**01/01/19**
	Gross Amount
Rights of use acquired under a lease at 1 January 2019 - **NEW RoUs** recorded due to transition to IFRS 16 adjusted by related accruals and deferrals (+)	
Operating property, plant and equipment:	**6,852**
a) land	
b) buildings	6,836
c) furniture	
d) valuable art assets	
e) electrical plant	
f) other	16
Investment property:	
a) land	
b) buildings	
IFRS 16 discounted operating lease liabilities at 1 January 2019	**6,852**
Transfer of Prepaid Expenses (at 31 December 2018) (-)	
Transfer of Accrued Expenses (at 31 December 2018) (+)	
Rights of use acquired under a lease not adjusted for accruals and deferrals at 1 January 2019	**6,852**
Equity (Retained Earnings) at 1 January 2019	

Information on the Balance sheet

(thousands of euro)

Assets

A.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents: breakdown

Items	31/12/19	31/12/18
Banks	5	13
Cash	5	8
Total	**10**	**21**

This item represents bank deposits at 31 December 2019, which include interest income credited by banks and cash on hand at the same date, in euro and in foreign currencies.

A.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at fair value through other comprehensive income

Items	31/12/19	31/12/18
Financial assets measured at fair value through other comprehensive income	5,165	5,165
Total	**5,165**	**5,165**

This item refers to the equity investment that SIMEST holds in FINEST S.p.A. (which is not an associate).

Financial assets measured at fair value through other comprehensive income: breakdown by type

Items (thousands of euro)	31/12/19			31/12/18		
	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 At cost			5,165			5,165
3. Units in collective investment undertakings						
4. Loans						-
Total	**-**	**-**	**5,165**	**-**	**-**	**5,165**

Changes for the year

Opening balance at 31.12.2018	**5,165**
Increases	
-	
Decreases	
-	-
Closing balance at 31.12.2019	**5,165**

A.3 FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

This item refers to receivables from partner companies resulting from investment transactions in investees which, under IFRS 9, do not pass the SPPI Test "solely payments of principal and interest on the principal amount outstanding" and therefore must be measured at fair value.

In particular, the relationships between SIMEST, its partner companies and its investees are considered financial assets ("linked transactions") whereby SIMEST is entitled to receive a contractually defined amount of money from the companies which is not less than the amount disbursed, thereby substantiating the relationship with the partner within the context of the linked transaction. These relationships, regardless of their legal form, are classified as loans and receivables.

Financial assets mandatorily measured at fair value through profit or loss: breakdown by debtor/issuer

	31/12/19	31/12/18
1. Equity securities	-	-
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	-	-
2. Debt securities	-	-
a) Central Banks	-	-
b) General Government	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
3. Units in collective investment undertakings	-	-
4. Loans	257,910	345,218
a) Central Banks	-	-
b) General Government	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	257,910	345,218
f) Households	-	-
Total	**257,910**	**345,218**

Financial assets mandatorily measured at fair value through profit or loss: breakdown by type

Items/Values	31/12/19			31/12/18		
	L1	L2	L3	L1	L2	L3
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. Units in collective investment undertakings	-	-	-	-	-	-
4. Loans	-	-	257,910	-	-	345,218
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**-**	**-**	**257,910**	**-**	**-**	**345,218**

Financial assets mandatorily measured at fair value

Items	Performing	31/12/19 Purchased credit-impaired	Other	Total
Loans to:				
a) Governments				
b) Other public entities				
c) Other	218,157		39,753	**257,910**
Total	**218,157**		**39,753**	**257,910**

Financial assets mandatorily measured at fair value through profit or loss: breakdown by maturity

Items	Past due	up to 3 months	up to 12 months	up to 5 years	more than 5 years	Total
Financial assets mandatorily measured at fair value	25,060	8,646	45,668	147,291	31,245	**257,910**
Total						**257,910**

A.4 FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost, of which receivables for equity investments: breakdown by debtor/issuer

	31/12/19			31/12/18		
	Stage 1 and 2	Stage 3	Of which: purchased or originated credit-impaired financial assets	Stage 1 and 2	Stage 3	Of which: purchased or originated credit-impaired financial assets
1. Debt securities	-	-	-	-	-	-
a) General Government	-	-	-	-	-	-
b) Other financial companies	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Loans to:	**285,950**	**9,612**	-	202,810	12,272	-
a) General Government	-	-	-	-	-	-
b) Other financial companies	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	285,950	9,612	-	202,810	12,272	-
d) Households	-	-	-	-	-	-
Total	**285,950**	**9,612**	**-**	**202,810**	**12,272**	**-**

This item refers to receivables from partner companies mainly resulting from investment transactions in investees which, having passed the SPPI Test, are measured at amortised cost.

Financial assets measured at amortised cost, of which receivables for equity investments: gross value and accumulated impairment

	Gross value				Accumulated impairment			Accumulated partial write-offs
	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities								-
Loans	277,430	-	12,107	36,798	3,489	98	27,186	-
Total	**277,430**	**-**	**12,107**	**36,798**	**3,489**	**98**	**27,186**	**X**

Other financial receivables: breakdown

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

Items	31/12/19	31/12/18
Mortgage loans to employees	3,923	4,220
Personal loans to employees	225	278
Total	**4,148**	**4,498**

The following table provides a breakdown by maturity:

Items	up to 3 months	up to 12 months	up to 5 years	more than 5 years	Total
Receivables for mortgage loans to employees	137	226	1,110	2,450	3,923
Receivables for personal loans to employees	24	60	141		225
Total					**4,148**

A.5 PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment: breakdown of assets measured at cost

Items	31/12/19	31/12/18
1. Owned	**489**	**379**
a) land		
b) buildings		
c) furniture	340	252
d) electrical plant	149	127
e) other		
2. Rights of use acquired under a lease	**5,810**	-
a) land		
b) buildings	5,670	
c) furniture		
d) electrical plant		
e) other	140	
Total	**6,300**	**379**

This item also includes assets deriving from rights of use acquired under leases, based on the new IFRS 16, amounting to around 5.8 million euro at 31 December 2019.

Operating property, plant and equipment: changes for the year

(thousands of euro)	Furniture	Electrical plant	Buildings (rights of use)	Motor vehicles (rights of use)	Other assets (rights of use)	Total
A. Opening gross balance						
A.1 Total net writedowns	(1,294)	(2,016)	-	-	-	(3,310)
A.2 Opening net balance	252	127	-	-	-	379
B. Increases:	**133**	**67**	**6,909**	**113**	**47**	**7,269**
B.1 Purchases	133	67	6,909	113	47	7,269
C. Decreases:	**(44)**	**(45)**	**(1,239)**	**(20)**	**-**	**(1,348)**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	(44)	(45)	(1,239)	(20)	-	(1,348)
D. Closing net balance	**340**	**149**	**5,670**	**93**	**47**	**6,300**
D.1 Total net writedowns	(1,338)	(2,061)	(1,239)	(20)	-	(4,658)
D.2 Closing gross balance	**1,679**	**2,210**	**6,909**	**113**	**47**	**10,958**

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 furniture and furnishings.

In addition, purchases and the related depreciation also include assets deriving from rights of use acquired under leases, in accordance with the new IFRS 16.

A.6 INTANGIBLE ASSETS

Intangible assets: breakdown

Items	31/12/19	31/12/18
Software licences	540	433
Office renovation costs	127	130
Total	**667**	**563**

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

Intangible assets: changes for the year

A. Opening balance	**14,092**
A.1 Total net writedowns	(13,529)
A.2 Opening net balance	563
B. Increases	**670**
B.1 Purchases	670
of which business combinations	
C. Decreases	**(566)**
C.1 Sales	
of which business combinations	
C.2 Writedowns	(566)
- Amortisation	(566)
- Impairment:	-
+ equity	
+ income statement	
D. Closing net balance	**667**
D.1 Total net writedowns	(14,095)
E. Closing gross balance	**14,762**

A.7 TAX ASSETS

Deferred tax assets: breakdown

Items	31/12/19	31/12/18
Deferred tax assets recognised in income statement	**1,309**	**421**
- provisions for risks and charges	807	421
- writedowns of receivables	502	-
Deferred tax assets recognised in equity		
Total	**1,309**	**421**

Changes in deferred tax assets

Items	31/12/19
Opening balance	**421**
2. Increases	**888**
2.1 Deferred tax assets recognised during the year	232
2.2 New taxes or increases in tax rates	
2.3 Other increases	656
2.4 Business combinations	
3. Decreases	-
3.1 Deferred tax assets derecognised during the year	-
a) reversals	-
b) writedowns due to uncollectability	-
c) due to change in accounting policies	
d) other	-
3.2 Reduction in tax rates	
3.3 Other decreases	
3.4 Business combinations	
Closing balance	**1,309**

A.8 OTHER ASSETS

Other assets: breakdown

Items	31/12/19	31/12/18
Trade receivables and advances to public entities	10,647	17,635
Advances to suppliers	64	38
Other trade receivables	258	9
Receivables from fiscal consolidation	1,132	54
Accrued income and prepaid expenses	72	85
Total	**12,173**	**17,821**

The item Trade receivables and advances to public entities includes receivables for the commissions under the agreement to manage 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 LOANS PAYABLE MEASURED AT AMORTISED COST

Loans payable measured at amortised cost: breakdown

Items	31/12/19	31/12/18
Due to banks	124,844	131,032
Due to Cassa Depositi e Prestiti	139,611	118,098
Payables relating to rights of use	5,869	-
Total	**270,324**	**249,130**

The item refers to the current account overdraft facility provided by the banking system and the use of credit lines to support the cash flows of equity investments.

In addition, this item includes payables arising from rights of use acquired under leases, in accordance with the new IFRS 16.

Loans payable measured at amortised cost: breakdown by maturity

Items	31/12/19	31/12/18
Loans repayable on demand	14,985	24,641
Term loans and loans repayable with notice	249,470	224,489
Payables relating to rights of use	5,869	-
Total	**270,324**	**249,130**

The item “Loans repayable on demand” refers to the current account overdraft facility, outstanding at the end of the year, provided by the banking system. The carrying value is equal to the nominal value and includes accrued fees.

The item “Term loans and loans repayable with notice” refers to the payable outstanding at the end of the year in respect of the use of credit lines. It also includes the individual credit lines from Cassa Depositi e Prestiti as well as credit lines pooled with other lenders.

Finally, this item includes payables of approximately 5.9 million euro, determined based on the discounting of the minimum lease payments due up to maturity (IFRS 16).

The following table provides a breakdown by maturity of those payables:

Items/values	31/12/19
Lease liabilities	
Total cash outflows for leases within 5 years	**5,801**
Within 1 year	1,182
From 1 year to 2 years	1,189
From 2 years to 3 years	1,150
From 3 years to 4 years	1,150
From 4 years to 5 years	1,130
Total cash outflows for leases beyond 5 years	**68**

P.2 OTHER LIABILITIES

Other liabilities: breakdown

Items	31/12/19	31/12/18
Amounts due to employees	1,227	1,923
Trade payables and other items	6,518	6,313
Tax payables	457	349
Due to social security institutions	698	708
Total	**8,900**	**9,293**

P.3 STAFF SEVERANCE PAY

Staff severance pay: changes for the year

	31/12/19	31/12/18
A. Opening balance	**2,234**	**2,440**
B. Increases	**103**	**28**
B1. Provision for the year	30	28
B2. Other increases	73	-
C. Decreases	**190**	**234**
C1. Severance payments	190	202
C2. Other decreases	-	32
D. Closing balance	**2,147**	**2,234**

Post-employment benefits are divided into:
- Defined contribution plans, in which the company pays fixed contributions into a separate entity (a fund). In this case, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the employee.
- Defined benefit plans, in which the company undertakes to provide agreed benefits to current and former employees, 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 the income statement under staff costs without taking into account the present value of the obligation. Starting 1 January 2007 (the date the supplementary pension reforms introduced by Legislative Decree 252 of 5 December 2005 came into force), for companies with more than 50 employees, the portion of staff severance paid into pension funds and the INPS Treasury Fund falls under the definition of "defined contribution plan" without requiring any actuarial valuation. Conversely, the existing portion, which will continue to be held by the Company until the final date of disbursement of the severance pay to the employee, will continue to be treated as a "defined benefit plan". Specifically, only the recognition of interest from discounting and the disbursements made will affect this portion.

Accounting treatment of defined benefit plans

The cost recognised with respect to a defined benefit plan should be recalculated based on demographic and statistical assumptions and on wage trends. More specifically, the portion of staff severance pay that remains with the company and which falls under the definition of a defined benefit plan, is calculated based on the present value of accrued and accruing obligations (respectively, the present value of the expected future payments related to benefits accrued during the current financial year and the present value of future payments resulting from amounts accrued in previous financial years). The costs of servicing the plan are recognised under staff costs, while actuarial gains and losses are recognised in the Valuation reserves in equity. The actuarial valuation was conducted in accordance with the revised IAS 19, as amended by the IASB on 16 June 2011 and approved with Regulation (EU) No 475/2012 of 5 June 2012.

With reference to the above-mentioned accounting standard, the following have been calculated:

- Defined Benefit Obligation (DBO): average present value at 31 December 2019 of defined benefit obligations accrued by employees in service at the valuation date for service in the current and previous years;
- Current Service Cost (CSC): the average present value at 31 December 2019 of obligations in respect of staff severance pay accrued by employees in service at 31 December for service during the year. In this regard, it should be noted that, in accordance with the regulations in force, the benefits connected with staff severance pay for the employees of the Company in question must be considered fully accrued, therefore the CSC has been zero since 1 July 2007.
- Expected Future Working Life of Active Membership: average residual working life of employees in service and an indicator for the period on the basis of which any amortisation charges to be recognised in the income statement for the year will be determined.
- Net Interest: interest on the net liability (difference between DBO and the Plan assets at fair value) at the beginning of the year, calculated using the assumed rate at the same date, while also taking into account any changes arising from the payment of contributions and benefits (in the specific case of staff severance pay, there are no contributions or assets represented by identifiable securities used solely for the disbursement of the staff severance pay, and therefore the Plan assets at fair value amount to zero).

