

Annual Report

# 2018

## Stronger in the world, stronger in Italy



sace simest   
gruppo cdp

Annual Report

**2018**

**Stronger in the world,  
stronger in Italy**



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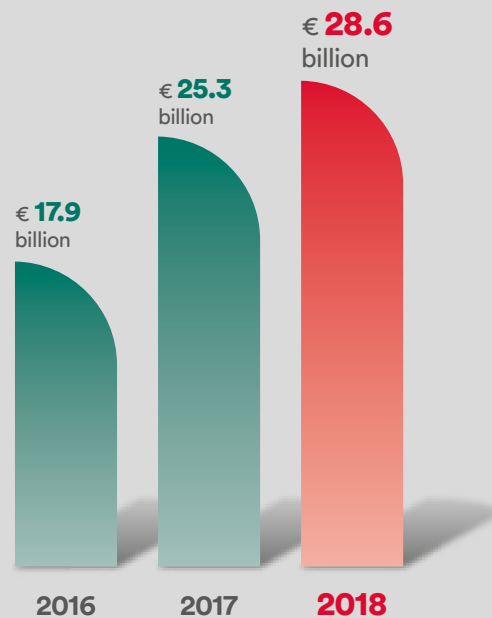
# WORKING TOGETHER WITH ITALIAN COMPANIES TO GROW GLOBALLY

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Made in Italy and exports together have always been the greatest strength of Italy's economy. Over the years, this combination has supported Italy's GDP, feeding its industries. SACE SIMEST, as the export and internationalization hub of the CDP Group, works together with Italian firms – especially SMEs – discovering excellence every day and promoting it on international markets. For over 40 years we have been providing the tools and resources to support the competitiveness of Italian products around the world. With the right partner, Italian companies can make great stories in the global markets. This Annual Report summarizes the year that has just ended and describes SACE SIMEST's results and the success stories of some businesses which chose us to overcome their challenges abroad and which contributed to promoting the Italian quality around the world.

In the 2016-2018 three-year period, SACE SIMEST **maximized its support to Italian companies**, while ensuring the economic sustainability of its business model and achieving the targets of its Business Plan.

## Mobilised resources



total

# 71.8

€ billion

to support export and internationalization of Italian businesses

## Highlights 2018

The commitment portfolio rose to **€ 114 billion** (+22% on 2017), serving **21 thousand Italian companies**, 98% of which are **SMEs**.

### Consolidated financial highlights

Gross premiums:	€ 815 million
Claims paid:	€ 248 million
Net profit:	€ 129 million
Equity:	€ 5,587 million
Technical reserve:	€ 3,244 million

# “ Italian export on the rise thanks to the quality of our products ”

**Beniamino Quintieri**  
Chairman



Italy's exporting companies and those who, like SACE SIMEST, care about supporting Italy's international competitiveness are going through a difficult time.

Today, the world is more unpredictable and characterised by sluggish growth and the escalation of old and new tensions, amid protectionist revivals, geo-political crises and the general increase in global debt.

However, despite these indisputable complexities, some certainties remain which deserve our best focus and efforts. The global system is now profoundly interconnected. Indeed, the role of exchanges as the facilitator of growth remains strong, although a more strategic and structured approach is necessary, in addition to more intensive support.

In playing this game, Italian businesses have already proved that they can achieve excellent results. In 2018, again, exports drove Italy's growth (+0.8%). Despite being far from the record performance achieved in 2017 (+7.6%), Italy's growth scored a significant 3% increase, exceeding €460 billion. This trend will repeat in 2019. Indeed, all analysts have agreed that exports will grow supporting an otherwise poor economic context.

Exports have continued and will continue to be the main driver of Italy's economy especially thanks to the quality of Italian products, our main shield against price-based competition. From agri-business to the mechanical industry and automotive components: many sectors have made Italian products famous worldwide, with Italian businesses as market leaders, making Italy the second manufacturing industry in Europe and the seventh globally.

In order to compete on foreign and domestic markets, Italy must be stronger and better prepared. We are proud that the Italian exports support system developed by the SACE SIMEST Hub, one of its best drivers, is considered one of the world's most advanced systems.

In 2018, 21,000 enterprises in 198 countries in the world decided to adopt SACE SIMEST financial/insurance products, and 98% of these are SMEs. Our portfolio of transactions – with Italian businesses' products as its underlying assets and including all supported exports, from protected foreign investments to fund disbursements – reached a record high of €114 billion, up by 22% on the previous year and by 33% from the creation of the Hub to date.

This is an excellent result, which becomes extraordinary if we consider that, according to Prometeia's estimates, the operations of the SACE SIMEST Hub stimulate, in turn, GDP and employment by approximately 1%.

For this reason, we will do more. We intend to increasingly support the growth of enterprises, specifically SMEs, in three main areas: investing in innovation and digitalization, diversifying and expanding their reference markets and operating on a larger scale by exploiting the excellent flexibility typical of small-size companies, while overcoming their limits. This drives our innovative Education to Export programme which was launched in 2018: a free high-digital content training programme which assists businessmen and managers in approaching foreign markets, drawing from SACE SIMEST Hub's products, services and experience.

Our standing reflects the experience gained and acknowledged in over 40 years of activity and mirrors SACE SIMEST's people who, with professionalism and dedication, work every day to make Italy stronger. Together with the members of the Board of Directors, my deepest thanks go to them.

# “ SACE SIMEST has exceeded the targets of the Business Plan, confirming our role in supporting Italy ”

**Alessandro Decio**

Chief Executive Officer  
and General Manager

2018 marks the end of an important three-year period, during which SACE SIMEST achieved significant results. During this period, CDP Group's export and internationalisation Hub was set up and developed, becoming the primary contact for businesses willing to grow on foreign markets. SACE SIMEST reached and exceeded the targets set out in the business plan, confirming its strategic role in supporting Italy's economic system.



Today, we are a global best practice and a one-of-a-kind entity in the export credit agency international scenario, characterised by the quantity and quality of our efforts. This is the result of the resources mobilised to support businesses and, above all, of the determination of our support, based on a unique range of products and services. Thanks to the breadth of our offering, we are able to assist businesses during complex international transactions, while meeting the needs of a business community mainly made up of SMEs, as in Italy.

In 2018 we mobilised over €28 billion, achieving the highest level of support in our history: the total amount made available to Italy's economic system from 2016 to date reached €72 billion, up by 60%. Of this amount, €20 billion targeted SMEs, slightly up by 20%.

This is an excellent result, which is even more significant if we consider that it ensured the full economic/financial sustainability of our business model, as confirmed by the solvency capital ratio (174%), the cost/income ratio (12%) and ROE (3.9%), which are strong and in line with the goals of the business plan. Thanks to these levels of excellence, we maintained and consolidated our rating (Fitch BBB+, higher than that of Italy), ensuring export support services at extremely competitive conditions. Therefore, again in 2018, the Export and internationalisation Hub was an essential self-sustainable economic policy tool for Italy.

These extraordinary results reflect the great team work of all companies making up the Hub. SACE generated 68% of the mobilised resources, up by 9.5% on 2017. SIMEST operations also rose, mobilising resources worth €746 million in 2018 (+13% on 2017). SACE BT, which specialises in credit insurance, surety bonds and construction risk policies, mobilised resources with a 49% increase to €4.8 billion. Also SACE FCT, the Hub's factoring company, increased its operations, generating €3.7 billion. SACE SRV, which specialises in debt recovery solutions, performed well, recovering an

amount of €32.5 million and confirming its last-resort support role for Italian companies operating globally.

In addition to these extraordinary results, we are also proud of the extremely positive feedback we receive every day from our customers and the Hub's stakeholders. This confirms our change of pace in the support to Italy's economic system, as shown by several factors, including the reduction in response time to businesses or the adoption of a pro-active approach which effectively assisted businesses in seizing new export opportunities and in achieving sector and geographical diversification.

Above all, we are very proud of our commitment to SMEs during these three years. We focused our efforts on SMEs and increasingly supported them by simplifying and digitalising our offering and facilitating the access to our products.

Our innovative Education to Export programme, which was launched last year, confirms our willingness to take a further step forward, by promoting SACE SIMEST Hub not only as a provider of financial products and services, but also as a real knowledge and education accelerator to enable our businesses to grow abroad and increase their export trends.

I am confident that, during these years, we have laid the foundations for a future in which the Hub will unlock its full potential for Italy's economy and to support SMEs.

Together with the Board of Directors, I would like to thank each member of the SACE SIMEST Hub, for their efforts and the professionalism vis-à-vis businesses and for the road travelled so far and the journey that still awaits us. Finally, I would like to thank also Italy's businesses, with which we work hand in hand every day. Their talent and their pro-activity constantly encourage us to give our best and take increasingly complex challenges.