The following were the main actuarial assumptions made in calculating staff severance pay:

Accounting treatment of defined contribution plans and defined benefit plans

Economic and financial parameters	2019	2018	2017
Nominal annual discount rate	1.40%	1.20%	1.20%
Annual inflation rate	2.00%	1.50%	1.20%

Demographic parameters	2019
Removal from service - Death	Equal to that of the Italian population 2018 (Source: ISTAT - Annuario Statistico Italiano 2019)
Removal from service - Other causes	Equal to 3% until age 54 and 5% thereafter
Retirement age	Provisions contained in Law 214/2011

Past service liability at 01/01/2019	2,233,852
Total pension cost	29,941
Utilisations	(190,369)
Actuarial (gains)/losses	73,830
Past service liability at 31/12/2019	**2,147,254**

The actuarial loss is shown in the statement of comprehensive income as an adjustment to equity without going through the income statement.

P.4 TAX LIABILITIES

Tax liabilities: breakdown

Items	31/12/19	31/12/18
Tax liabilities for direct taxes		
a) current tax liabilities	-	-
b) deferred tax liabilities	39	104
Total	**39**	**104**

The item “Deferred tax liabilities” refers to the IRES tax payable related to accounting entries that will become taxable in future tax periods.

P.5 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges: breakdown

Items	31/12/19	31/12/18
1. Company pensions and other post-retirement benefit obligations		
2. Other provisions	**2,739**	**2,106**
2.1 Legal disputes	100	465
2.2 Staff costs	2,076	1,078
2.3 Other	563	563
Total	**2,739**	**2,106**

Provisions for risks and charges: changes for the year

Items	31/12/19	31/12/18
A. Opening balance	**2,106**	**1,324**
B. Increases	**3,565**	**1,543**
B.1 Provision for the year	3,565	1,543
B.2 Changes due to passage of time		
B.3 Changes due to changes in discount rate		
B.4 Other changes		
C. Decreases	**2,932**	**761**
C.1 Use during the year	2,932	761
C.2 Changes due to changes in discount rate		
C.3 Other changes		
D. Closing balance	**2,739**	**2,106**

Equity

P.6 SHARE CAPITAL

Share capital: breakdown

Items	31/12/19	31/12/18
Share capital subscribed and paid in	164,646	164,646
Total	**164,646**	**164,646**

At 31 December 2019, share capital amounted to 164,646 thousand euro, fully subscribed and paid in, represented by 316,627,369 shares with a nominal value of 0.52 euro each.

Share capital - Number of shares of the company: changes for the year

Items	Ordinary	Other
Items	**316,627,369**	**-**
Share capital subscribed and paid in	316,627,369	
Total		
A.2 Outstanding shares: opening balance	316,627,369	
B. Increases		
B.1 New issues		
B.2 Sale 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. Outstanding shares: closing balance	**316,627,369**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares at end of the year	**316,627,369**	**-**
- fully paid	316,627,369	-

P.7 SHARE PREMIUM RESERVE

Share premium reserve

Items	31/12/19	31/12/18
Share premium reserve	1,736	1,736
Total	**1,736**	**1,736**

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

P.8 RESERVES

Reserves

At 31 December 2019, the Company reported the following “Reserves”:

Items	31/12/19	31/12/18
Capital reserves:	**5,165**	**5,165**
Reserve pursuant to Art. 88(4) of Pres. Decree 917/86	5,165	5,165
Income reserves:	**156,093**	**154,961**
Legal reserve	22,535	22,535
Other reserves	60,577	59,445
First-Time adoption reserve	63,527	63,527
IFRS 9 FTA reserve	9,454	9,454
Total	**161,258**	**160,126**

The reserve pursuant to Article 88(4) of Pres. Decree 917/86 regards the capital grant received from the Ministry of Economic Development to subscribe to the equity investment in FINEST S.p.A. of Pordenone, as established by Law 19 of 9 January 1991. “Other reserves”, based on the second paragraph of Article 6 of Legislative Decree 38/2005, include restricted reserves of 7,051 thousand euro for unrealised fair value gains recognised through profit or loss.

Information on the income statement

C.1 INCOME FROM EQUITY INVESTMENTS

Income from equity investments: breakdown

Items	31/12/19	31/12/18
Income from equity investments	29,179	28,814
Total	**29,179**	**28,814**

The item refers to the fees deriving from equity investments (26,666 thousand euro) and includes interest on deferred payment (46 thousand euro) and default interest (2,467 thousand euro).

C.2 INTEREST EXPENSE AND SIMILAR EXPENSE

Interest expense and similar expense: breakdown

Items	31/12/19	31/12/18
Interest expense and similar expense	2,638	2,307
Total	**2,638**	**2,307**

The item refers to the interest expense accrued on the current account overdraft facility provided by the banking system and the credit lines used to support the cash flows of equity investments. This item includes interest expense on lease payments, based on the new IFRS 16.

C.3 COMMISSION INCOME

Commission income: breakdown

Items	31/12/19	31/12/18
Commission income (expense)	17,295	16,615
Total	**17,295**	**16,615**

This item refers mainly to fees received for managing the Venture Capital Fund (3,527 thousand euro), the Law 394/81 Fund (7,302 thousand euro), the Sustainable Growth Fund (524 thousand euro) and the Law 295/73 Fund (5,888 thousand euro).

C.4 NET PROFIT (LOSS) ON ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Net profit (loss) on assets mandatorily measured at fair value through profit or loss: breakdown

Type of operations/P&L Items	Gains (A)	Gains on disposal (B)	Losses (C)	Losses on disposal (D)	Net gain (loss) ((A+B)-(C+D))
1. Financial assets held for trading	**7,218**	**1,884**	**(36,630)**	**-**	**(27,528)**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-
1.3 Units in collective investment undertakings	-	-	-	-	-
1.4 Loans	7,218	1,884	(36,630)	0	(27,528)
2. Financial assets: exchange rate differences	-	-	-	-	-
Total	**7,218**	**1,884**	**(36,630)**	**-**	**(27,528)**

Within the fair value model (IFRS 9), the sets of values for the Point in Time Probability of Default (PD) have been updated to capture a baseline of possible impacts on the economy related to the spread of Covid-19 (coronavirus).

C.5 OTHER FINANCIAL INCOME

Other financial income: breakdown

Items	31/12/19	31/12/18
Other financial income	46	31
Total	**46**	**31**

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

C.6 NET ADJUSTMENTS/RECOVERIES FOR CREDIT RISK ON ASSETS MEASURED AT AMORTISED COST

Net adjustments/recoveries for credit risk on assets measured at amortised cost

Type of operations /P&L Items	Writedowns			Writebacks		Total
	Stage 1 and 2	Stage 3		Stage 1 and 2	Stage 3	
		Write-offs	Other			
A. Loans to banks	**-**	**-**	**-**	**-**	**-**	**-**
- loans	-	-	-	-	-	-
- debt securities	-	-	-	-	-	-
of which: purchased or originated credit-impaired	-	-	-	-	-	-
B. Loans to customers	**(2,094)**	**-**	**(16,345)**	**1,515**	**342**	**(16,582)**
- loans	(2,094)		(16,345)	1,515	342	(16,582)
- debt securities	-	-	-	-	-	-
of which: purchased or originated credit-impaired	-	-	-	-	-	-
Total	**(2,094)**	**-**	**(16,345)**	**1,515**	**342**	**(16,582)**

Within the impairment model (IFRS 9), the sets of values for the Point in Time Probability of Default (PD) have been updated to capture a baseline of possible impacts on the economy related to the spread of Covid-19 (coronavirus).

C.7 ADMINISTRATIVE EXPENSES

Administrative expenses: breakdown

Items	31/12/19	31/12/18
a) Staff costs	(14,860)	(14,329)
b) Other administrative expenses	(6,593)	(8,440)
Total	**(21,453)**	**(22,770)**

Staff costs: breakdown

Items	31/12/19	31/12/18
1) Employees	**(11,839)**	**(12,086)**
a) wages and salaries	(7,347)	(7,096)
b) social security costs	(19)	(21)
c) staff severance pay - payments and accruals	(539)	(522)
d) pension costs	(2,134)	(2,183)
e) payments to external supplementary pension funds:	(238)	(237)
- defined contribution plans	*(238)*	*(237)*
f) other employee benefits	(1,562)	(2,027)
2) Other personnel in service	2,731	**(1,953)**
3) Board of Directors and Board of Statutory Auditors	**290**	**(290)**
Total	**14,860**	**(14,329)**

Other employee benefits: breakdown

Items (thousands of euro)	31/12/19	31/12/18
Meal vouchers	(237)	(225)
Insurance policies	(454)	(484)
Leaving incentives	(761)	(1,209)
Other benefits	(110)	(109)
Total	**(1,562)**	**(2,027)**

Other administrative expenses: breakdown

Items	31/12/19	31/12/18
Professional and financial services	(955)	(1,685)
Outsourcing	(1,631)	(1,543)
Information services	(699)	(629)
Advertising and marketing	(118)	(352)
General services	(1,241)	(1,386)
Utilities, duties and other expenses	(1,850)	(2,744)
Other corporate bodies	(98)	(102)
Total	**(6,593)**	**(8,440)**

Expenses for 2019 relating to services provided by the Independent Auditors PricewaterhouseCoopers S.p.A. are as follows:

Items (euro)	Service provider	Fees for the year
Statutory audit of accounts and financial statements	PwC S.p.A.	70,000
Other audit-related services (audit of the annual and half-yearly Reporting Package for the Parent Company and the Ultimate Parent Company, audit of the accounting separation file, audit on the application of IFRS 9)	PwC S.p.A.	54,500
Total		**124,500**

C.8 OTHER OPERATING INCOME (COSTS)

Other operating income (costs): breakdown

Items	31/12/19	31/12/18
Other operating income (costs)	-	38
Total	**-**	**38**

C.9 NET PROVISIONS FOR RISKS AND CHARGES

Net provisions for risks and charges: breakdown

Items	31/12/19	31/12/18
Net provisions for sundry expenses for personnel	(1,967)	(1,079)
Net provisions for sundry expenses for legal disputes	365	(465)
Total	**(1,602)**	**(1,544)**

Net provisions for sundry expenses for personnel include the provision for the voluntary employee redundancy incentives.
Net provisions for sundry expenses for legal disputes include the positive profit or loss effect of the reversal of a previous provision for existing disputes.

C.10 NET ADJUSTMENTS TO/RECOVERIES ON PROPERTY, PLANT AND EQUIPMENT

Net adjustments to/recoveries on property, plant and equipment: breakdown

Items (thousands of euro)	Depreciation (a)	Impairment (b)	Recoveries (c)	Net balance (a + b - c)
A. Property, plant and equipment				
A.1 Owned	(89)			(89)
- For operations	(89)			(89)
- For investment				
A.2 Acquired under finance leases	(1,259)			(1,259)
- For operations	(1,259)			(1,259)
- For investment				
Total	**(1,348)**	**-**	**-**	**(1,348)**

C.11 NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS

Net adjustments to/recoveries on intangible assets: breakdown

Items (thousands of euro)	Depreciation (a)	Impairment (b)	Recoveries (c)	Net balance (a + b - c)
A.Intangible assets				
A.1 Owned	(567)			(567)
- Other	(567)			(567)
A.2 Acquired under finance leases				-
Total	**(567)**	**-**	**-**	**(567)**

C.12 INCOME TAX FOR THE YEAR

Income tax for the year on continuing operations: breakdown

Items (thousands of euro)		31/12/19	31/12/18
1.	Current taxes (-)	(2,770)	(4,601)
2.	Change in current taxes from previous years (+/-)	(110)	33
3.	Reduction of current taxes for the year (+)		
4.	Change in deferred tax assets (+/-)	887	(2,172)
5.	Change in deferred tax liabilities (+/-)	65	90
6.	**Income tax for the year (-) (-1+/-2+3+/-4+/-5)**	**(1,928)**	**(6,650)**

In 2019, provisions were made for current and deferred tax totalling 1,928 thousand euro. For deferred tax items, a receivable of 1,308 thousand euro with respect to deferred tax assets and a payable of 39 thousand euro with respect to deferred tax liabilities were recognised on the basis of the calculation of assets and liabilities at 31 December 2019.

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

	31/12/19
Income (loss) before tax	**(25,197)**
IRES Theoretical tax liability (27.5% rate)	**(6,929)**
Increases	
-Temporary differences	(65)
-Permanent differences	13,463
Decreases	
- Dividends	(1,334)
- Gains on equity investments	(810)
- Other changes	(1,620)
Changes for previous year	**(562)**
IRES actual tax liability recognised	**2,143**

	31/12/19
Difference between value and cost of production	**(11,036)**
IRAP Theoretical tax liability (5.57% rate)	**-**
Increases in taxes	-
Decreases in taxes	(99)
Changes for previous year	**215**
IRAP actual tax liability recognised	**215**

Information on risks and hedging policies

In order to identify the risks to be managed, SIMEST, while not subject to prudential regulation, adheres to current banking regulations or the classification scheme adopted by the Basel Committee, which distinguishes between “pillar 1 risks” and “pillar 2 risks”.

This classification is contained in the Risk Regulation adopted by SIMEST to ensure that the Company, in coordination with the Parent Company SACE, is able to cover the risks it faces with its own resources. Thus, the Regulation contains the same risk management principles adopted by the Parent Company, while taking into account the company’s specific nature and size.

The most significant risks are listed below.

Credit risk: the risk of a deterioration in the economic-financial condition of a counterparty with whom the Company has a credit exposure. The Risk Regulation and the Investment Regulation have been supplemented by specific guidelines on subscriptions and dedicated credit rating control functions, both ex ante and ex post, for each counterparty: the Regulations govern the operation of the investment and monitoring process and the roles of the organisational units involved. For performance monitoring purposes, logics, processes and operational tools for analysing the risk profile of investments have been implemented. The objective of the monitoring consists in promptly detecting signs of anomaly relating to the exposures assumed, so as to allow management to implement specific measures to protect its assets and, if necessary, to recover the amount due. The credit risk associated with the equity investments is mitigated through the direct commitments of the Italian Partners to repurchase SIMEST’s equity investments, partially secured by corporate sureties, collateral and bank or insurance guarantees.
At 31 December 2019, direct commitments of Italian partners for the repurchase of the equity investments totalled approximately 472 million euro (461 million euro at 31 December 2018). Repurchase commitments secured by bank and/or insurance guarantees amounted to approximately 31 million euro (42 million euro at 31 December 2018), while those secured by collateral amounted to 44 million euro (42 million euro at 31 December 2018).

Guarantees

(%, millions of euro)	2019		2018	
Direct commitments of Italian partners	86%	472	84%	461
Commitments secured by banks and insurance companies	6%	31	8%	42
Commitments secured by collateral	8%	44	8%	42
Total amount disbursed		**547**		**545**

Market risk: the risk arising from market transactions in financial instruments, currency and commodities. Price risk and foreign exchange risk are in part mitigated by contractual clauses which as a rule guarantee that the investment will be recovered at the historic price paid in euro for acquisition of the equity investment. The fair value measurement of a portion of the investment portfolio resulting from the adoption of IFRS 9 exposes the portfolio to market risks arising from fluctuations in market factors (interest rates and credit spreads).

Operational risk: the risk of loss resulting from inadequate or malfunctioning internal procedures, people and systems or from external events. This definition includes losses resulting from fraud, human error, business disruption, system unavailability, breach of contract, and natural disasters.

Liquidity risk: the risk that the Company will not be able to liquidate investments and other assets to settle its financial obligations at maturity without incurring losses. Liquidity risk and interest rate risk are monitored constantly through analysis of expected cash flows, especially for equity investments. Furthermore, specific operational limits for risk management and monitoring have been set out in the Risk Regulation.

Concentration risk: the risk arising from exposures to individual counterparties, groups of connected counterparties, or counterparties belonging to the same economic sector or carrying out the same activity, or belonging to the same geographical area. Specific operational limits for risk management and monitoring have been set out in the Risk Regulation.

Reputational risk: the current or prospective risk of a fall in profits, penalties, loss of economic value or damage to SIMEST’s institutional role, resulting from a negative perception of the Company’s image by customers, counterparties, shareholders, investors, regulators or other stakeholders. SIMEST gives the highest priority to preventing and monitoring the occurrence of events of a reputational nature in relation to transactions that are part of its corporate purpose. To this end, it has structured internal controls to mitigate this risk and has adopted specific safeguards to prevent reputational events from occurring in its operations.

Compliance risk: the risk of incurring legal or administrative penalties, losses or reputational damage as a result of violations of external provisions (laws or regulations) or self-governance rules (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-governance rules or external provisions.

Within the Risk Regulation the Company also implemented the process of assessing the correspondence between the capital resources available (represented by equity) and the economic capital necessary to cover existing risks, which is measured using the Internal Capital Adequacy Assessment Process (ICAAP) employed by the CDP Group. Results of the assessments have confirmed the full adequacy of capital resources both at present and over the period covered by the Business Plan.

Specific controls are also in place for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which the funds are exposed. More specifically, for the Law 295/73 Fund, in order to ensure support for exports through a more efficient allocation of public resources while maintaining adequate control of major risks (foreign exchange and interest rate risk), even in situations of stress, a new methodology was approved and implemented for quantifying the Fund's overall on-balance sheet financial needs with a view to efficiently managing public resources.

Transactions with related parties

Since 30 September 2016, the Company has been 76% owned by SACE S.p.A., a company that exercises management and coordination over SIMEST.

With regard to relations with the majority shareholder, SACE S.p.A., 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 Agreement" – which establishes that CDP is to provide financial support and SACE is to provide guarantees in operations to finance the international expansion and export efforts of Italian businesses.
In relations with SACE S.p.A., remuneration was paid in 2019 to its senior managers who sit on the SIMEST Board of Directors (amounting to 53 thousand euro), and payment was made for professional services received within the scope of an agreement relating to the assessment of environmental impact parameters for subsidised export credit transactions (5 thousand euro).
In addition, following the creation of the Centre for Export and International Expansion, and with a view to centralising functions and achieving operational synergies, outsourcing agreements were established with SACE S.p.A. to manage the following services: Human Resources, ICT, Procurement, Compliance, Internal Audit, and Risk Management.
At the end of 2019, ten SACE S.p.A. employees were seconded to SIMEST, and two SIMEST employees were seconded to SACE S.p.A.
Also of note is the lease payment made for the use of offices in Mestre and Bologna (30 thousand euro) and the payment for the lease of IT hardware (49 thousand euro).

Transactions with other related parties

With regard to the other companies in the Group, in 2019 credit lines provided by Cassa Depositi e Prestiti (CDP), both individually and in a pool with other lenders, were drawn down, which have generated interest and commission expense of 1.1 million euro. Also, again with regard to relations with CDP, in 2019 remuneration was paid for the members of the SIMEST Board of Directors appointed from among CDP's senior managers (53 thousand euro). At the end of 2019, five CDP employees were seconded to SIMEST, and two SIMEST employees were seconded to CDP. With regard to tax items, the receivable from CDP amounting to 1.1 million euro relates to the Group's Fiscal Consolidation.

One SIMEST employee was seconded to Fintecna S.p.A.

There is an agreement in place with SACE SRV S.r.l. (a subsidiary of SACE S.p.A.) for infoprovider, personal data management, customer care and debt collection services (287 thousand euro). One SIMEST employee has also been seconded to SACE SRV S.r.l.

Lastly, at 31 December 2019, the expansion of the scope of CDP's consolidated financial statements resulted in the receivable of 10.0 million euro due to SIMEST from Ansaldo Energia S.p.A. in relation to the investment in Ansaldo Energia Switzerland AG and a receivable of 226 thousand euro for interest income due to be collected.

These related-party transactions have all been conducted at arm's length.

Directors' and Statutory Auditors' remuneration

	Directors		Statutory Auditors	
	Amount for the year	Amount paid	Amount for the year	Amount paid
Short-term benefits	212	111	78	23
Total	**212**	**111**	**78**	**23**

Significant events after the reporting date

After the end of the financial year, during March 2020, the new Covid-19 virus, originating in China, spread to many countries around the world, with the World Health Organization consequently defining the epidemic as a "pandemic situation" on 11 March 2020.

In Europe, at the date of preparing this Report, Italy represents one of the worst hit countries. This has led to considerable pressure on the country's health system and the consequent enactment of a series of measures by the Government (adoption by the Prime Minister of the Decrees of 4, 8, 9 March 2020 and of the "Cura Italia" Decree Law on 17 March 2020), which have introduced restrictive and unprecedented measures to the activities of the Public Administration, the economy in general and the daily life of Italian citizens, as well as substantial economic measures to support families, workers and businesses.

In a scenario where the virus does not stop spreading in the short term, this pandemic development could also significantly affect the global outlook for future growth, influencing the general macroeconomic framework and financial markets.

On this point, SIMEST's Directors deemed that the trend of the emergency along with uncertainties surrounding further developments in terms of impact on the productive, economic and social fabric of the country does not allow – at present – any approximation of a reasonable quantification of the Company's 2020 performance.

It is not excluded that the possible continuation of the current health emergency may result in short-term losses in margins, which at present cannot be estimated with the elements available. In particular, SIMEST's operations in 2020 could be affected by the effects of the current health emergency. Indeed, initial signs of a slowdown can be seen in the international expansion operations of Italian companies, with presumable repercussions both on the performance of the companies already in SIMEST's portfolio and on the feasibility of any new equity investments due to be made during the year. With regard to the public funds managed by SIMEST, given that these essentially operate on the basis of foreign investments and exports, a slowdown in terms of new lending, investment and managed resources is conceivable.

In accordance with IAS 10, this circumstance is not deemed to lead to any adjustment to the balances in the financial statements at 31 December 2019, since the fact itself and its consequences occurred after the reporting date, nor a factor of uncertainty as to the Company's ability to continue to operate as a going concern.

Proposal for allocation of the net loss for the year

We hereby submit for shareholder approval the financial statements for 2019, consisting of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the notes to the financial statements. The financial statements are accompanied by the directors' report on operations.
The year 2019 ended with a loss of 27,125,287 euro which is proposed to be carried forward in full. In addition, based on the provisions of the second paragraph of Article 6 of Legislative Decree 38/2005, and in application of IFRS 9, the fair value gains recognised through profit or loss that contributed to determining the net loss for the year amounted to 7,218,145 euro. Consequently, given that the reserves already restricted for this purpose amounted to 7,051,078 euro, a further restriction of 167,067 euro needs to be applied to the distributable reserves.

for the Board of Directors
The Chairman
Pasquale Salzano

Financial highlights of the company performing management and coordination

In accordance with Article 2497 bis, paragraph 4, of the Italian Civil Code, the following statements provide financial highlights from the most recent financial statements of the Parent Company, SACE S.p.A., with registered office in Piazza Poli 37-42, Rome, Tax Code and VAT no. 05804521002.

BALANCE SHEET

(thousands of euro)	31/12/18	31/12/17
Intangible assets	1,880	616
Investments	5,646,098	2,722,618
Reinsurers' share of technical provisions	1,076,303	717,434
Loans	731,709	724,912
Other assets	3,048,641	4,928,392
Accrued income and prepaid expenses	28,273	23,411
Balance Sheet - Assets	**10,532,904**	**9,117,383**
Equity:		
- Share capital	3,730,324	3,730,324
- Share premium reserve	43,305	43,305
- Revaluation reserves		
- Legal reserve	264,719	250,975
- Other reserves	401,274	283,493
- Retained earnings (losses carried forward)	88,766	88,766
- Net income for the year	186,087	274,866
Subordinated liabilities	500,000	500,000
Technical provisions	3,950,098	3,461,915
Provisions for risks and charges	100,854	133,296
Payables and other liabilities	1,249,800	333,226
Accrued expenses and deferred income	17,679	17,217
Balance Sheet - Liabilities	**10,532,904**	**9,117,383**

INCOME STATEMENT

(thousands of euro)	31/12/18	31/12/17
Non-life insurance technical account		
Gross premiums	727,754	804,398
Change in the provision for unearned premiums and premiums transferred	(370,550)	(258,644)
Net premiums for the period	357,204	545,754
Change in other technical provisions	(5,225)	(5,225)
Share of profit transferred from the non-technical account	38,851	
Change in the reserve for equalisation	(57,758)	(42,655)
Other technical income and expense	(5,756)	(693)
Expenses for claims net of recoveries	(146,424)	86,301
Refunds and profit sharing	(14,895)	(18,309)
Operating expenses	(42,634)	(61,521)
Balance on the non-life insurance technical account	**123,363**	**503,652**
Non-technical account		
Income from investments in non-life insurance	394,783	660,682
Capital losses and financial expense for non-life insurance	(284,111)	(677,915)
Share of profit transferred to the non-life insurance technical account	(38,851)	
Other income	82,279	57,441
Other expense	(46,078)	(185,162)
Balance on the non-technical account	**108,022**	**(144,954)**
Extraordinary income (expenses)	**357**	**1,406**
Income taxes	(45,654)	(85,238)
NET INCOME FOR THE YEAR	**186,087**	**274,866**

for the Board of Directors
The Chairman
Pasquale Salzano

Seco

Strengthening Tuscan high tech in Asia

By acquiring a stake in the capital of the Chinese subsidiary, we have supported the Arezzo-based group – a European leader in the field of miniaturisation of embedded computers – in increasing its production capacity, enhancing its product range and expanding its commercial presence in the APAC countries.