# Growth is the key word to take advantage of all the foreign markets opportunities

Italy's industrial fabric is made up of several small and medium-sized enterprises that represent the core of the Made in Italy, based on history, tradition and excellence. A distinctive feature which facilitates the development of specific skills that result in products and services of matchless quality on a global scale. However, this may also be an obstacle to compete in a fierce and global international context, which requires economies of scale and structured sizes.

This obstacle can be overcome by exporting on a chain basis: when united and organised, SMEs find it easier to become global players' suppliers and join the large global value chains. With this in mind, the SACE SIMEST Hub is increasingly determined to support the chains of exporters through specific initiatives: by supporting international transactions which involve a major Italian contractor and several Italian subcontractors which reflect high levels of excellence but which, alone, would be unable to participate in complex projects, often based in far-away markets, and by entering into agreements with important Italian counterparties operating in the automotive, oil & gas, aviation and shipbuilding industries in order to enable their production chain to access the Hub's insurance/financial products.

A similar logic applies to the Push Strategy, a programme through which SACE SIMEST facilitates the access of Italian businesses, especially SMEs, to the opportunities offered by the investment schemes of major foreign counterparties. Thanks to this programme, SACE SIMEST guarantees credit facilities issued by the banking system to large foreign companies operating in industries and countries with great development potential for Italy's exports. By entering into this programme, businesses agree to participate in business matching events with potential Italian suppliers. This is a real economic diplomacy tool for SMEs to create new business opportunities in emerging countries and high potential sectors for the Made in Italy.

## SMEs are the engine of Italian economy, SACE SIMEST supports their international business

# With us you can.

## Boost your exports

With us, you can offer your foreign customers payment extensions or loans at competitive conditions in order to purchase your products and services, by protecting yourself against the risk of insolvency and benefiting from an interest rate subsidy.



## Finance your growth worldwide

With us, you can finance your international development projects, subsidised credit facilities or bond issues.



## Obtain guarantees for tenders

With us, you can obtain the guarantees required to participate in tenders and be-awarded orders all over the world, settle your payment commitments and protect your site against construction risks.



## Insure your receivables and convert them into cash



With us, you can insure your sales in Italy and abroad against the risk of non-payment and transform your receivables into liquidity.

## Invest worldwide



With us, you can establish new businesses or take over equity investments abroad, relying on a solid partner. Furthermore, you can insure your investments against political risks.

## Know customers and markets



With us, you can get an assessment of your Italian and foreign customers' reliability, studies and research on countries and sectors as well as training and advisory services, relying on the experience accrued in the assessment and management of risks over forty years of activity.

# Knowledge is the key word to properly face global challenges

The global success of Made in Italy relies on the initiative and courage of Italian enterprises which can take a lead role in foreign markets due to the right strategies and the right tools.

SACE SIMEST works with them, with a comprehensive and one-of-a-kind global offer to make them more competitive: from credit and foreign investment insurance to guarantees on bank loans, from subsidized credit facilities to equity investments, from sureties to participate in tenders or win contracts to protection against construction risks, and factoring and debt collection services.

SACE SIMEST support is often crucial when enterprises decide to cross their borders and go beyond the traditional export markets, such as the European Union and advanced countries, moving to emerging and border regions where Italian products have wide margins for growth and where they can uncover the most interesting opportunities.

In order to support the internationalization strategies of Italian enterprises and to increase their "export culture", SACE SIMEST Hub integrated its offer with a set of information and analysis tools developed by a team of economists who studied the trends of Italy's industry in 198 countries. This is a real toolbox for enterprises that are entering foreign markets and want to expand their operations into untapped geographical areas. The Risk Map, the Export Opportunity Index, the Investment Opportunity Index and the Export Report are the

main tools developed by SACE SIMEST to guide enterprises in their international operations.

Accurate and updated information is a prerequisite for those who intend to meet the challenge of international markets. With this objective in mind, in 2018 SACE SIMEST launched Education to Export, a new program aimed at linking SMEs to foreign markets as well as at strengthening the expertise of those already operating abroad through digital and in-class training. Beating heart of the program is the portal [e2e.sacesimest.it](http://e2e.sacesimest.it), a digital platform that provides free access to articles, tutorials and witnesses of businesses and sector analyses. Exporters can choose between four online paths, based on the various needs and the percentage of export on sales: from those wishing to take the first steps in international markets to already mature exporters who want to expand. Education to Export is not only a digital program; indeed, it also provides for traditional classroom training, organized in partnership with other important and authoritative entities of the economic system, which enable businesses to meet our internationalization experts to strengthen their skills.

## Our Export Kit

<p>★</p> <p><b>BASIC</b></p> <p><b>How to begin</b></p> <p>Export and internationalisation are crucial factors to expand your business. Start planning your strategy immediately.</p>	<p>★★</p> <p><b>INTERMEDIATE</b></p> <p><b>How to develop</b></p> <p>You need the right tools to tackle the challenges of global markets. Explore the more suitable tools for your business.</p>
<p>★★★</p> <p><b>ADVANCED</b></p> <p><b>How to be competitive</b></p> <p>Each market has different entry and consolidation strategies. Increase your potential in the most promising countries.</p>	<p>★★★★</p> <p><b>PRO</b></p> <p><b>How to expand</b></p> <p>Thanks to your experience, no market is out of reach. Win the best opportunities.</p>



# Innovation is the key word to export all over the world

Digitalization contributed to demolishing and re-shaping the paradigms of trade, including global trade. For Italy, the potential is huge in terms of both volumes – today, only 2% of the exports takes place online – and sector diversification. Today, digital export mainly relates to Italian traditional consumer goods; however, the Internet offers plenty of opportunities also for the procurement of intermediate and durable goods. Over the next few years, there is no doubt that one of the most important matches for the global trade balance will take place on the Internet. Consequently, the Italian enterprises must start planning their strategy now. On this basis, SACE SIMEST reviewed its corporate processes and its offer of financial and insurance products from a digital point of view, making them more flexible and faster. The objective is twofold: on the one hand, facilitating Italian businesses, especially SMEs, in accessing the Hub's solutions and, on the other, meeting their needs more quickly and with simplified products.

**sacesimest.it:**  
**digital solution to support export and internationalization**

Sacesimest.it is the core of the offer. Created in 2017 and enhanced in 2018, the platform has a digital interface which gives access to five product lines: subsidized loans, credit insurance, assessment of Italian and foreign customers' creditworthiness, factoring and debt collection.

The digitalization process also resulted in the release of Export UP, a new all-digital product, in 2018. Export UP is the digital evolution of the supplier credit policy which enables SMEs to export more and in complete safety, insuring their sales abroad. Thanks to a real digital journey, enterprises are assisted in all stages of the transaction: from the assessment of the counterparty to the quotation request, from the purchase of a policy to its management. With just a few clicks and by entering the main transaction data, the enterprise will obtain useful information to make its commercial offer more competitive, sign a contract with a foreign customer and all details about the policy. Therefore, by saving considerable time compared to the traditional channels, the enterprise will be able to know whether the credit can be insured, the amount of the premium and to freeze the price for three months, facilitating the negotiations with the foreign counterparty.

Besides developing an end-to-end offering, the Hub has also launched a process to streamline its products, reducing the amount of contract documents and cutting the response time to enterprises.

## Export UP to boost your business

With EXPORT UP you can:

1

**obtain a first free quotation of the credit insurance policy**

2

**freeze the price of the policy for three months**

3

**purchase the policy online with just a few clicks**

**Your offer will be more competitive, your business will be safer and you will be able to sign contracts more rapidly.**

# Work together is the key word to support your international success



From left to right:  
Alessandra Caputo  
Daniela Giuseppini  
Andrea Di Nicolantonio  
Marco Rettaroli  
Milos Carloni  
Chiara Riccardelli  
Oriana Feola  
Simona Casaroli  
Alessandro Muccio

When facing the – often complex – dynamics of foreign markets, being able to rely on an expert partner capable of supporting the business with specialized products and a tailor-made service is the key.

With 14 offices in Italy and over 40 years of experience, the SACE SIMEST Hub supports companies on the ground, working side-by-side to develop successful international strategies. Today, this network represents a unique point of reference to access all the internationalization offer of the CDP Group, with an approach that allows to work in synergy in order to quickly and effectively meet the needs of Italian enterprises, especially SMEs. The Hub created a specific unit for SMEs which, by adopting an advisory-based approach, will develop with them a path on foreign markets. In addition, our presence is increased and strengthened by the partnerships with local banks, trade associations and institutions, offering an increasingly synergic service focused on companies.

Internationally, the SACE SIMEST network includes 10 offices located in areas that are strategic for Italy's exports. The foreign branches monitor the country's potential by nurturing relationships with banks and institutions as well as leading local counterparties. Monitoring emerging and border economies is particularly important for Made in Italy in order to facilitate the diversification of target markets of Italian enterprises which are often focused on neighbor and traditional areas. In this respect, SACE SIMEST inaugurated its new office in Shanghai in 2018, becoming the first European export credit company to have its own outpost in mainland China.