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Annex: equity investments (net paid amount) at 31 December 2019

EUROPE

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
D PRINT EUROPE SH.P.K.	D'AURIA MEDIA GROUP S.R.L.	Albania	Other industries	25.0	379,246
		Total Albania			**379,246**
AMA ADRIATIC D.O.O. SARAJEVO	A.M.A. S.P.A.	Bosnia-Herzegovina	Mechanical industry	24.7	971,214
		Total Bosnia-Herzegovina			971,214
ARKOS L.L.C.	R.I. S.P.A.	Kosovo	Infrastructure and Construction	21.4	411,220
		Total Kosovo			**411,220**
BDF SERVIS D.O.O.	BDF INDUSTRIES S.P.A.	Croatia	Mechanical industry	20.4	712,208
		Total Croatia			**712,208**
GRANAROLO FRANCE S.A.S.	GRANAROLO S.P.A. INITIALS G. S.P.A.	France	Agri-food	30.0	14,925,304
L'IMAGE RETROUVEE S.A.S.	L'IMMAGINE RITROVATA S.R.L.	France	Non-financial services	49.0	196,003
MARAIS TECHNOLOGIES	TESMEC S.P.A.	France	Metalworking industry	34.0	4,017,781
		Total France			**19,139,088**
MA AUTOMOTIVE DEUTSCHLAND GMBH	MA S.R.L.	Germany	Automotive	19.5	4,916,285
WAGON AUTOMOTIVE NAGOLD GMBH	METALMECCANICA TIBERINA S.R.L.	Germany	Automotive	21.9	6,928,006
		Total Germany			**11,844,291**
BUCCI AUTOMATIONS S.P.A.	ROBERTO BUCCI E C. S.P.A.	Italy	Mechanical industry	13.2	4,953,742
CONSORZIO CASALASCO DEL POMODORO SOCIETÀ AGRICOLA COOPERATIVA	CONSORZIO CASALASCO DEL POMODORO SOCIETÀ AGRICOLA COOPERATIVA	Italy	Agri-food	25.0	13,532,985
DISTILLERIA CANELLESE C. BOCCHINO & C. S.R.L.	VIPI SOCIETÀ SEMPLICE; VINCA SOCIETÀ SEMPLICE	Italy	Agri-food	32.1	736,000
DUCATI ENERGIA S.P.A.	G.M.G. GROUP S.R.L.	Italy	Electrical industry	8.4	4,993,929
ELDOPRIMA COMPONENTS S.R.L.	PRIMA SOLE COMPONENTS S.P.A.	Italy	Automotive	23.2	7,454,898
FINCASTELLO S.R.L.	ARVEDI TUBI ACCIAIO S.P.A. INITIALS A.T.A. S.P.A.	Italy	Metalworking industry	41.4	14,845,346
GRUPPO PSC S.P.A. OR IN SHORT PSC S.P.A.	PSC PARTECIPAZIONI S.P.A.	Italy	Infrastructure and Construction	9.6	10,363,042
IMR-INDUSTRIALESUD S.P.A.	IMR-INDUSTRIALESUD S.P.A.; H.G. S.R.L.	Italy	Automotive	18.8	7,383,950
INCOMING ITALIA S.P.A.	THE RS HOLDING S.R.L.	Italy	Non-financial services	14.6	675,000
INGEGNERIA DEI SISTEMI S.P.A.	FINSIS S.P.A.	Italy	Electronics/IT	10.0	2,546,706
ITM INDIA S.R.L.	ITALTRACTOR ITM S.P.A.	Italy	Mechanical industry	49.0	1,252,669
MA S.R.L.	C.L.N. - *COILS LAMIERE NASTRI S.P.A. INITIALS C.L.N. S.P.A.	Italy	Automotive	7.8	7,866,056
MAGLITAL - SOCIETÀ A RESPONSABILITÀ LIMITATA	FINAC S.R.L.	Italy	Textiles	26.1	1,750,000
MARNAVI CHEM S.R.L.	MARNAVI S.p.A.	Italy	Non-financial services	44.4	1,106,164
MET DEV 1 S.R.L.	MET DEVELOPMENT S.P.A.	Italy	Chemical/ Petrochemical	49.0	14,750,154
PASTA ZARA S.P.A.	FFAUF ITALIA S.P.A.	Italy	Agri-food	14.9	4,950,000
PAYPERMOON ITALIA S.R.L.	AISLIN S.R.L.	Italy	Other industries	13.8	543,177
PELLICONI ASIA PACIFIC S.R.L.	PELLICONI & C. - SOCIETÀ PER AZIONI	Italy	Metalworking industry	49.0	4,850,722

EUROPE

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
PIETRO CORICELLI - S.P.A.	G.A. CORICELLI S.P.A.	Italy	Agri-food	11.8	1,209,873
PMP INDUSTRIES S.P.A.	Luigino POZZO	Italy	Mechanical industry	18.8	4,681,320
PROGER S.P.A.	PROGER INGEGNERIA S.R.L.; PROGER MANAGERS & PARTNERS S.R.L.; TIFS PARTECIPAZIONI S.R.L.; MA.LO S.R.L.	Italy	Infrastructure and Construction	20.5	4,320,000
PROMA S.P.A.	FINPO S.R.L.	Italy	Automotive	6.4	10,913,627
RUSTICHELLA D'ABRUZZO S.P.A.	HOPERA S.R.L.; MOLINO MAGRI S.R.L.	Italy	Agri-food	26.4	581,882
SOLE COMPONENTS S.R.L.	PRIMA SOLE COMPONENTS S.P.A.	Italy	Automotive	16.5	11,034,431
TERMIGAS BERGAMO S.P.A.	MISMA PARTECIPAZIONI S.P.A. IN LIQUIDATION	Italy	Infrastructure and Construction	13.4	1,000,000
TERRA MORETTI S.P.A.	HOLDING TERRA MORETTI S.R.L.	Italy	Agri-food	14.1	12,000,156
VISMARA S.P.A.	FERRARINI S.P.A.; SOCIETÀ AGRICOLA FERRARINI S.P.A.	Italy	Agri-food	13.5	2,500,000
		Total Italy			**152,795,833**
FERRARINI SP. Z.O.O.	SOCIETÀ AGRICOLA FERRARINI S.P.A.; FERRARINI S.P.A.	Poland	Agri-food	30.5	2,500,000
MARCEGAGLIA POLAND SPÒLKA Z O.O.	MARCEGAGLIA CARBON STEEL S.P.A.	Poland	Metalworking industry	7.8	1,983,665
		Total Poland			**4,483,665**
DELMA ENGINEERING UK LIMITED	ICM S.P.A.	United Kingdom	Infrastructure and Construction	44.6	8,393,621
		Total United Kingdom			**8,393,621**
DOROTEX S.R.L.	ANTICA ROCCA FILATI S.R.L. IN LIQUIDATION	Romania	Textiles	25.3	63,552
GDS MANUFACTURING SERVICES SA	GLOBAL DISPLAY SOLUTIONS S.P.A.	Romania	Electronics/IT	31.0	3,681,748
AIE RUS OOO	ANAS INTERNATIONAL ENTERPRISE S.P.A.	Russia	Infrastructure and Construction	49.0	2,378,038
CMK OOO	CELLINO S.R.L.	Russia	Metalworking industry	12.5	192,792
ISOPAN RUS, OOO	ISOPAN S.P.A.	Russia	Infrastructure and Construction	8.6	2,754,437
MACCAFERRI GABIONS CIS OOO	OFFICINE MACCAFERRI - S.P.A.	Russia	Metalworking industry	12.7	413,867
OLD MILL KHOLDING	OLD MILL HOLDING S.P.A.	Russia	Chemical/ Petrochemical	33.0	1,271,983
OOO FONDITAL	FONDITAL S.p.A.	Russia	Mechanical industry	8.3	1,003,951
SERIOPLAST RUS, OOO	SERIOPLAST GLOBAL SERVICES S.P.A.	Russia	Chemical/ Petrochemical	33.9	1,397,332
		Total Russia			**13,157,699**
LAMP EAST DOO	LAMP SAN PROSPERO S.P.A.	Serbia	Chemical/ Petrochemical	20.0	127,528
NOVI TEKSTILI DOO	NORMAN INTERNATIONAL S.P.A.	Serbia	Textiles	32.7	942,443
P & T DESIGN D.O.O.	PLADOS S.P.A.; DELTA S.R.L.	Serbia	Infrastructure and Construction	14.0	393,226
		Total Serbia			**1,463,197**
CECOMP D.O.O.	CECOMP S.P.A.	Slovenia	Automotive	25.0	2,469,056

EUROPE

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
		Total Slovenia			**2,469,056**
ALERION TERUEL SL	ALERION CLEAN POWER S.P.A. IN SHORT ALERION S.P.A.	Spain	Renewables	49.0	47,589
BEST SURFACE SOCIEDAD LIMITADA	BEST SURFACE HOLDING S.R.L.	Spain	Mechanical industry	40.0	3,959,773
		Total Spain			**4,007,362**
ANSALDO ENERGIA SWITZERLAND AG	ANSALDO ENERGIA S.P.A.	Switzerland	Mechanical industry	10.5	9,317,375
		Total Switzerland			**9,317,375**
MARCEGAGLIA TR	MARCEGAGLIA SPECIALTIES S.P.A.	Turkey	Metalworking industry	49.0	7,325,580
SAME DEUTZ-FAHR SAHSUVAROGLU TRAKTOR SANAYI VE TICARET ANONIM SIKETI	SAME DEUTZ-FAHR ITALIA S.P.A.	Turkey	Automotive	1.3	1,579,070
SERIOPLAST AMBALAJ SANAYI VE TICARET ANINIM SIRKETI	SERIOPLAST GLOBAL SERVICES S.P.A.	Turkey	Chemical/ Petrochemical	28.6	2,020,276
		Total Turkey			**10,924,927**
TOTAL EUROPE					**240,470,002**

AFRICA

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
ETC SURETY SA	ETC INVEST S.P.A.	Benin	Non-banking financial services	19.3	61,320
		Total Benin			**61,320**
FRI-EL ETHIOPIA FARMING & PROCESSING PLC	ENER.FIN S.R.L.	Ethiopia	Renewables	48.3	2,484,966
FUDA MARBLE PLC	FUDA ANTONIO S.R.L.	Ethiopia	Infrastructure and Construction	20.5	127,753
		Total Ethiopia			**2,612,719**
PROMA INDUSTRIE SARL	PROMA S.P.A.; PROMA S.S.A. S.R.L.	Morocco	Automotive	40.2	7,110,186
		Total Morocco			**7,110,186**
SIMTO LIMITED	TOZZI GREEN S.P.A.	Mauritius Islands	Renewables	40.0	6,434,631
		Total Mauritius Islands			**6,434,631**
DEDALUS SOUTHERN AFRICA LTDA	DEDALUS ITALIA S.P.A.	Republic of South Africa	Non-financial services	20.8	511,587
MA AUTOMOTIVE SOUTH AFRICA PTY. LTD	MA S.R.L.	Republic of South Africa	Automotive	5.5	6,705,738
MOUNTAIN ORGANIC KIWI COMPANY PTY LTD	AGRICOLLIBIO S.R.L.	Republic of South Africa	Agri-food	24.4	474,245
OMH SOUTH AFRICA PTY LTD	OLD MILL HOLDING S.P.A.	Republic of South Africa	Chemical/ Petrochemical	32.7	1,979,886
SERIOPLAST SOUTH AFRICA (PTY) LTD	SERIOPLAST GLOBAL SERVICES S.P.A.	Republic of South Africa	Chemical/ Petrochemical	25.0	1,030,378
TESMEC SA (PTY) LTD	TESMEC S.P.A.	Republic of South Africa	Mechanical industry	33.3	1,923,016
		Total Republic of South Africa			**12,624,850**
EUROTRANCIATURA TUNISIA SARL	EURO GROUP S.P.A.	Tunisia	Metalworking industry	36.8	2,948,442
GENERAL BETON TUNISIE SARL	GENERAL BETON TRIVENETA S.P.A.	Tunisia	Infrastructure and Construction	16.2	232,809
GUALINI AFRIQUE SARL	GUALINI S.P.A.	Tunisia	Infrastructure and Construction	23.9	57,364
SIVAM TUNISIE	SIVAM S.R.L.	Tunisia	Non-financial services	24.5	210,672
		Total Tunisia			3,449,286
SIPA HOLDING LTD	P.A.C. S.P.A. - IN SHORT PAC S.P.A.	Uganda	Renewables	38.8	**4,186,655**
		Total Uganda			4,186,655
TOTAL AFRICA					**36,479,647**

AMERICA

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
C.IMM. SUDAMERICA S.A.	FAMI S.R.L.	Argentina	Mechanical industry	19.2	496,299
GRUPO ECONOMICO SCL AUSTRAL S.A.	SCL ITALIA S.P.A.	Argentina	Chemical/ Petrochemical	27.9	1,440,049
MA AUTOMOTIVE ARGENTINA S.A.	MA S.R.L.	Argentina	Automotive	39.7	2,241,670
PROMA SSA S.A.	PROMA S.P.A.	Argentina	Automotive	7.4	742,457
SIPCAM ARGENTINA S.R.L.	SIPCAM OXON S.P.A.	Argentina	Chemical/ Petrochemical	9.0	993,986
TIBERINA AUTOMOTIVE ARGENTINA S.A.	TIBERINA HOLDING S.R.L.	Argentina	Automotive	10.3	2,878,943
		Total Argentina			**8,793,405**
ABRAMO DO BRASIL	ABRAMO HOLDING S.P.A.	Brazil	Non-financial services	4.7	168,562
ADVENTUS DO BRASIL ADMINISTRACAO E PARTICIPACOES LTDA	ADVENTUS INTERNATIONAL S.R.L.	Brazil	Other industries	26.6	3,994,191
ALMAVIVA DO BRASIL SA	ALMAVIVA CONTACT S.P.A.	Brazil	Non-financial services	4.8	9,889,086
ARVEDI METALFER DO BRASIL LTDA	ARVEDI TUBI ACCIAIO S.P.A. - INITIALS A.T.A. S.P.A.; METALFER S.P.A.	Brazil	Metalworking industry	9.5	9,034,417
BONFIGLIOLI REDUCTORES DO BRASIL INDUSTRIA E COMERCIO LTDA	BONFIGLIOLI RIDUTTORI S.P.A.	Brazil	Mechanical industry	19.6	2,689,626
BRONTE ADMINISTRACAO E PARTECIPACOES LTDA	BOMI ITALIA S.P.A.	Brazil	Non-financial services	36.4	3,772,514
DUCATI ENERGIA DO BRASIL LTDA	DUCATI ENERGIA S.P.A.	Brazil	Mechanical industry	23.9	512,775
EMIL GROUP DO BRASIL LTDA	CERAMICHE SPERANZA S.P.A.	Brazil	Infrastructure and Construction	23.8	85,369
EXPRIVIA DO BRASIL SERVICOS DE INFORMATICA LTDA	EXPRIVIA S.P.A. IN ALTERNATIVE FORM: AIS S.P.A., AISOFTW@RE S.P.A., ARTIFICIAL INTELLIGENCE SOFTWARE	Brazil	Non-financial services	24.3	525,615
GASPARINI MERCOSUL INDUSTRIA E COMERCIO DE MAQUINAS LTDA	GASPARINI SOCIETÀ PER AZIONI IN SHORT GASPARINI S.P.A.	Brazil	Mechanical industry	23.4	230,290
IMI FABI BRASIL PARTICIPACOES LTDA	IMI FABI S.P.A.	Brazil	Mining	23.5	7,938,282
MA AUTOMOTIVE BRASIL LTDA	MA S.R.L.	Brazil	Automotive	5.5	4,511,424
MACCAFERRI DO BRASIL HOLDING PARTICIPAÇÕES EMPRESARIAIS E IMOBILIÁRIAS LTDA	OFFICINE MACCAFERRI - S.P.A.	Brazil	Metalworking industry	43.9	915,200
MAGNAGHI AERONAUTICA DO BRASIL PARTICIPACOES LTDA	MAGNAGHI AERONAUTICA S.P.A.	Brazil	Aeronautics	18.4	1,525,952
MANGINI SOUTH AMERICA PARTICIPACOES E INVESTIMENTOS LTDA	MANGINI INTERNATIONAL S.R.L.	Brazil	Infrastructure and Construction	27.1	199,828
PMC AUTOMOTIVA DO BRASIL	PMC AUTOMOTIVE S.P.A.	Brazil	Automotive	19.0	5,133,701
PROMA DO BRASIL PARTICIPAÇÕES LTDA	PROMA S.P.A.; PROMA S.S.A. S.R.L.	Brazil	Automotive	9.8	3,792,245
SCL DO BRASIL IMPORTACAO E COMERCIO LTDA	SCL ITALIA S.P.A.	Brazil	Chemical/ Petrochemical	33.9	3,106,073
SOILMEC DO BRASIL	SOILMEC - SOCIETÀ PER AZIONI; COLLI DRILL S.P.A.	Brazil	Infrastructure and Construction	22.8	454,434
SSE SIRIO SISTEMAS ELETRONICOS LTDA	SIRIO SOLUTIONS ENGINEERING S.P.A. - INITIALS SSE S.P.A.	Brazil	Electrical industry	19.9	263,689
STOLA DO BRASIL LTDA	METEC INDUSTRIAL MATERIALS S.R.L.	Brazil	Metalworking industry	18.2	399,900