# *Tasca d'Almerita* **From Italy to the United States, through Germany**

## **The Italian wine is conquering new markets**

*SACE SIMEST guaranteed two loans for an overall amount of €1.1 million on behalf of Tasca d'Almerita, an agricultural business set up in 1830 which has now become the flagship of quality wine from Sicily. The aim of the loans is to boost the company's international expansion and strengthen the presence of the brand in strategic markets such as the United States and Germany.*

**€ 1.1 million**





# A world in which to grow, with the right tools

## Global economic growth still steady, but not for all...

In 2018, the global economy continued to grow, although at a slightly lower pace than in the previous year (+3.7% compared to +3.8% in 2017), when the GDP recorded the best performance of the past eight years.

The slight slowdown affected both advanced and emerging economies. However, the latter economies drove the global economic activities with an average growth rate of 4.6%, despite the different levels of performance in the various geographical regions. Asia, China and India continued their growth with fluctuating trends close to 7%, while Latin America and CIS countries grew at much lower rates (1.1% and 2.4%, respectively). Furthermore, the performance of this group of countries benefited from a series of positive temporary factors, such as the recovery of oil prices and the football World Cup in Russia. However, Moscow's GDP rose below the average of the region (+1.7%). The oil price



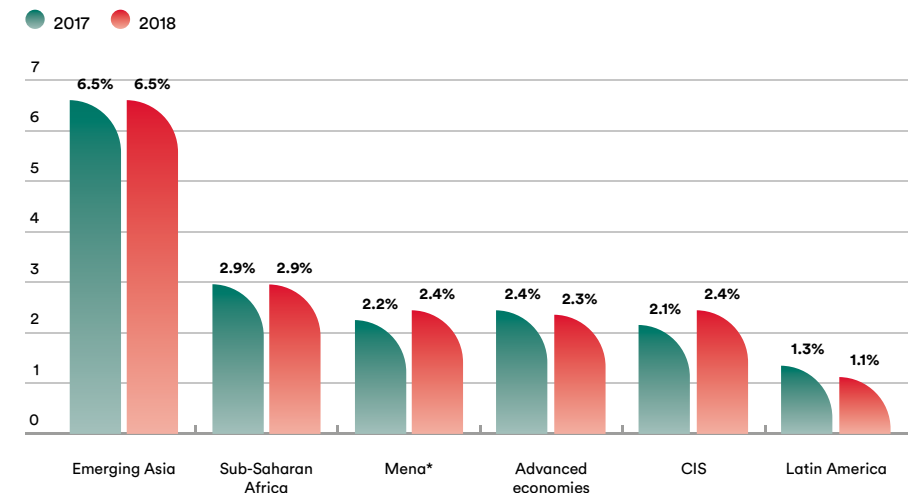
Stefano Gorissen

trend also supported several economies of the Middle East and North Africa, though the combined percentage did not exceed 2.4%. Growth in Saudi Arabia, one of the main economies of the region, stood at 2.3%. Conversely, Sub-Saharan African countries performed slightly better (+2.5%), despite the poor performance of Nigeria and South Africa, among the larger economies of the region, which performed below the average.

Also the advanced economies recorded different trends, though to a lesser extent. On the one hand, the United States drove the growth of these markets, also thanks to the positive effects of the fiscal stimulus measures introduced by the Trump administration, and, on the other, the Eurozone grew at a slower pace due to the uncertainties caused by the Brexit. Japan performed ever more modestly, with GDP up slightly under 1%.

## The growth of the global economy continues, even if it is decelerating

Change in GDP by geographical region (% change)



Source: IMF (January 2019)

\* The figure related to the Mena region also includes Pakistan and Afghanistan.

## In Ethiopia with Tuxor

SACE SIMEST supported the supply contracts awarded to Tuxor, a Turin-based company, for the construction of the railway line from Awash – Kombolcha – Hara Gebaya in Ethiopia. As part of the project, Tuxor, which is an Italian leader in developing and commercializing civil engineering and petrochemical materials, supplied a wide range of materials for construction of the tracks and their supporting structures, for a total amount of 120 million dollars.

**\$ 120 million**



## ...in an increasingly complex world

2018 was characterized by financial, currency and geopolitical turbulences which affected major emerging players. Indeed, the normalization of the Federal Reserve's monetary policy revealed the weaknesses of several economies, specifically Argentina and Turkey, causing capital outflows and depreciation of currencies. Other emerging countries, such as Brazil, India, Indonesia and South Africa were more resilient, despite some critical issues. The trade tensions between Washington and Beijing, which culminated with the

imposition of mutual duties, developed further. However, in December, the parties agreed to a three-month pause. It is difficult to say whether this pause will result in an agreement that was not reached in over two years.

In Europe, the Brexit issue is still unresolved. This process, which gradually became more uncertain and complex, resulted in the agreement between the parties for a postponement of the UK release date from the European Union to 31 October.

## Financial turbulence and trade tensions are influencing the trends

## Italy is slower than the Eurozone, but still strong on exports

How does Italy compare in such a complex scenario? Following the gradual deceleration of growth and overall trade, Italy grew by a modest 0.8%, below the performance recorded by Europe (+1.8%). Italy was also hit by the difficulties that affected some European countries, especially Germany, whose economy is closely linked to Italy's.

Once again, in this context, Italy's exports contributed positively to the economy of the country. Keeping in mind that the extraordinary growth recorded in 2017, when exports rose by 7.6%, would not be repeated, in 2018, sales of Italian products abroad rose by 3% in terms of value, up to €463 billion, and substantially confirmed volumes. This figure is even more important when considering that Italy's exports grew for nine years in row.

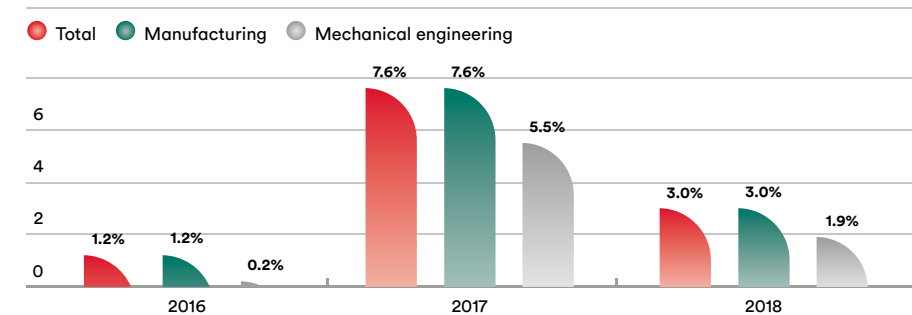
Unlike 2017, EU countries drove sales, while growth in non-EU markets was modest. However, beyond the 28 member states, there are notable exceptions, such as India and the United States. An analysis by sector shows that exports were driven by the pharmaceutical, electronic devices, metal, means

of transport (excluding vehicles) and refined petroleum products (supported by the oil price trend) sectors. The export of mechanical engineering, the main sector for Italy's export and for the demand for insurance against the risk of non-payment in the medium/long-term, rose by approximately 2%.

Vincenzo De Gioia



Total Italy's exports of manufactured goods and machinery (% change)



Source: ISTAT (Italy's National Statistical Institute)

<sup>1</sup> This figure reflects calendar effects. In 2018, there were three working days more than in 2017. Conversely, the annual change in GDP estimated on non-adjusted quarterly figures is equal to 1%.



## 2019 between risks and opportunities

The risk of additional turbulences in emerging regions remains one of the main causes of uncertainties for Italian exporters; however, this is not the only aspect to be considered. Indeed, the likelihood of other downside risks is increasing also in advanced regions. In the United States, the slowdown in the pace of growth seems unavoidable, while the possibility of a recession already in 2019 envisaged by some analysts sounds too pessimistic. The additional concerns about the United States

include the performance of Wall Street. Indeed, 2018 was a negative year for the US stock market, the worst since 2008, with the S&P 500 index down by approximately 7%. However, new “adjustments”, more or less significant, are expected to take place during the year, rather than a large-scale collapse, with potential impacts on other stock markets. The main risk factors which may affect future scenarios include the possible increase in protectionist measures and a “disorderly Brexit”, as well as the rise in global debt and the slowdown in China and the Eurozone. Global debt was equal to USD 244 thousand billion in the third quarter of 2018, i.e., 318.2% of the world’s GDP. The increase recorded by the emerging markets is one of the main critical issues. With respect to growth, in Beijing, GDP is expected to rise by more than 6% (6.6% in 2018), while in the Eurozone countries, GDP’s expected growth is equal to 1.6% (1.8% in 2018).

**A slowdown in growth is inevitable, but we are not yet in recession**

### In Italy and worldwide with Byblos

SACE, through its product company SACE BT, insured the accounts receivable in Italy and worldwide for Byblos, for a total of €6.8 million. The Milan company, which is a long-established Made in Italy brand and is now undergoing a major relaunch, operates in the fashion sector, making and selling clothing, accessories and footwear.

**€6.8 million**

The 2019 Risk Map – the annual study conducted by SACE’s economists on approximately 200 countries – confirms this picture and shows the different levels of performance between emerging and advanced economies. The latter economies do not show any signs of deterioration, despite the increase in some downward risks. According to SACE SIMEST’s analysis, the improvements in scores (0=minimum risk; 100=maximum risk) largely exceed the level of deterioration (26 compared to 4). Conversely, for emerging economies, there were 42 improvements and 52 instances of deterioration. The analysis of the average intensity of changes, which is stronger in emerging countries, compared to advanced economies, confirms the different performance in the two aggregates.



Francesca Mattarollo

#### Credit risk\* average upgrades and downgrades: a few examples

Countries with risk classification upgrade			Countries with risk classification downgrade		
Country	2018 average credit risk	2018 vs 2017	Country	2018 average credit risk	2018 vs 2017
Croatia	60	-1	Argentina	78	+4
Greece	73	-5	Indonesia	58	+4
Poland	39	-1	Pakistan	76	+4
Russia	62	-4	Turkey	72	+14
Uzbekistan	73	-6	Ukraine	92	+2

\* SACE Risk classifications range from 0 (minimum risk) to 100 (maximum risk). The average credit risk represents the average risk of non-payment on the part of sovereign, banking and corporate counterparties.

Source: SACE SIMEST



However, the “emerging aggregate” showed some exceptions related, in particular, to neighbor countries, such as Russia (where the improvement looks more temporary rather than permanent), Poland and Croatia. As expected, Turkey and Argentina deteriorated, in addition to the Arabian Peninsula, including Oman and Bahrain. With respect to the advanced economies, the main increases relate to Slovenia, Iceland, Greece and Austria, mainly as a result of the improvement in the bank risk profile.

No significant changes occurred in terms of political risks, except for the expected deterioration in Argentina and Turkey, the downgrades of Nicaragua, Kosovo and Ukraine, due to the domestic political instability and acts of political violence. Improvements were noted in strategic markets for Italy’s exports, including Russia (13th target market) and the United Arab Emirates (18th target market), and in remote areas, such as Mongolia.

**Political risk\* average upgrades and downgrades: a few examples**

Countries with risk classification upgrade			Countries with risk classification downgrade		
Country	2018 average credit risk	2018 vs 2017	Country	2018 average credit risk	2018 vs 2017
Dubai	22	-4	Albania	51	+4
Egypt	67	-3	Tanzania	64	+3
Ghana	49	-3	Tunisia	57	+3
Pakistan	82	-3	Turkey	72	+9
Russia	52	-3	Ukraine	75	+8

\*The Political Risk Index ranges from 0 (low risk) to 100 (high risk).

The index is calculated as the simple average of political violence, expropriation, and transfer risks for each individual country.

Source: SACE SIMEST

Finally, the risk of transfer increased, due to the possibility that the governments impose some restrictions on the convertibility of the domestic currency into a hard currency and the transfer abroad of profits and dividends.

Which emerging countries should be monitored in 2019? In addition to the scenario based on risk indicators, there are also differences in emerging economies: some of them are more “fragile” because of their structural features, while others boast sound fundamentals which prevent crises caused by external shocks and enable them to be included among the main strategic regions for Italy.

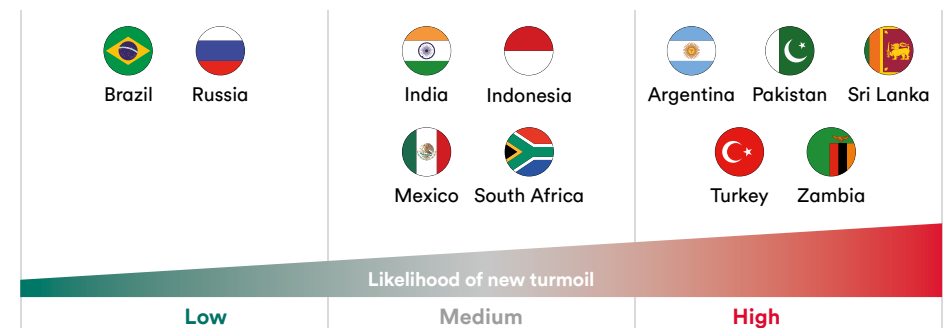


**In Nigeria with Chimec**

SACE, through its product company SACE SRV, has recovered over 180 thousand dollars of receivables from a Nigerian counterparty due to Chimec, a company based in Rome. Chimec is specialized in the development and application of additives and innovative technologies for the upstream and downstream oil & gas sector, as well as for other industrial segments such as metal working and pharmaceuticals.

**\$180 thousand**

**Risk of new turmoil: countries to be monitored**



\*Analysis based on the following variables: foreign debt/GDP; import cover; current deficit/GDP; 2018 exchange rate fluctuations. Source: SACE SIMEST, Eiu

Despite the uncertainties surrounding its economic policy which the newly-elected president Jair Bolsonaro will decide to pursue and the critical issues related to the performance of the tax deficit and the public debt, Brazil has some strengths which include an adequate level of currency reserves, a modest debt-to-GDP ratio and a sound financial system. Russia remains a priority target market for

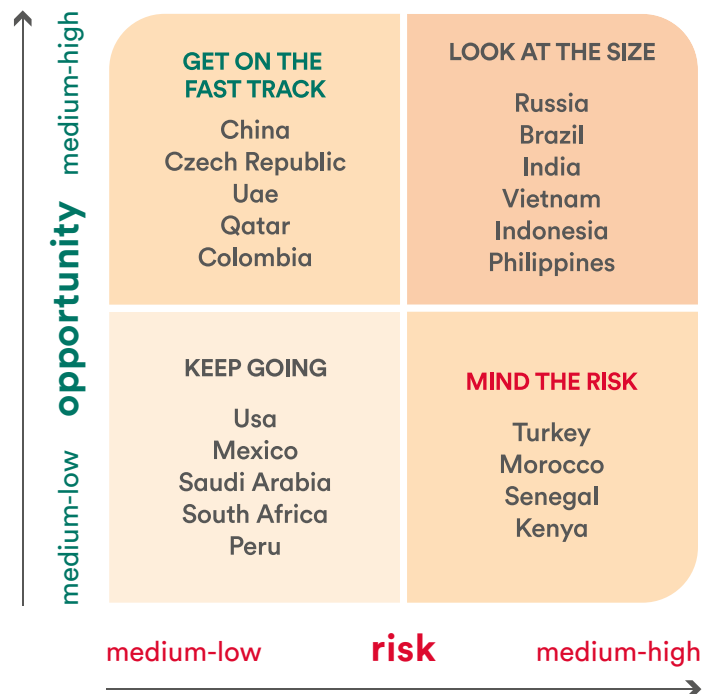
Italy’s exports, although further steps are necessary in order to implement structural and investment reforms so that the progress made in the previous year may be confirmed in the long term. The business environment improved in India and Indonesia: although they were hit by the turbulences which characterized 2018 which, however, were smaller than in Turkey and Argentina, these two countries

show positive signs of growth, with GDP ranging between 5% and 7% and the expected implementation of major infrastructural development plans. Mexico, the top market for Italy's products in Latin America, improved its risk profile in 2018, also thanks to the signing of a trade agreement with the United States and Canada (USMCA). South Africa, the top market for Italy's products in Sub-Saharan Africa, shows an adequate structure to face external risks, despite some uncertainties caused by the domestic elections which will be held in May 2019. The recovery of Turkey which, starting from the second half of 2018, adopted a series of measures which facilitated a certain degree of stabilization, will depend on the ability to maintain a prudent monetary policy and an adequate tax policy. Also Buenos Aires made some progress, where the government is fully complying with the IMF's plan in return for loans totaling USD 56.3 billion. However, the elections which will be held at the end of October pose some uncertainties: should no signs of economic recovery appear, the re-appointment of President Macri would be at risk, with potential uncertainties about the future of the agreement with the IMF.

## Information for businesses

The global scenario is increasingly complex. However, in 2019, the global economy and international trade trends will remain positive and will increase by 3.5% and 4%, respectively, despite the deceleration. For a country with strong exports such as Italy, growth must be pursued by focusing on a diversified mix of promising regions. To this end, the SACE SIMEST Hub conducted an analysis to identify the countries with the highest potential for Italian exports. According to the study, there are 20 different markets in terms of development level and size well placed from a risk/opportunity point of view, confirming Italy's businesses' flexibility on foreign markets.