AMERICA

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
TIBERINA AUTOMOTIVE MG - COMPONENTES METALICOS PARA INDUSTRIA AUTOMOTIVA LTDA	TIBERINA HOLDING S.R.L.	Brazil	Automotive	23.2	3,966,711
TIBERINA AUTOMOTIVE PECAS COMPONENTES METALICOS PARA INDUSTRIA AUTOMOTIVA LTDA	TIBERINA HOLDING S.R.L.	Brazil	Automotive	27.4	4,075,704
VERONAFIERE DO BRASIL ORGANIZACAO DE EVENTOS LTDA	VERONAFIERE S.P.A.	Brazil	Non-financial services	25.0	663,873
		Total Brazil			**67,849,460**
ENTREPRISES IMPORTFAB INC	LABOMAR S.P.A.	Canada	Chemical/ Petrochemical	33.7	3,991,724
FUGESCO INC	MECCANOTECNICA UMBRA - S.P.A.	Canada	Mechanical industry	4.9	1,283,793
		Total Canada			**5,275,518**
BOMI DE CHILE	BOMI ITALIA S.P.A.	Chile	Non-financial services	24.5	342,910
PARQUE TALINAY ORIENTE S.A.	ENEL GREEN POWER S.P.A.	Chile	Renewables	4.5	5,317,809
PSC AMERICA S.P.A.	GRUPPO PSC S.P.A. OR IN SHORT PSC S.P.A.	Chile	Infrastructure and Construction	28.2	1,474,545
		Total Chile			**7,135,264**
BROVEDANI REME MÉXICO, S.A. DE C.V.	BROVEDANI GROUP S.P.A.	Mexico	Mechanical industry	25.8	2,676,015
ETROMEX, S. DE R.L. DE C.V.	I.S.I.L. S.R.L.; C.L.N. - *COILS LAMIERE NASTRI S.P.A. - INITIALS C.L.N. S.P.A.	Mexico	Mechanical industry	25.0	96,772
EURO HIGH TECH MEXICO S.A. DE C.V.	EUROTRANCIATURA S.P.A.	Mexico	Metalworking industry	23.3	3,555,267
EUROTRANCIATURA MÉXICO, S.A. DE C.V.	EUROTRANCIATURA S.P.A.	Mexico	Metalworking industry	16.4	2,644,652
HANDLING HEALTHCARE S.A. DE C.V.	BOMI ITALIA S.P.A.	Mexico	Non-financial services	21.8	469,841
IRRITEC MÉXICO SISTEMAS DE RIEGO, S.A. DE C.V.	IRRITEC S.P.A.	Mexico	Mechanical industry	9.0	1,484,915
MARCEGAGLIA CENTRAL AMERICA S.A.P.I. DE C.V.	MARCEGAGLIA CARBON STEEL S.P.A.	Mexico	Metalworking industry	40.6	4,949,716
OLSA SISTEMAS DE ILUMINACION AUTOMOTRIZ S DE RL DE CV	OLSA S.P.A.	Mexico	Automotive	9.6	1,003,494
OMP MECHTRON MEXICO, S.A. DE C.V.	OMP MECHTRON S.P.A.	Mexico	Electrical industry	22.2	195,424
OPERADORA EROGI SA DE CV	SMALL BUILDING SOCIETÀ A RESPONSABILITÀ LIMITATA - IN SHORT SMALL BUILDING S.R.L.	Mexico	Non-financial services	30.4	612,823
		Total Mexico			**17,688,919**

AMERICA

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
AGRATI USA CORP.	A. AGRATI S.P.A.	United States of America	Mechanical industry	13.7	15,689,484
ASTALDI CONSTRUCTION CORPORATION	ASTALDI SOCIETÀ PER AZIONI IN SHORT ASTALDI S.P.A.	United States of America	Infrastructure and Construction	34.2	4,100,774
BDF INDUSTRIES NORTH AMERICA LLC	BDF INDUSTRIES S.P.A.	United States of America	Mechanical industry	48.4	539,910
BROADCAST GLOBAL INVESTMENT I, INC.	ELENOS S.R.L.	United States of America	Electronics/IT	49.0	1,122,979
BRUSCHI USA INC	BRUSCHI S.P.A.	United States of America	Metalworking industry	46.0	1,859,658
CLABO HOLDING USA INC	CLABO SOCIETÀ PER AZIONI	United States of America	Other industries	46.0	1,702,253
CMS WAYNESBORO LLC	C.M.S. - SOCIETÀ PER AZIONI	United States of America	Automotive	49.0	3,366,821
DOXEE USA INC.	DOXEE S.P.A.	United States of America	Electronics/IT	49.0	1,080,451
ELDOR HOLDING NORTH AMERICA INC.	ELDOR CORPORATION - S.P.A.	United States of America	Automotive	21.6	9,773,044
ENERGIA PACIFICA INC.	E.VA. ENERGIE VALSABBIA S.P.A.	United States of America	Renewables	48.9	1,830,588
ENERRAY GLOBAL SOLAR OPPORTUNITIES INC	ENERRAY S.P.A.	United States of America	Renewables	49.0	6,008,582
EXOR ELECTRONIC RESEARCH AND DEVELOPMENT, INC.	EXOR INTERNATIONAL S.P.A.	United States of America	Mechanical industry	45.0	445,869
FAGIOLI INC.	FAGIOLI - S.P.A.	United States of America	Non-financial services	9.3	698,551
GEO INVESTMENT HOLDING INC.	EXERGY S.P.A.	United States of America	Renewables	49.0	3,421,463
GRASTIM US CO	GRASTIM J.V. S.R.L.	United States of America	Electrical industry	39.2	1,692,480
INGLASS USA, INC.	INGLASS S.P.A.	United States of America	Mechanical industry	49.0	6,348,150
KYSOR WARREN EPTA US CORPORATION	EPTA S.P.A.	United States of America	Mechanical industry	16.0	3,545,676
M&G LOGISTICS & ENGINEERING	M & G FINANZIARIA S.P.A.	United States of America	Chemical/ Petrochemical	37.7	2,500,430
MAGNAGHI AERONAUTICA USA INC	MAGNAGHI AERONAUTICA S.P.A.	United States of America	Aeronautics	48.5	6,793,010
MISCELA D'ORO USA INC.	MISCELA D'ORO S.P.A.	United States of America	Agri-food	48.7	579,413
MOLEMAB USA CORP	MOLEMAB - S.P.A.	United States of America	Metalworking industry	33.8	291,796
SERIOPLAST US LLC	SERIOPLAST GLOBAL SERVICES S.P.A.	United States of America	Chemical/ Petrochemical	47.0	4,949,716
THESAN USA CORP.	SAVIO THESAN GROUP S.P.A., IN SHORT STG S.P.A., OR ALTERNATIVELY, SAVIO S.P.A., THESAN S.P.A.	United States of America	Mechanical industry	49.0	1,233,000
		Total United States of America			**79,574,098**
TOTAL AMERICA					**186,316,664**

ASIA

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
RENCO POWER CJSC	RENCO S.P.A.	Armenia	Electrical industry	18.2	8,945,878
		Total Armenia			**8,945,878**
BONFIGLIOLI DRIVERS (SHANGHAI) CO. LTD.	BONFIGLIOLI RIDUTTORI S.P.A.	China	Mechanical industry	14.0	3,152,688
CLABO PACIFIC HOLDING LTD.	CLABO SOCIETÀ PER AZIONI	China	Mechanical industry	25.0	992,232
CMS PRECISION MECHANICAL MANUFACTURING WUJIANG CO. LTD.	C.M.S. - S.P.A.	China	Metalworking industry	11.3	59,746
COGNE HONG KONG LIMITED	COGNE ACCIAI SPECIALI S.P.A. IN SHORT: C.A.S. S.P.A.	China	Metalworking industry	21.1	5,144,771
DAMIANI HONG KONG LTD.	CASA DAMIANI S.P.A. IN SHORT C D S.P.A. OR C.D. S.P.A. OR DAMIANI S.P.A.	China	Consumer goods	27.4	1,944,041
DEUTZ-FAHR MACHINERY CO. LTD.	SAME DEUTZ-FAHR ITALIA S.P.A.	China	Automotive	1.9	1,584,508
EURO GROUP ASIA LTD.	EURO GROUP S.P.A.	China	Metalworking industry	27.6	2,193,154
FABI ASIA LIMITED	FABI S.P.A.	China	Textiles	25.0	466,500
FERRARINI PACIFIC LTD.	SOCIETÀ AGRICOLA FERRARINI S.P.A.; FERRARINI S.P.A.	China	Agri-food	49.1	2,485,189
FIAMM AUTOTECH CO. LTD.	FIAMM COMPONENTI ACCESSORI - F.C.A. S.P.A.	China	Electrical industry	22.9	3,959,773
FINNORD SUZHOU AUTO PARTS CO. LTD.	MECCANICA FINNORD S.P.A.	China	Mechanical industry	11.5	250,385
FLENCO HUASHEN AUTOMOBILE TOOLS CO.	CA S.R.L.	China	Mechanical industry	25.0	32,941
FLUORSEALS ASIA MANUFACTURING CO., LTD.	FLUORSEALS S.P.A.	China	Chemical/ Petrochemical	22.8	642,221
GIGLIO TV HK LIMITED	GIGLIO GROUP S.P.A.	China	Non-financial services	24.5	560,925
HANGZHOU DRAGON - LIGHT ELECTRON CO.LTD.	WIVA GROUP - S.P.A.	China	Electrical industry	24.5	240,711
IMF FOUNDRY MACHINERY (TIANJIN) CO. LTD.	I.M.F. IMPIANTI MACCHINE FONDERIA S.R.L.	China	Mechanical industry	25.0	28,169
INDEPENDENT (SHENZHEN) CO. LTD	MOTION S.P.A.	China	Mechanical industry	17.9	167,252
L'IMMAGINE RITROVATA ASIA LIMITED	L'IMMAGINE RITROVATA S.R.L.	China	Non-financial services	24.5	127,021
MACCAFERRI ASIA LIMITED	OFFICINE MACCAFERRI - S.P.A.	China	Metalworking industry	24.8	740,886
NINGBO ASK AUTOMOTIVE SOUND AND COMMUNICATION CO. LTD	ASK INDUSTRIES SOCIETÀ PER AZIONI	China	Automotive	14.4	342,803
PAMA (SHANGHAI) MACHINE TOOLS CO., LTD.	PAMA S.P.A.	China	Mechanical industry	22.2	1,949,934
PEUTEREY HONG KONG	PTH SOCIETÀ A RESPONSABILITÀ LIMITATA	China	Textiles	28.2	1,441,500
SAMP MACHINERY (SHANGHAI) CO. LTD.	SAMP S.P.A.	China	Mechanical industry	18.5	400,000
SAMP MACHINERY (SHANGHAI) CO. LTD.	SAMP S.P.A.	China	Mechanical industry	12.6	235,551
SECO ASIA LIMITED	SECO S.P.A.	China	Electronics/IT	27.6	1,897,686
SHANGHAI CAMOZZI AUTOMATION CONTROL CO LTD	CAMOZZI AUTOMATION S.P.A.	China	Mechanical industry	12.0	1,827,949
SHANGHAI CAMOZZI PNEUMATIC CONTROL COMPONENTS CO LTD	CAMOZZI AUTOMATION S.P.A.	China	Mechanical industry	12.0	941,369

ASIA

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
SIRA (TIANJIN) ALUMINIUM PRODUCTS CO., LTD	SIRA INDUSTRIE S.P.A.	China	Metalworking industry	23.5	2,342,820
SITI B&T CERAMIC TECHNOLOGY CO., LTD.	SITI - B&T GROUP S.P.A.	China	Mechanical industry	20.0	1,235,328
SOILMEC (WUJIANG) MACHINERY CO. LTD.	SOILMEC - SOCIETÀ PER AZIONI	China	Infrastructure and Construction	24.5	1,176,000
TITAN ITM TIANJIN CO. LTD.	ITALTRACTOR ITM S.P.A.	China	Mechanical industry	20.0	614,536
U.B.C. FAR EAST LIMITED	UNITED BRANDS COMPANY S.P.A.	China	Textiles	24.4	184,535
VENCHI GREATER CHINA LTD.	VENCHI S.P.A.	China	Agri-food	22.2	530,585
ZHEJIANG ELLECI NEW MATERIAL CO. LTD	ELLECI S.P.A.	China	Chemical/ Petrochemical	20.9	309,441
		Total China			**40,203,149**
BELLELLI EMIRATES ENGINEERING GENERAL CONTRACTING LLC	BELLELLI ENGINEERING S.R.L.	UAE	Oil & Gas	20.0	14,266
BLACK SHARE DMCC	COLEMAN S.P.A.	UAE	Non-financial services	49.0	886,609
ENGINEERING PROJECTS LTD	MONTALBANO S.R.L. - SOLE-MEMBER COMPANY	UAE	Mechanical industry	49.0	380,479
		Total UAE			**1,281,355**
MACCAFERRI PHILIPPINES MANUFACTURING INC.	OFFICINE MACCAFERRI - S.P.A.	Philippines	Metalworking industry	46.3	343,200
		Total Philippines			**343,200**
DECAL IN - ITALIAN GRAPHICS INDUSTRY PRIVATE LIMITED	SERIGRAFIA '76 - S.R.L.	India	Other industries	21.0	68,396
DORSOGNA SWEET INGREDIENTS PRIVATE LIMITED	D'ORSOGNA DOLCIARIA S.R.L.	India	Agri-food	20.3	259,237
MACCAFERRI ENVIRONMENTAL SOLUTIONS PVT. LTD.	OFFICINE MACCAFERRI - S.P.A.	India	Metalworking industry	4.6	455,000
MECCANOTECNICA INDIA PRIVATE LIMITED	MECCANOTECNICA UMBRA - S.P.A.	India	Mechanical industry	26.5	1,048,064
OLCI ENGINEERING INDIA PVT. LTD.	O.L.C.I. ENGINEERING S.R.L.	India	Mechanical industry	12.6	521,237
SIDERFORGEROSSI INDIA PVT LTD.	SIDERFORGEROSSI GROUP S.P.A.	India	Metalworking industry	3.0	822,201
STRANICH FANS AND DUSCON INDIA PRIVATE LIMITED	AEROMECCANICA STRANICH S.P.A.	India	Mechanical industry	24.3	521,816
TECHNO SYSTEM INDIA PVT. LTD.	TECNO SYSTEM S.P.A.	India	Electrical industry	24.4	531,949
		Total India			**4,227,900**
ARTILE ROOF LTD.	CUNIAL ANTONIO I.L.C.A. S.R.L.	Israel	Infrastructure and Construction	10.6	193,985
ATURA INDUSTRIES LTD	ALBIS INTERNATIONAL S.R.L.	Israel	Consumer goods	24.5	27,727
		Total Israel			**221,711**
FAGIOLI ASIA PVT LTD.	FAGIOLI - S.P.A.	Singapore	Non-financial services	19.0	608,083
		Total Singapore			**608,083**
CHALYBS CYLINDERS LIMITED	FABER INDUSTRIE S.P.A.	Thailand	Metalworking industry	7.6	1,125,306
		Total Thailand			**1,125,306**
TOTAL ASIA					**56,956,582**

OCEANIA

Company	Italian Partner	Country of operation	Sector	% held by SIMEST	Amount in euro
F.P AUSTRALIA HOLDINGS PTY. LIMITED	FARESIN FORMWORK S.P.A.	Australia	Metalworking industry	49.0	1,469,582
MARAIS LAYING TECHNOLOGIES PTY LTD	TESMEC S.P.A.	Australia	Mechanical industry	49.0	1,812,399
MORROW SODALI HOLDINGS AUSTRALIA PTY LTD.	MORROW SODALI S.P.A.	Australia	Non-financial services	49.0	969,151
SERIOPLAST AUSTRALIA PTY LTD	SERIOPLAST GLOBAL SERVICES S.P.A.	Australia	Chemical/ Petrochemical	48.0	2,474,858
		Total Australia			**6,725,990**
TOTAL OCEANIA					**6,725,990**

SHAREHOLDER LOAN

Company	Italian Partner	Country of operation	Sector	Amount in euro
DUCATI ENERGIA DO BRASIL LTDA	DUCATI ENERGIA S.P.A.	Brazil	Mechanical industry	791,955
		Total America		**791,955**
ALERION TERUEL SL	ALERION CLEAN POWER S.P.A. IN SHORT ALERION S.P.A.	Spain	Renewables	9,664,548
CECOMP D.O.O.	CECOMP S.P.A.	Slovenia	Automotive	2,469,056
		Total Europe		**12,133,605**
TOTAL SHAREHOLDER LOAN				**12,925,559**
TOTAL EQUITY INVESTMENTS (NET PAID AMOUNT) IN COMPANIES IN ITALY AND ABROAD AT 31 DECEMBER 2019				**539,874,444**

for the Board of Directors
The Chairman
Pasquale Salzano

Renco

Pesaro-based group gives Armenia an energy boost

Through the purchase of a stake in the Armenian subsidiary, we have supported the group from the Marche region in the development of a project – in partnership with the Government of the Republic of Armenia – which involves the design, construction and management, for 25 years, of a power plant in Yerevan.

04

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors

on the Financial Statements for the year ended 31 December 2019

Shareholders,

The financial statements for the year ended 31 December 2019 of SIMEST S.p.A. (below SIMEST or the Company), consisting of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash flows and the Notes to the Financial Statements, and accompanied by the Board of Directors' Report on Operations, were approved by the Board of Directors on 16 March 2020.

This report was approved by the Board of Statutory Auditors today, 7 April.

The Statutory Auditors who signed the above report, Mr. Iacopo Conti (Chairman), Ms. Grazia D'Auria (Standing Auditor) and Mr. Alessandro Redondi (Standing Auditor), were appointed by the Ordinary Shareholders' Meeting of 23 December 2019, to replace Mr. Daniele Discepolo (Chairman), Ms. Laura Guazzoni (Standing Auditor) and Mr. Carlo Hassan (Standing Auditor). Therefore, for the purposes of this report, the current Board of Statutory Auditors has taken note of the supervisory activities carried out by the outgoing Board of Statutory Auditors, making appropriate reference herein to the audits carried out by the latter during the year 2019 until the end of its term of office.

The Board of Statutory Auditors notes that the independent auditors PricewaterhouseCoopers, in their report pursuant to Article 14 of Legislative Decree 39/2010 issued on 7 April 2020, did not make any remarks or issue any negative opinions and that they certified that the Report on Operations prepared by the Directors was consistent with the financial statements.

The financial statements for the year ended 31 December 2019 of SIMEST, prepared in accordance with the IAS/IFRS, reported a loss of 27.1 million euro and equity of 300.5 million euro, which represents approximately 51% of total liabilities.

The loss was mainly due to the adjustments made for credit risk on equity investments. These adjustments were also made taking into account the situation emerged in the early months of 2020 as a result of the global spread of Covid-19 (coronavirus). In this regard, in the Report on the 2019 Financial Statements and the Notes to the Financial Statements, the Board of Directors highlighted the likely impact on the Company's performance of the current and future negative repercussions of the coronavirus epidemic on the Italian economy and the world economy. Specifically, the Board of Statutory Auditors has taken note of the possible impact on the equity investments already held by the Company that could become non-performing, the possible impact on the investments due to be made during the year, and the potential effect on the volumes of new lending and investment drawn from the public funds managed.

We preface our remarks as follows:

- SIMEST is a joint-stock company of the Cassa Depositi e Prestiti Group and 76% owned by SACE S.p.A., with the remainder owned by banks and businesses in the private sector.

  The Company was established in 1991 to promote investments by Italian businesses abroad and to provide them with technical and financial support. Since 1999 it has provided support for the international expansion of Italian businesses through the management of public-sector financial instruments primarily aimed at SMEs, supporting them in their growth over the entire international expansion lifecycle, from the initial assessment of new markets to the expansion through direct investments. The Company's business lines essentially consist of: soft loans for international expansion, equity investments and export support.

  In addition to foreign investments and support, SIMEST provides special services for Italian companies, using the subsidised funds provided for by special laws, such as the Interest-Rate Support Fund under Article 3 of Law 295 of 1973 and the Revolving Fund under Article 2 of Law 394 of 1981.

  The management of the subsidy measures is governed by two agreements signed between SIMEST and the Ministry of Economic Development (Fund under Law 295 of 1973 and Fund under Law 394 of 1981). Under the two agreements, the administration of the Funds is entrusted to a specific Ministerial Committee (Subsidies Committee).

  Article 2 of Decree Law 104 of 21 September 2019, converted, with amendments, by Law 132 of 2019, assigned the responsibilities for international trade and international expansion, previously held by the Ministry of Economic Development, to the Ministry of Foreign Affairs and International Cooperation.

  With regard to SIMEST, the exercise of the functions set out in Law 100 of 24 April 1990, the Law establishing and governing the activities of SIMEST, previously performed by the Ministry of Economic Development, was transferred to the Ministry of Foreign Affairs and International Cooperation by the above-mentioned Decree Law 104/2019.

  From 1 January 2020, the responsibilities regarding the Law 295/73 Fund and the Law 394/81 Fund, managed in 2019 on behalf of the Ministry of Economic Development, were assigned to the Ministry of Foreign Affairs and International Cooperation, together with the Ministry of Economic Development and the Ministry of the Economy and Finance.

With regard to the achievement of the corporate objectives, new lending and investments by SIMEST and resources managed through subsidised public funds in 2019 totalled 5,262 million euro, down on 9,697 million euro for 2018 (-46%).
The Board of Statutory Auditors notes that the report on the 2019 financial statements provides an overall view of the portfolio of funds managed by SIMEST, such as the Venture Capital Fund, the Law 394 Fund and the Sustainable Growth Fund, the Start-Up Fund and the Law 295 Fund, in addition to the promotion and development carried out in synergy with the other Group companies.

- Pursuant to the provisions of Article 12 of Law 259/1958, the Company's finance operations are subject to the oversight of the Court of Auditors. To that end, a Judge of the Court of Auditors is designated to participate in the meetings of the Board of Directors and the Board of Statutory Auditors.
- The Company is subject to management and coordination by its Parent Company SACE and, as a result of that activity, the Risk Management, Compliance, Internal Audit, Human Resources, IT systems and Procurement functions have been outsourced to SACE.
- The Board of Statutory Auditors has taken note that, on 25 February 2019, the Company was informed of the CDP Group 2019-2021 Business Plan, which was adopted by SACE on 21 December 2018, in terms of guidelines and macro-objectives. The guidelines of the Business Plan envisage actions aimed at supporting Mid-Caps, and SMEs in particular, in the complex processes of international expansion and exports. Specifically, the planned actions are aimed at developing a targeted offering based on customer segments (medium/small and large enterprises), strengthening the digital offering for SMEs, introducing product/process innovations and consolidating Group synergies. Commercial and promotional actions are also envisaged in order to reach the largest number of companies possible, including through the strengthening of the synergies with the domestic network, and to disseminate the culture of international expansion.

In 2019, with regard to the objectives set out in the guidelines of the Business Plan and the update of the product range, specific actions were identified aimed at expanding the number of beneficiary companies both through the definition of new forms of support and through the expansion of methods of action and the streamlining of processes for existing instruments.
On 15 March 2019, SIMEST approved its Business Plan, which has set the goal of promoting the growth and consolidation of SIMEST's strategic role in supporting Italian companies in international expansion and exports through: a) structural strengthening of the activity in support of SMEs; b) increase in the levels of simplification and digitalisation of processes and products; c) maintenance and increase in the ability to intervene in strategic operations for Italy and in continuity with the action in support of international expansion through the development of an offering targeted to the various segments.
Among its various initiatives, the Cassa Depositi e Prestiti 2019-2021 Business Plan, approved by the Board of Directors in December 2018, envisaged the creation of a Group "one-stop desk", a single commercial interface representing a point of access for all companies.
Finally, in 2019, the Centre's joint advertising campaign, launched at the end of 2017 and aimed at target customers, was continued with extensive publicity through the main communication channels. 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 companies.

- With regard to risk management, the Board of Statutory Auditors notes that the Company, while not subject to prudential regulation, adheres to current banking regulations or the classification scheme adopted by the Basel Committee, which distinguishes between "pillar 1 risks" and "pillar 2 risks". This classification is contained in the Risk Regulation adopted by SIMEST to ensure that the Company, in coordination with the Parent Company SACE, is able to cover the risks it faces with its own resources. Thus, the Regulation contains the same risk management principles adopted by the Parent Company, while taking into account the company's specific nature and size. The most significant risks are listed below:
- Credit risk
- Market risk
- Operational risk
- Liquidity risk
- Concentration risk
- Reputational risk
- Compliance risk.

The Board of Statutory Auditors has taken note of the review of the Company's organisation carried out in 2019 aimed at further streamlining activities and segregating responsibilities, as well as increasing specialisation in the monitoring of risks. Specifically, following the implementation of the Group Policy "Organisational principles and management of organisational changes", the types of organisational structures were redefined according to their positioning in the Company's Organisation Chart, renaming the Areas and Departments as First Line, or Top Management, and Second Line respectively, and also introducing the Third Line.
The Board of Statutory Auditors also notes that during the meeting held on 19 February 2020, the Chief Executive Officer informed the Board of Directors that he had initiated a further overall assessment of the Company concerning all the categories of risks that SIMEST is exposed to and the valuation of the assets and equity investments held in its portfolio, as well as the adequacy of the governance and organisational structure.
Lastly, with regard to the organisational structure, the Board of Statutory Auditors acknowledges the Company's commitment to supporting corporate welfare and workplace safety initiatives, in addition to activities aimed at reducing its environmental impact, and has positively assessed the implementation of those initiatives.