Risks and opportunities of 20 high-priority geographies identified by SACE SIMEST



Source: SACE SIMEST

Among these, Russia confirms its position, while Brazil, India, Indonesia and Vietnam are the emerging markets which will play an increasingly important role in the next few years. The best countries from a risk/opportunity point of view include the United Arab Emirates, Qatar, Colombia, the Czech Republic and China. Also the United States, a traditional region for Italy's export, remain a high potential country, despite the expected economic downturn. With respect to countries with a medium/high risk, the markets where high returns are not taken for granted but which may however be satisfactory for our exporters, such as Morocco, Senegal and Kenya, should be monitored. Despite the setback and the undeniable difficulties suffered, Turkey remains a target market in the long term, by taking the necessary precautions. A diversification strategy may be the winning card for the Made in Italy in 2019, balancing risks and opportunities and using the right set of tools.

Mauro Fofi



### In Mexico with Magaldi Power

SACE SIMEST guaranteed two brands on behalf of Magaldi Power, a company specialized in the production of machinery and industrial equipment for transporting high temperature materials. Backing of the Hub has enabled the company from Salerno to win an order worth €19 million in Mexico, for the supply of two plants for the extraction and transport of hot ashes for a thermoelectric power station.

€19 million



# A year dedicated to Italian companies around the world

## Financial and insurance solutions for every need

With the global economy slowing down and facing more risks, Italian businesses must be able to rely on adequate tools for better risk management and to strengthen competitiveness and seize the opportunities offered by exports and internationalization. For over 40 years, SACE SIMEST has been assisting Italian companies around the world, supporting and showcasing the Made in Italy, including in remote and less known regions, with one of the largest offers among Export Credit Agencies: a range of products and services – many of which are also available online – which meet businesses' needs throughout the entire export and internationalization cycle. In addition to financial/insurance solutions, this offer includes information and training tools which assist businesses in consciously facing the challenges posed by foreign markets.

Lucia Labriola



## Towards a more structured and increasingly aware approach to exports

The many initiatives launched by the Hub in this respect include, for example, the large network of collaborations developed by SACE SIMEST over the years with local trade associations, training providers and universities, with which it has developed training initiatives dedicated mainly to SMEs, allowing participants to acquire a set of strategic and operational skills to successfully launch an internationalization process or strengthen their presence in foreign markets. Education to Export is the flagship

of these initiatives. Launched in 2018, this project seeks to promote an export culture among entrepreneurs, raise their awareness about SACE SIMEST's products, and show how these can be key to the success of their internationalization strategies. In addition to this, the analyses and processing carried out by SACE's Research department have become the reference to find a way in the global market, thanks to products such as the Risk and Opportunities Map and the Export Report.

**Our goal is to expand the export culture in order to internationalize an increasing number of companies**

## In the Americas, Europe and Far East with ISA

SACE SIMEST guaranteed a loan of €1.5 million to boost growth in foreign markets for ISA, a company from Umbria operating in the production of commercial cooling equipment. The loan will go into developing new product lines for the American and Asian market and for emerging European markets.

**€1.5 million**



## A more pro-active approach to support Italian products

Italy's successful exports also rely on the creation of opportunities and strong business links. Launched two years ago, the SACE's Push Strategy applies a pro-active approach to boost the competitiveness of Italian businesses across the world. This program, which leads the way for Italian exporters in high-potential emerging markets, offers major foreign buyers medium/long-term credit lines at competitive rates to facilitate purchases of Italian goods and services or strengthen existing business relations. In 2018, more than €1.1 billion worth of resources was mobilised under the Push Strategy in favour of counterparties in

India, Brazil and UAE. In addition, €570 million was approved last year, enabling Italian businesses to sign agreements with major buyers in Turkey and Kuwait. The Push Strategy approach goes beyond the financial side of the transaction. Indeed, business matching events between Italian firms, top management and the foreign buyers' procurement team benefiting from the loans guaranteed by SACE are an integral part of the Push Strategy. This year, over 300 Italian businesses participated in meetings, getting to know the major players benefiting from the credit lines.

### In India with Reliance

SACE SIMEST guaranteed a loan of \$500 million on behalf of Reliance Industries, a leading Indian private group, operating in diversified sectors, including oil & gas, retail and telecommunications. This operation is part of the Push Strategy program, to facilitate entry to the supply chain of the Indian colossus for Italian companies, especially SMEs.

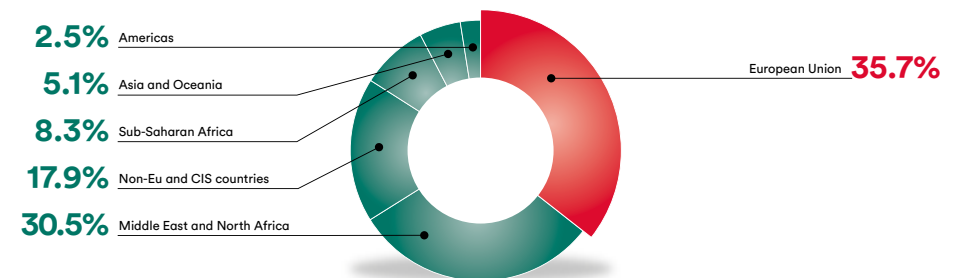
**\$ 500 million**

## Making exports more competitive

Offering payments terms or loans at favorable rates to your foreign customers is key to successful negotiations, especially in international markets. SACE SIMEST assists Italian enterprises and supports their exports with insurance/financial solutions that enable exporters to **sell their products and services safely and at competitive conditions**. Besides receiving support throughout all the steps of the operation (from the assessment of the foreign customer to the subsequent and possible debt collection), the businesses that choose SACE are able to offer their foreign customers financial packages with longer payments terms, to the benefit of competitiveness.

Thanks to its wide range of products, SACE is capable of meeting the needs of businesses, regardless of their size, for both small amounts – through online standardized products –, and for more complex transactions, which include arranging medium/long-term credit lines by involving banks. In these transactions, SIMEST can provide additional support in the form of an interest subsidy, making the financial package even more competitive. In 2018, SACE mobilised €14 billion (slightly down on the previous year, -7%) to support Italian businesses, of which €9 million in synergy with SIMEST, which disbursed interest subsidies, thereby increasing the competitiveness of the final financial package. In addition, SIMEST has in place grants for suppliers' credits related to the 295/73 Fund of €265 million (slightly up on 2017, +2%).

Resources mobilised by SACE to support exports by geographical region (2018)



The EU accounts for 35.6% of the new export credit transactions carried out in 2018. This is a traditional market for Italy's exports: thanks to the cruise industry, it grew considerably compared to the previous year. Transactions rose also in the Middle East and North Africa (accounting for 30.5% of

mobilised resources), driven by Qatar, Saudi Arabia and the United Arab Emirates, as well as in Emerging Europe and CIS countries (17.9%), specifically Serbia and Azerbaijan, and in Sub-Saharan Africa (8.3%), notably in "frontier" and almost unknown destinations, such as Kenya, Zambia and Ghana.



The segments that benefited the most from SACE's guarantees were the cruise industry (39.2%) – where SACE supports also the entire supply chain of small and medium subcontractors of large shipyards – the electric power industry (the resources mobilised to support exports in this segment rose by 61% and accounted for 8.1% of the total resources) and the infrastructure and construction segment (8%). In terms of exports volumes supported, the mechanical industry – one of Italy's flagship exporting sectors which mainly involves SMEs – came in first (34%).



Filippo Coderoni

## Financing international growth

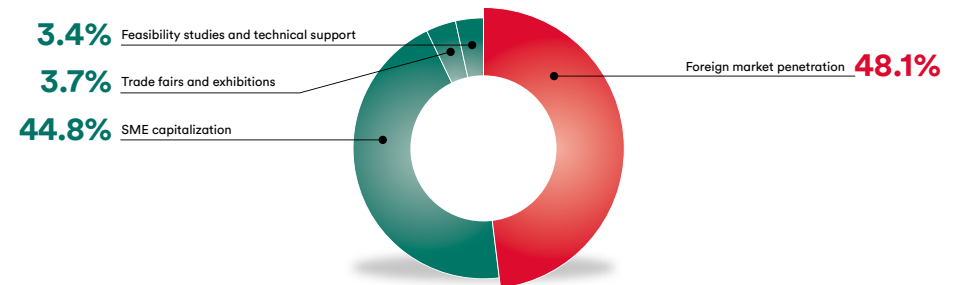
The international expansion of a business is premised on its ability to secure financing and credit to support its growth strategies. This requires knowing the tools offered by the main programs that help businesses become more competitive, and the Hub is a key ally in this regard.

SIMEST manages the **394/81 Fund** on behalf of the Italian Ministry of Economic Development, extending subsidized loans to businesses to support different types of initiatives: from feasibility studies to the start-up of businesses structures in foreign

countries, the development of technical support programs for employee training purposes, the participation in exhibitions, trade fairs and missions coordinated with other national entities, and the capitalization of small and medium exporters.

In 2018, it approved €248 million worth of subsidized loans to promote internationalization efforts (+69% compared to 2017), mainly in favour of SMEs. Overall, we reached 49 countries, including, in particular, the United States, China and Albania.

Resources mobilised by SIMEST through subsidized loans to support internationalization efforts by type of activity (2018)



### In Tunisia with Sicep

SACE has insured against political risks the investments and the capital contribution of Sicep, a Sicilian company operating in the sector of design and production of industrial prefabricated buildings, in its Tunisian affiliate, for a total of about €4 million.

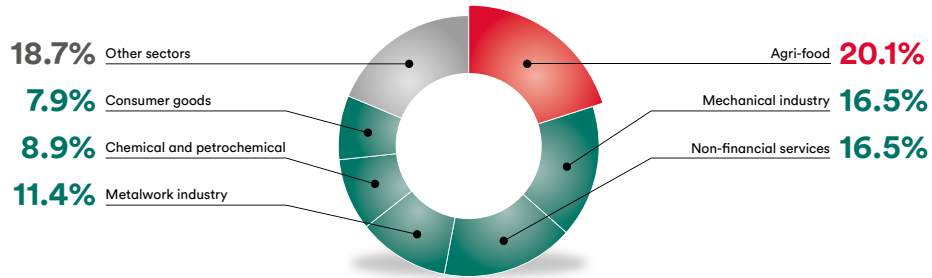
€4 million

SACE's **guarantees** are another tool that businesses can use to facilitate access to funding. Italian businesses can use this product to finance their working capital and the investments associated with internationalization efforts. In 2018, SACE guaranteed €2.1 billion in this area (+87% compared to 2017). Dedicated to small and medium businesses, the **guarantee for the internationalization of SMEs** is the tool that, through partnerships with banks (especially local ones), helps companies access funding for multiple purposes: working capital support, direct investments abroad, investments in research and development in Italy, expenses for the purchase or renewal of machin-

ery and equipment, communication and marketing, and participating in trade fairs. In 2018, SACE guaranteed €147 million worth of loans, supporting a total of 262 SMEs, operating in a wide range of segments.



Resources mobilised by SACE to support the internationalization of SMEs by segment (2018)



At a moment when the capital market increasingly represents a strategic funding channel, the **Export Development Fund** is another important tool available to businesses. Created by SACE and managed by Amundi Sgr, the Fund has €350 million in assets, including €175 million from SACE and as many from the EIB, the European Investment Bank, with a guarantee provided by SACE. Reserved for professional investors, the Fund invests in secured or unsecured bonds with fixed or floating rate coupons and repayment in instalments or at maturity issued by unlisted export and internationalization-oriented Italian businesses. These can use the bond issues underwritten by the Fund to finance a wide range of initiatives: from direct investments abroad – such as acquisitions, mergers, or joint ventures – to investments in research and development in Italy, expenses for the purchase or renewal of machinery and equipment, and communication and marketing. In 2018, SACE supported €41 million worth of bond issues (compared to €131 million in 2017).



Fabiana De Romanis

In Russia with Thimeco

SACE SIMEST backed the internationalization of Thimeco, a company from Tuscany operating in the tanning industry. In particular, SIMEST issued two loans to the company in 2018 for a total value of €1.4 million, in order to consolidate and extend Thimeco's position in the Russian market.

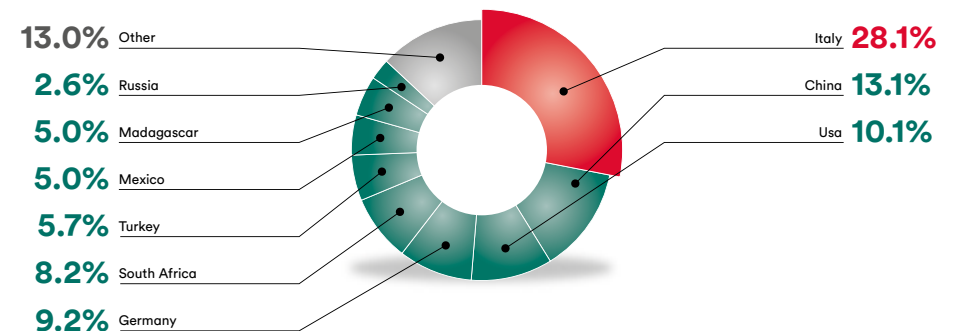
€1.4 million

Investing abroad

In a scenario where Global Value Chains deeply affect global investment and trade flows, for exporters having a local presence can be a winning strategy. Setting up joint ventures or other kind of establishments in your reference markets is a strong driver

for competitiveness and an effective tool to support business strategies, either to penetrate new destinations or increase your share of markets already acquired.

SIMEST's direct investments by country (2018)





In 2018, SIMEST finalized €131 million (+23% compared to 2017) worth of direct investments in companies, in addition to €21.4 million in equity investments of the public Venture Capital Fund managed on behalf of Italy's Ministry of Economic Development and €81 million worth of equity loan subsidies. At 31 December 2018, SIMEST owned 245 equity investments.

Furthermore, given the considerable geopolitical uncertainty in multiple areas around the world where several Italian companies operate, SACE's **Investments Policy** represents a reliable ally: it protects both equity abroad and loans to foreign subsidiaries, and allows to limit or offset losses or

the failure to repatriate amounts related to investments (for example, dividends, profits, repayments of shareholder's loans) as a result of war or civil unrest, exchange controls, direct or indirect expropriation, and the revocation of contracts with local public counterparties. Starting from this year, in order to meet the demands of businesses, the Investments Policy will protect also against the risk of business interruption, i.e., the damage caused by the temporary interruption of production activities. In 2018, several companies chose the Investments Policy to support their business abroad. SACE mobilised €1.5 billion in this area, mainly with regard to transactions conducted in Africa.

## Insuring and collecting receivables

The growing risks and volatility across all markets require exporters to get credit insurance. This option allows to improve and streamline the management of cash flows, especially when combined with solutions such as receivable discounting or factoring which enable businesses to discount their receivables in advance.

With SACE, businesses can insure their **short-term receivables** (through the operating entity SACE BT), either individual transactions or the total sales generated in Italy or abroad. In 2018, SACE mobilised €3.2 billion in this area, of which €300 million in synergy with SACE Fct. The businesses that relied on SACE BT's products were largely SMEs (77%) from industries such as wholesale (18.8%), communication and information services (17.1%) and the mining and energy sectors (10.9%).

Debt collection is a key ally of "last resort", and SACE (through the operating entity SACE SRV) offers nearly unrivalled expertise in this highly specialized service in Italy, especially as far as transactions in emerging markets are concerned. In 2018, SACE SRV managed 25,000 mandates, serving over 2,700 businesses and collecting €32.5 million worth of receivables in Italy and abroad. The main debt collection operations took place in Turkmenistan, Italy and Dubai.



### In Italy and the United States with La Tecnica del Vetro

SACE, through its product company SACE Fct, converted €670 million worth of receivables on behalf of La Tecnica del Vetro, a company from Campania which has operated for over 20 years in the glass processing sector. The transaction involves non-recourse financing of receivables due from Italian and US customers.

€1.4 million

## Turning receivables into liquidity

The factoring solutions offered by SACE through the operating entity SACE Fct allow companies to generate liquidity through the recourse or non-recourse factoring of receivables due from private or public-sector counterparties in Italy or abroad. Besides conventional factoring, SACE provides businesses with Reverse Factoring services dedicated to Italy's large industrial companies and their suppliers, supporting the production chain by optimizing cash flows. SACE Fct mobilised €4.2 billion in 2018 (-9%), including approximately €561 million related to export credit transactions backed by SACE.

## Obtaining guarantees for tenders and contracts

Introducing yourself to principals with the right guarantees is key to participating in tenders or winning contracts. SACE, together with the operating entity SACE BT – offering products that protect from the risks associated with the construction of facilities and civil works – stands alongside companies by issuing contractual guarantees and sureties required by law either directly or in partnership with banks and insurance companies. In 2018, they mobilised €2.3 billion worth of guarantees in this area. The segments that benefited the most from SACE's support included oil & gas, infrastructure and construction and the mechanical industry.

*Bonfiglioli*

## From Italy to Brazil

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### Precision mechanics getting stronger

*Thanks to the backing of SACE SIMEST, Bonfiglioli, a Bologna company specialized in design, production and commercialization of precision mechanics components, has consolidated its position in Brazil. SIMEST entered into 26% of the Brazilian subsidiary with an investment worth €4 million, enabling the company to expand its plant near San Paolo.*

€ 4 million





# Three years supporting Italian businesses

## Strategy

In a scenario characterized by the extreme uncertainties that affect the trends of international commercial policies and the slowdown of the domestic economy, Italy's exports are once again a growth driver for the national economic system. In this economic climate, the SACE SIMEST Hub continued on the path set out by the 2016-2020 Business Plan to pursue its mission to support the export and internationalization efforts of Italian businesses, while maximizing its support and ensuring the full financial and economic sustainability of its business model.