- The Ordinary Shareholders' Meeting of 23 December 2019 approved the mutually-agreed termination of the independent audit engagement awarded on 20 April 2018 to the independent auditors PricewaterhouseCoopers S.p.A. for the financial years from 2018 to 2020, with effect from the approval of the financial statements for the year ended 31 December 2019 and, therefore, from the issue of the Independent Auditors' Report on the financial statements at 31 December 2019. At the same time, the Shareholders' Meeting resolved to award the independent audit engagement to Deloitte & Touche S.p.A. for the financial years 2020, 2021 and 2022.
- The Company, in implementing the provisions set out in the Regulation on Exercise of Management and Coordination Activities and in the Policy regarding the "management of regulations applicable to SACE and its subsidiaries", approved the Policy on "Reputational Risk Assessment of Investments" aimed at establishing adequate monitoring for assessing the level of reputational risk associated with equity investment transactions, with the identification of specific risk indicators (including the risk of relocating production activities). The Policy on "Rates and Conditions" was also approved with the method for pricing risk being updated. The CDP Group and SACE policies were also implemented, among which the "Planning and Control" policy, the "Organisational principles and management of organisational changes" policy, the "Group Corporate Governance Process" policy, the "Sanctions and Embargoes" policy, the "Antitrust Compliance" policy, the "Engagement of independent auditors and their networks" policy, and the "Whistleblowing" policy.
- With regard to the process for evaluating data and information to report suspicious transactions to the Financial Intelligence Unit (FIU), the Company has appointed an Officer in charge of evaluating and reporting suspected money laundering and financing of terrorism pursuant to Article 10 of Legislative Decree 231/2007. In the area of financial reporting, SIMEST has also adopted the Internal Control System for Financial Reporting, based on best practice and in compliance with the applicable regulations (Law 262/2005).
- SIMEST adopted the "Organisation, Management and Control Model" pursuant to Legislative Decree 231/2001 (231 Model), which identifies the company areas and operations that are most exposed to the risk of criminal activity as defined in the decree, along with the principles, rules and regulations for the control system introduced to supervise significant operating activities, which is subject to update.
- SIMEST's Supervisory Body is composed of three members, one of whom is the Chairman. At the meeting of the Board of Directors held on 20 December 2018, the composition of the Supervisory Body was renewed for the three-year period 2019-2020, consisting of Mr. Bertani, an external standing member with the role of Chairman, with extensive professional expertise in economic and business matters, Mr. Ugo Lecis, an external standing member with extensive professional expertise in legal and criminal matters, and Ms. Mara De Paola, an internal standing member, Head of CDP's Supervisory Body Support structure, appointed by CDP's Chief Audit Officer, with extensive experience in internal controls.
The Supervisory Body is tasked with overseeing the operation of and compliance with the 231 Model and with updating its content, and assisting the competent corporate bodies in the task of implementing the Model correctly and effectively.
On 19 February 2020, the Board of Statutory Auditors held an initial meeting with the Supervisory Body, following which it provided guidance and assessments concerning the activities carried out in the second half of 2019. It was noted that those activities had been properly carried out and had resulted in the confirmation of the adequacy and suitability of the 231 Model, as well as its dissemination throughout the company and its effective implementation, which was verified through regular meetings with the heads of the company structures and the ordinary information received in accordance with the 231 Model. The Board of Statutory Auditors notes that all the checks and analyses were carried out in line with the audits scheduled for 2019 in the Supervisory Body's 2019-2021 Audit Plan

approved by the Board of Directors, in addition to the further analyses that needed to be carried out during the year. There were no reports from internal or external parties of alleged violations of the provisions of the Code of Ethics, the 231 Model or the company regulations, and the Supervisory Body, in its direct monitoring, did not identify any anomalies or violations by the parties subject to the 231 Model. Finally, no relevant offences for the purposes of Legislative Decree 231/2001 were identified and no disciplinary proceedings were initiated or measures applied concerning violations of the 231 Model and the Code of Ethics.

The Board of Statutory Auditors has acknowledged the need to update the 231 Model following the introduction of tax offences as one of the predicate offences for the administrative liability of entities (provided by Law 157 of 19 December 2019, converting Decree Law 124 of 26 October 2019). In this regard, the Supervisory Body has pointed out that the project to update the 231 Model to the new legislation on tax offences has already been initiated at CDP Group level and involves the first two companies, CDP S.p.A. and SACE S.p.A. The purpose of the update is to establish the methodology and control principles to be incorporated into the 231 Model, which will then be extended to the subsidiaries with coordination at CDP Group level. The activities for SIMEST are scheduled to begin in the second half of 2020.

- The Internal Audit, Compliance and Risk Management activities carried out during 2019 were performed on the basis of specific plans approved by the Board of Directors, and were the subject of specific reports.
- With regard to the disputes outstanding at 31 December 2019, the Board of Statutory Auditors has taken note of the two legal proceedings relating to the request for compensation for professional services, with a total amount claimed of 287,000 euro, for which appeals are pending in both proceedings. Another dispute involves the objection filed against an order to pay the amount of 710,607 euro due to alleged financial damage incurred by the claimant under an investment contract.
- The Board of Statutory Auditors recognises that the Notes to the Financial Statements provide a detailed description of the transactions carried out with related parties and certify that they have been carried out at arm's length.
- Starting from 2015, SIMEST has exercised the option to prepare its financial statements in accordance with the international accounting standards ("IAS/IFRS") as provided for by Legislative Decree no. 38 of 28 January 2005 ("IAS Decree"), as amended by Decree Law 91/2014 ("Competitiveness Decree"), which extended the option to all companies, other than those that must prepare their financial statements in accordance with the IAS/IFRS or are permitted to prepare condensed financial statements pursuant to Article 2435 bis of the Italian Civil Code (Article 4, paragraph 6 of Legislative Decree 38/2005). Accordingly, the financial statements were prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) endorsed by the European Commission as established by Regulation (EC) no. 1606/2002.
- The notes to the 2019 financial statements indicate the new accounting standards and interpretations issued and endorsed by the European Union that come into force starting from financial years beginning on or after 1 January 2019, including IFRS 16 which provides a new definition of leases and introduces new criteria based on the party that effectively has control of the asset, with the related right of use recognised in the balance sheet assets. In particular, SIMEST, on the basis of this accounting standard, has recognised the value of the right of use of the building housing the company headquarters in the balance sheet assets, for an amount of 5.4 million euro, and has included the payables arising from rights of use acquired under leases, totalling 5.9 million euro, under liabilities.
- Following the introduction of Article 162 bis of the Consolidated Income Tax Law, on the basis of Article 12 of Legislative Decree 142/2018 (containing a new definition of financial intermediaries), with effect from the year ended 31 December 2018, and also in view of the response received to the query submitted to the Italian Revenue Agency, the Company believes it does not meet the requirements to qualify as a financial intermediary and has therefore calculated the provision for taxes in the financial statements in accordance with the provisions applicable to non-financial companies.
- With regard to the additional information and details required by the regulations, the Board of Statutory Auditors acknowledges that the notes to the financial statements contain information providing a true and fair view of the Company's situation. With regard to disclosures on the going concern basis and in compliance with the requirements on the same issue contained in IAS 1 Revised, the Company has conducted an assessment of its ability to continue to operate as a going concern, considering all available information over a medium-term time horizon. Based on an analysis of the information and the results achieved in previous financial years, the Company believes that it is appropriate to prepare its financial statements on a going concern basis.
- The accurate recognition of operations in the accounts and their representation in the financial statements in accordance with the IAS/IFRS were examined by the independent auditors PricewaterhouseCoopers S.p.A. (hereinafter, PWC), as the entity responsible for carrying out the statutory audit.

- The Company approved the Reporting packages at 30 June 2019 and 31 December 2019 for the Ultimate Parent Company CDP and the Parent Company SACE.
- The 2019 financial statements show a net loss of 27,125,287 euro and equity of 300,514,993 euro including the net loss for 2019. Based on the provisions of the second paragraph of Article 6 of Legislative Decree 38/2005, and in application of IFRS 9, the fair value gains recognised through profit or loss that contributed to determining the net loss for the year amounted to 7,218,145 euro. Consequently, given that the reserves already restricted for this purpose amounted to 7,051,078 euro, the Company applied a further restriction of 167,067 euro to the distributable reserves. At 31 December 2019, share capital amounted to 164,646 thousand euro, fully subscribed and paid in, represented by 316,627,369 shares with a nominal value of 0.52 euro each.
- Lastly, the Board of Statutory Auditors notes that the loss for the period was essentially due to credit risk adjustments to equity investments (measured, according to IFRS 9, partly at amortised cost and partly at fair value). These write-downs, as specified above, were also made taking into account the negative impact on the economy of the spread of the pandemic due to Covid-19 with repercussions on the Company's activities.
- The critical positions that were subject to adjustments mainly related to investment initiatives with the S.E.C.I. (Officine Maccafferri) Group, which generated write-downs of approximately 17.6 million euro, and the initiative with Officina Metalmeccanica Angelucci which, following that company's declaration of bankruptcy, generated write-downs of approximately 10.4 million euro. Other write-downs were also made on existing bad debt positions (mainly relating to initiatives with the Ferrarini Group, Mossi & Ghisolfi S.p.A., Maglital S.r.l. and Metec S.p.A.) totalling around 12.8 million euro. Overall, these write-downs generated a loss of approximately 27.5 million euro in the item "Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss" and a negative amount of approximately 16.6 million euro in the item "Net adjustments/recoveries for credit risk on assets measured at amortised cost".

In view of the above, the Board of Statutory Auditors, with regard to the issues within the scope of its responsibilities, declares that:

- it has participated in the Shareholders' Meetings, as well as all meetings of the Board of Directors held to date, and received periodic information from the Directors on the activities carried out, the business outlook, and the most significant operations, in terms of size and characteristics, conducted by SIMEST, according to the composition detailed in the respective minutes;
- it has encouraged and collected a sufficient amount of information on the general business performance pursuant to Article 2381 of the Italian Civil Code;
- the actions resolved by the Shareholders' Meeting and the Board of Directors comply with the law and the Articles of Association and were not manifestly imprudent or otherwise prejudicial to the integrity of the Company's assets;
- the operations performed also comply with the law and the Articles of Association and are not potentially in conflict with the resolutions of the Shareholders' Meeting or prejudicial to the integrity of the Company's assets;
- it has obtained knowledge of and oversaw the adequacy of the Company's organisational structure and the functioning of the internal control and administrative-accounting systems, as well as the latter's reliability to correctly provide data on operations by collecting information from the heads of the relevant company functions and from PWC, the Independent Auditors responsible for the statutory audit, in addition to the examination of company records;
- it monitored the adequacy of the controls against risks of non-compliance with the rules and regulations through periodic meetings with the head of the Compliance function;
- it met with the Independent Auditors, PWC, for the purpose of exchanging relevant data and information. The current Board of Statutory Auditors met with the Independent Auditors on 19 February 2020 and 12 March 2020;
- it met with the Board of Statutory Auditors of the Parent Company SACE on 25 March 2020, during which they exchanged information;
- no complaints were received pursuant to Article 2408 of the Italian Civil Code and no complaints were made pursuant to Article 2409, paragraph 7, of the Italian Civil Code;
- it did not find any significant facts that would require disclosure in this Report and no action had to be taken in relation to omissions by the Board of Directors pursuant to Article 2406 of the Italian Civil Code;
- during the year, the Board of Statutory Auditors did not have to issue favourable opinions under the law;
- it monitored the work of the Supervisory Body, which was supported by Internal Audit, by virtue of the Company's adoption of the Organisational Model envisaged under Legislative Decree 231/01. No reports were received concerning the Model that would require special mention in this Report. The Supervisory Body provided half-yearly reports of its activities at Board meetings.

Moreover, the Board of Statutory Auditors reports that:

- it has examined the draft financial statements for the year ended 31 December 2019, provided to the Board of Statutory Auditors by the time limit established in Article 2429 of the Italian Civil Code;
- as the Board of Statutory Auditors is not responsible for performing the statutory audit of the financial statements, it monitored the general approach to their preparation and their general compliance with the law concerning their layout and structure;
- based on the information obtained from the Directors and through meetings with the Independent Auditors, it found that no atypical and/or unusual transactions were carried out during 2019. With regard to related-party transactions, the Directors report on the main transactions carried out during the year with the majority shareholder, SACE S.p.A., and the companies belonging to the CDP Group in the notes to the financial statements, specifically in the section "Transactions with related parties". These transactions were carried out in the interests of the Company and at arm's length. Please see this section for information on the types of transactions carried out and their impact on the Company's income statement and balance sheet;
- it has ascertained that the financial statements correspond to the facts and information of which it became aware following the performance of its duties, and it has no comments in this regard;
- it has examined the format of the draft financial statements, their general compliance with the law concerning their layout and structure, and has no particular observations in this regard that would require special mention in this Report;
- it has also verified compliance with the provisions of law governing the preparation of the Report on Operations and has no comments that would require special mention in this Report;
- it has acknowledged that the fees due to PWC for its services amounted to 70,000 euro for the statutory audit and 54,500 euro for additional activities associated with audit;
- to the best of the Board of Statutory Auditors' knowledge, in preparing the financial statements the Board of Directors did not deviate from legal provisions pursuant to Article 2423, paragraph 4, of the Italian Civil Code;
- in 2019, there were a total of 15 meetings of the Board of Directors and 1 Shareholders' Meeting, all of which were attended by the Board of Statutory Auditors. The Board of Statutory Auditors held 6 meetings, to which the Judge designated by the Court of Auditors to oversee the Company's financial operations pursuant to Law 259/1958 was always invited.