**In the three-year period the Hub has deployed € 72 billion**

In the three years from 2016 to 2018, the Hub mobilised €72 billion, exceeding the Plan's goals by 11%. The sharp increase in mobilised resources was also made possible by the reinsurance agreement with Italy's Ministry of Economy and Finance, which enabled SACE SIMEST to take on more risks in segments that are strategic to Italy's economy, supporting large market leaders and the related production chains, mainly SMEs.

Several initiatives were launched in the belief that the involvement of chains may be a key success factor to the internationalization of businesses. These include the signing of agreements for sub-contracting chains operating in strategic sectors for Italy (oil & gas, electronics, automotive, aviation and shipbuilding, involving over 5,000 businesses).

The main initiatives aimed at improving companies' positioning in the Global Value Chains include the innovative Push Strategy, whereby the Hub offers major foreign counterparties medium/long-term credit lines to facilitate the award of contracts to Italian companies. The program is the result of a new pro-active approach supporting economic diplomacy efforts and seeks to increase the share of exports sold to high-potential emerging markets where Italian products are currently under-represented.

The focus on SMEs is the pillar of SACE SIMEST's organizational structure. In line with the one-door model – which was launched in 2016 and resulted in the creation of the Hub –, a new customer service model was implemented with increased commercial focus on the sales network, the creation of a unit entirely dedicated to SMEs and the setting-up of a single customer care unit in order to simplify accesses and contact points.

**Supply chain export, digitization, Push Strategy, export culture: new tools for SMEs to grow**

Furthermore, during this three-year period, SACE SIMEST planned a real digital diary: a path, supported by significant investments, whose aim is to offer companies, especially, SMEs, the tools developed by the Hub on an online basis.

The sacesimest.it portal, which was launched in 2017 and fine-tuned in 2018, makes five services available online: subsidized loans, assessments of the credit worthiness of customers, credit insurance, factoring and debt collection. Two new digital products were launched in 2018: Export Up and Valutazione azienda. At the same time, the Hub launched a process to streamline its products, which will progressively reduce contract documents and response time.

Finally, in line with the Plan's guidelines, the Education to Export project was launched to promote the export culture, increase the number of exporting SMEs and bring those already active abroad to expand their operations. The project intends to channel development and international growth opportunities by offering specialist content online, via the e2e.sacesimest.it portal, and offline, through training workshops organized in collaboration with important institutional counterparties. Volumes rose significantly in full compliance with the Hub's economic and financial sustainability, with a Solvency Capital Ratio substantially in line with that of the previous year (SCR: 174%, down by 3%) and the cost/income ratio equal to 12%. ROE is 3.9%, in line with the Business Plan's targets.

## New guidelines for 2019-2021

The guidelines set out in SACE SIMEST's new Business Plan for the next three years are substantially in line with those of the previous years. Specifically, the Hub will continue along its path to increase the resources mobilised to support the export and internationalization efforts of the Italian businesses, specifically SMEs. This target will be achieved by improving SACE SIMEST's ability to act in transactions strategic to Italy's economic system, by introducing an increasingly digitalized, simplified and innovative commercial offer to better meet SMEs needs, by strengthening the service model dedicated to SMEs in order to increase segment penetration and by organizing initiatives to promote and spread the export culture.



Andrea Galano

Increase the resources deployed in favour of companies to support the Country System

## Mobilised resources

In 2018, the Export and Internationalization Hub mobilised a total of €28.6 billion to support companies operating abroad, the highest level in SACE's history, up 13% from 2017. The resources mobilised to support Italian exports totaled €14.3 bil-

lion, down by 7.2% compared to the prior year and accounting for 70.7% of the total. €5.9 billion went to support internationalization (+95.3%), while other insurance and financial services mobilised €8.4 billion (+22%).

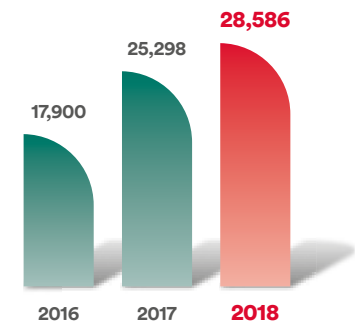
### Mobilised resources (in € million) \*

	2018	2017	% change
SACE SPA	19,423	17,738	9.5%
SIMEST	746	661	13.0%
SACE BT	4,756	3,192	49.0%
SACE Fct	3,660	3,708	-1.3%
<b>Total</b>	<b>28,586</b>	<b>25,298</b>	<b>13.0%</b>

\*Net of the resources mobilised by subsidiaries, referring to export credit transactions guaranteed by SACE.

We have closed a record year: € 28.6 billion for exports and internationalization of our companies

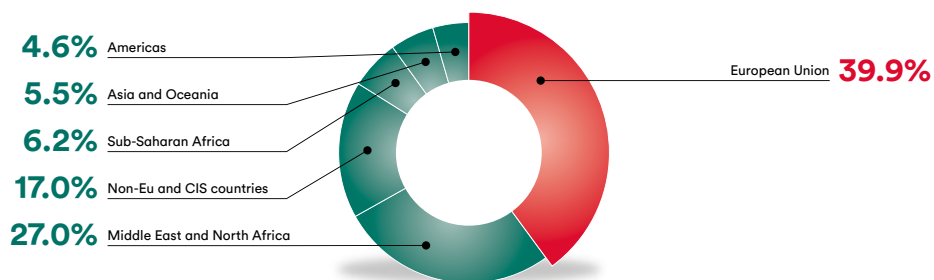
Resources mobilised by the SACE SIMEST Hub (2016-2018) (in € million)



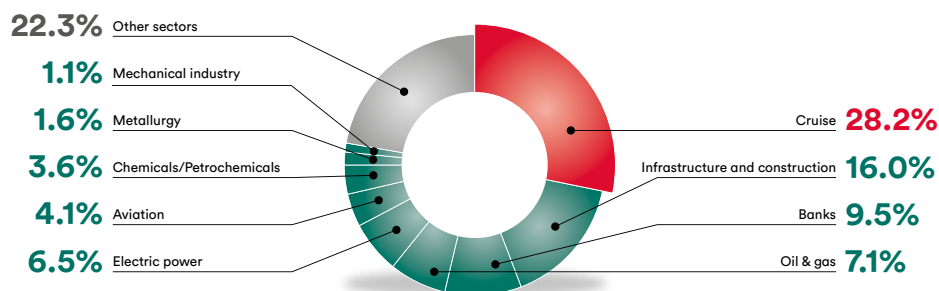
SACE's new outstanding guarantees amount to €19.4 billion, up from €17.7 billion in 2017 (+9.5%), of which 72% went to support exports and 28% internationalization efforts. New commitments largely refer to transactions in the European Union (39.9%), Middle East and North Africa (27%), Emerging Europe and CIS countries (17%). The main industrial sectors were the cruise, infrastructure and construction, oil & gas and the electric power industry. Overall, SIMEST mobilised €746 million (+13% compared to the prior year), of which 64% consisted in

subsidized loans and equity investments and 36% went to support exports. On top of this, there were €9 billion in interest subsidies provided as part of export finance transactions guaranteed by SACE. With respect to subsidized loans, which total €248 million and are up by 68% on 2017, 93% went to SMEs to support their internationalization efforts. The equity investments held directly and through the Venture Capital Fund total €152 million (+30% on 2017).

Resources mobilised by SACE by geographical region (2018)



Resources mobilised by SACE by segment (2018)



## Revenue

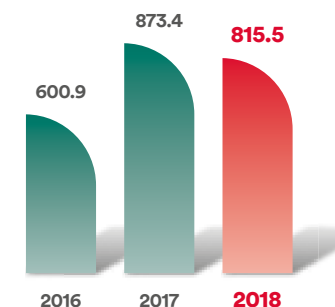
SACE BT mobilised €4.8 billion, up by 49% on 2017. Of these, €2.9 billion arose from credit insurance operations, which more than doubled on 2017 (+106%): 71% in Italy and the remaining 29% abroad. The largest sectors for this business were the wholesale (20.3% of volumes), the mining and the energy sectors (12.1%) and the agri-food sector (10.9%). SACE BT's Suretyship business insured €1.9 billion worth of transactions (+4%).