In view of the foregoing and taking account of the findings of the Independent Auditors which are contained in their report accompanying the financial statements and issued on 7 April 2020, the Board of Statutory Auditors recommends that you approve the financial statements for the year ended 31 December 2019. The Board of Statutory Auditors also concurs, as indicated in the notes to the financial statements, that the restricted reserves should be increased by 167,007 euro up to the amount of 7,218,145 euro.

Florence, Salerno, Bergamo
7 April 2020

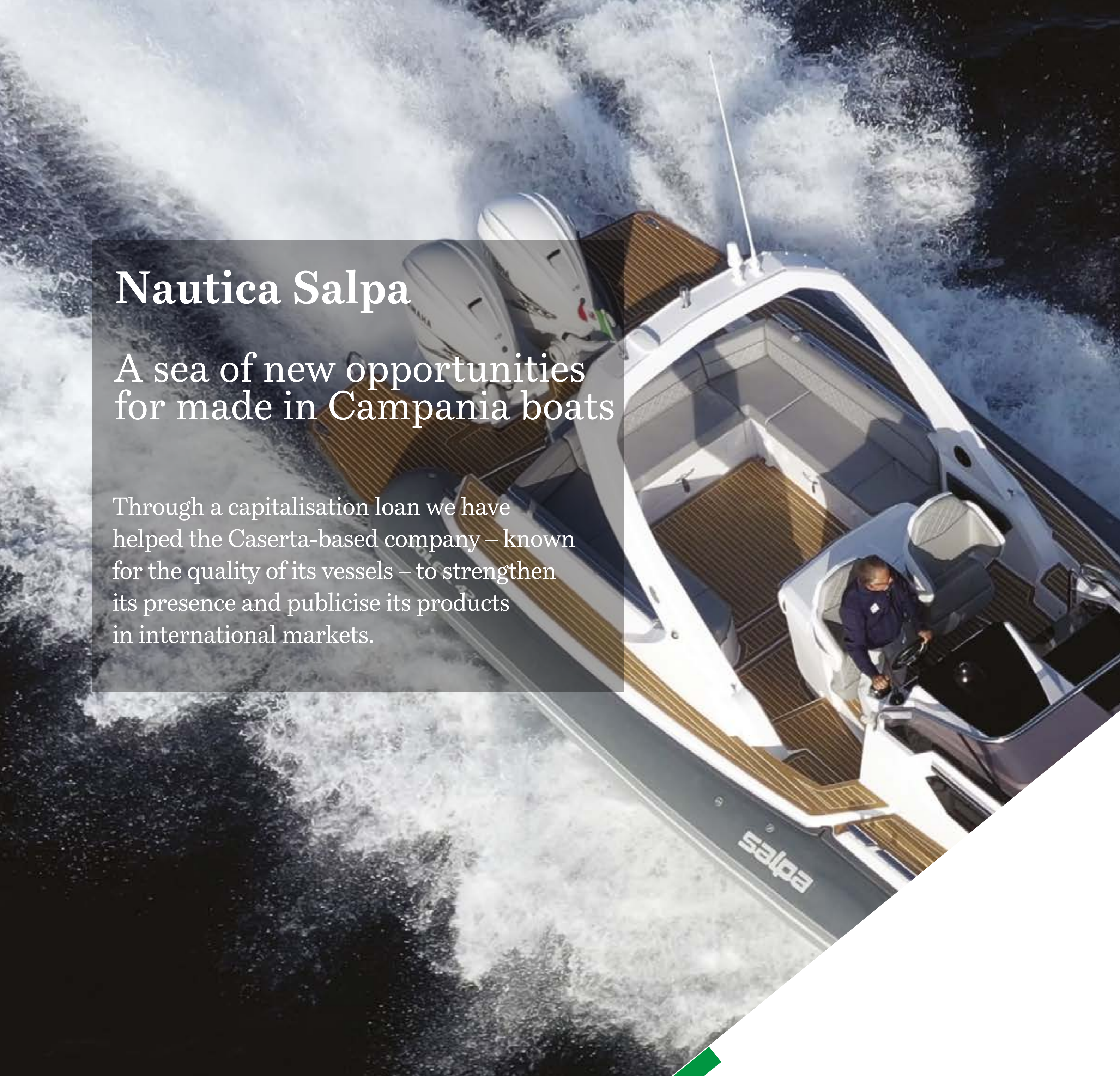
The Board of Statutory Auditors

Mr. Iacopo Conti
Ms. Grazia D'Auria
Mr. Alessandro Redondi

Nautica Salpa

A sea of new opportunities for made in Campania boats

Through a capitalisation loan we have helped the Caserta-based company – known for the quality of its vessels – to strengthen its presence and publicise its products in international markets.



05

Independent auditor's report

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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 2019

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 2019, 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 2019, 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 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 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

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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 2019, 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 2019 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 2019 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, 7 aprile 2020

PricewaterhouseCoopers SpA

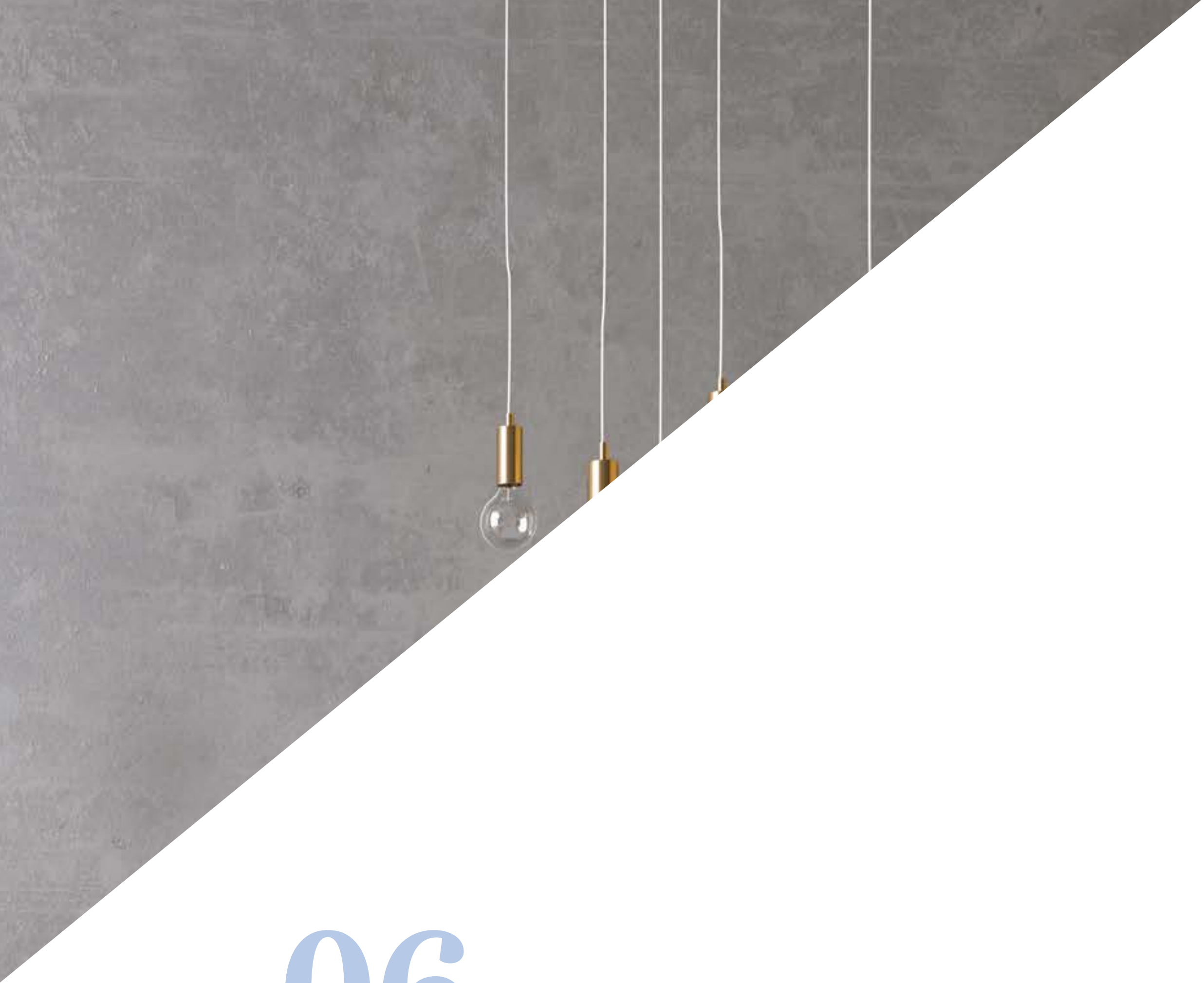
Firmato digitalmente da:LUIGI NECCI
Data:07/04/2020 11:01:03

Luigi Necci
(Revisore legale)

Clabo

Expansion from the cold, from Jesi to Asia via America

Subscription of a new capital increase of Clabo Pacific Holding, a Hong Kong-based subsidiary of the group from the Marche region and already an investee since 2017.
The investment of 2 million euro is aimed at supporting the business plan which envisages the expansion of the group's business in China and the Asian markets by 2022, also by means of a commercial agreement with the U.S. company Starbucks.



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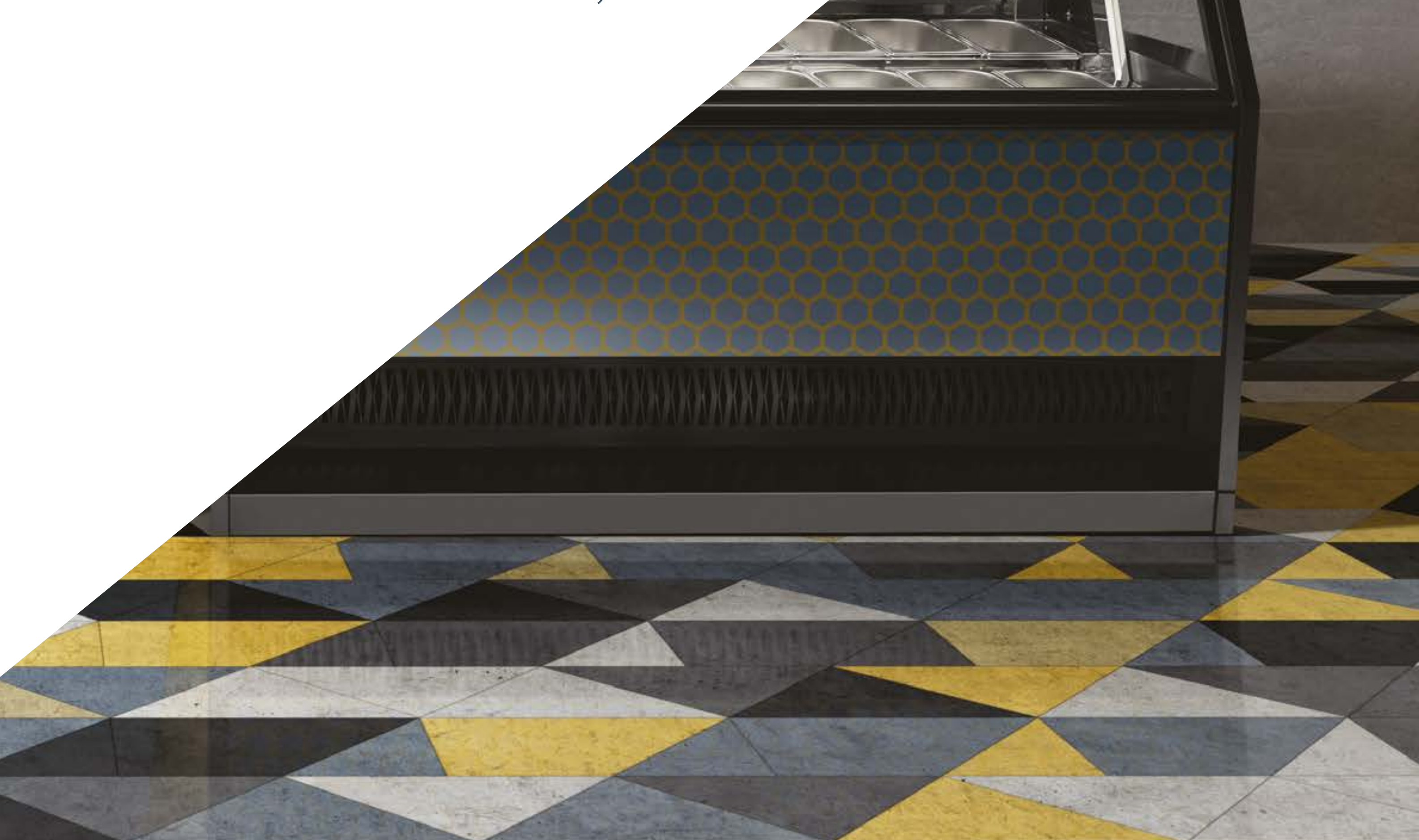
Approval of the financial statements at December 31, 2019



Approval of the financial statements at December 31, 2019

The ordinary Shareholders' Meeting of 22 April 2020 unanimously approved, with the presence of 94.34% of the share capital, the financial statements for the year ended 31 December 2019, and the allocation of the net loss for the year, placing an additional restriction on distributable reserves of 167,067 euro.

SIMEST S.p.A. - Società italiana per le imprese all'estero

Corso Vittorio Emanuele II, 323 | 00186 Rome
Company subject to management and coordination by SACE S.p.A.

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