Considering the entire scope of operation of SACE and its subsidiaries, overall revenue amounts to €888.2 million, with 92% arising from insurance activities and the remaining 8% from financing activities. Gross consolidated premiums amount to €815.5 million, slightly down on the previous year (-7%). €782.2 million comes from direct business and €33.3 million from indirect business (inward reinsurance). SACE's support to exports and internationalization, largely consisting in medium/long-term transactions in regions with a medium/high risk profile, generated €727.8 million in gross premiums, down by 10% on the previous year, with credit insurance transactions accounting for a dominant 84% of the total. SACE BT generated €90.9 million in gross premiums, down by 19% from €76.3 million in 2017. Specifically, the Suretyship business made the greatest contribution to premiums, raising €34.1 million (substantially stable with respect to the previous year), while the Credit business generated €29.7 million (+26%) and Other Damage to Property €18.7 million (+19%). The remaining €8.4 million comes from the non-life business, which represents a marginal but growing part of the company's busi-

## 92% of overall revenue arises from insurance activities

The resources mobilised by SACE Fct amount to €3.7 billion and are substantially in line with 2017 (-1%), in addition to €0.6 billion related to export credit transactions guaranteed by SACE. Non-recourse factoring accounts for 92% of the total. The largest industries in terms of financed receivables are construction (21.6%), minerals and metals (20.5%) and energy (20.3%). As for the breakdown of turnover by debtors, 51.7% refers to transactions with Italian companies, 34.8% to foreign debtors and 13.2% to receivables from Italy's Public Administration.

Consolidated gross premiums (in € million)

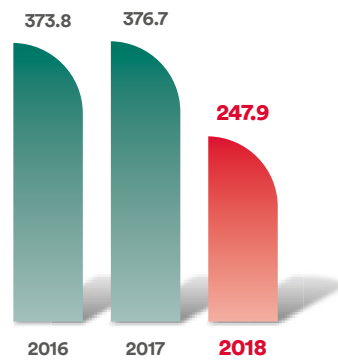


ness. SIMEST's support to internationalization and export credit transactions generated total income of €39.1 million (+11% on the previous year). SACE Fct's factoring transactions generated total income of €33.6 million, up by 10%. This amount comprises net interest income (76.8%) and net fee and commission income (23.2%).

## Claims and recoveries

Claims paid in 2018, net of reinsurance, amount to €247.9 million at consolidated level, down by 34.2% compared to 2017. SACE paid €238.5 million in claims (-35%). Of this amount, 57% relates to transactions with Italian counterparties (mainly operating in the construction sector) and the residual 43% to transactions with foreign counterparties, without specific concentrations by country. SACE BT paid claims worth €37.7 million, down by 14.5%.

Consolidated claims paid  
(in € million)



SACE recovered €143.3 million (-6.5%) in receivables from sovereign counterparties. They mainly relate to Iraq, Argentina, Ecuador, Cuba and Aruba. It recovered €64.5 million in trade receivables, down sharply (-71%) on 2017, when restructuring agreements were finalized, concerning large claims which contributed to increasing the balance. SACE BT recovered €3.6 million (+20%), largely related to the Suretyship business.

## Financial performance for the year

Consolidated profit, calculated in accordance with the IAS-IFRS, totals €128.8 million, down by 72% from €456 million in 2017. The financial performance for the year is affected by the following aspects: the increase in the premium provision (in line with the rise in the portfolio), the increase in the provision for claims (due to the rise in the claims in some sectors) and the decrease in commercial risk recoveries.

SACE's net profit the year, calculated under the Italian GAAP, amounts to €186.1 million, down by 32%, mainly as a consequence of the accruals to the provisions for claims and premiums. ROE is 3.9%.

SIMEST's profit for the year amounts to €1.2 million, reflecting the adoption of IFRS 9.

For the purposes of a like-for-like comparison, the pro forma gross profit – without considering the effects of the adoption of IFRS 9 – amounts to €13.4 million, up by 47% on 2017 (€9.4 million).

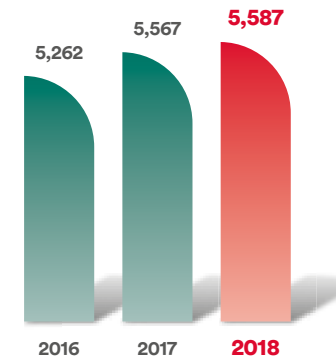
SACE BT's profit for 2018, under the IAS-IFRS, amounts to € 3.6 million, down by 1.9% on 2017. ROE is 5.2%. This figure reflects the positive contribution from SACE SRV, which recognized a profit of €1 million, up by 31% on 2017. SACE Fct's profit for the year amounts to €500 thousand, down from €3.2 million in 2017, largely due to adjustments on counterparties.

## Equity and technical provisions

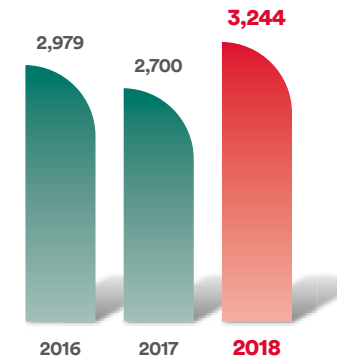
At 31 December 2018, consolidated equity amounts to €5.6 billion, slightly up on the previous year (+4%). The fully paid up share capital amounts to

€3.7 billion, while technical provisions are equal to €3.2 billion (+20%).

Equity  
(in € million)



Technical provisions  
(in € million)



Claudia  
Micone



## Consolidated balance sheet (€ thousands)\*

Assets	2018	2017
Intangible assets	11,422	16,450
Property, plant and equipment	52,544	52,869
Technical reserves to be borne by reinsurers	1,135,780	777,523
Investments	7,154,753	4,629,488
Sundry receivables	759,371	752,044
Other assets	225,203	163,325
Cash and cash equivalents	3,133,456	4,985,369
<b>Total assets</b>	<b>12,472,530</b>	<b>11,377,067</b>
Liabilities	2018	2017
Equity	5,586,994	5,566,994
Provision	79,208	81,568
Technical reserves	3,244,452	2,700,001
Financial liabilities	3,109,474	2,407,221
Payables	168,621	317,056
Other liabilities	283,781	304,227
<b>Total equity and liabilities</b>	<b>12,472,530</b>	<b>11,377,067</b>

## Consolidated income statement (€ thousands)\*

	2018	2017
Gross premiums	815,536	873,434
Change in the premium reserve	-459,932	56,675
Outward reinsurance premiums for the year	-46,892	-96,043
<b>Net premiums earned</b>	<b>308,713</b>	<b>834,066</b>
Income or expense from financial instruments at fair value through profit or loss	-2,689	-108,129
Income from other financial instruments and real estate investments	173,908	153,210
Other revenue	81,208	53,160
<b>Total revenue and income</b>	<b>561,140</b>	<b>932,307</b>
Amounts paid and change in technical reserves	215,476	-18,742
Shares of claims borne by reinsurers	-32,201	-37,317
<b>Net claims-related expenses</b>	<b>183,275</b>	<b>-56,059</b>
Charges from investments in subsidiaries, associated companies and joint ventures	-	-
Expense from other financial instruments and real estate investments	51,770	53,479
Operating expenses	99,136	112,681
Other costs	70,564	190,538
<b>Total costs and expenses</b>	<b>404,745</b>	<b>300,638</b>
<b>Profit before tax</b>	<b>156,395</b>	<b>631,669</b>
Tax expense	27,591	175,670
<b>Profit for the year net of taxes</b>	<b>128,804</b>	<b>455,999</b>
of which attributable to the Group	128,515	455,129
of which attributable to minority interests	289	870

\*The Consolidated Financial Statements were prepared in accordance with the provisions of Ivass Provision no. 74 dated 8 May 2018 which amended and supplemented the provisions contained in Ivass Regulation no. 7/2007, due to entry into force of IFRS 9 (Financial Instruments) which, starting from the 2018 financial statements, replaces the IAS 39 standard. The changes introduced to IAS 39 specifically concern the classification and measurement of financial assets and the impairment model.



Venchi

## From Italy to the Far East

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**Italian chocolate is also being  
enjoyed in China and Japan**

*The SACE SIMEST Hub has backed the growth plan targeting foreign markets by Venchi, a Piedmontese leader in the production of chocolate and ice-cream labelled “Made in Italy”. SIMEST entered into 44% of the capital of the Hong Kong subsidiary with an investment worth €4 million, while SACE provided guarantees for a €4.5 million loan. This operation strengthens the company’s position in Asia, with focus on China and Japan.*

**€ 8.5 million**

# Managing risk to look to the future

## The role of Risk management

Taking risks is a crucial part of SACE SIMEST's business operations, and the ability to manage them is key for the organization. Therefore, the Hub has developed a Risk management approach focused on managing the risk portfolio to ensure sustainable growth in the medium/long-term and in line with the core principles of the relevant regulations. Risk management and monitoring operations are the responsibility of a single structure. Through an inte-

grated process, this structure contributes to strategic decisions as well as the operational and financial stability of SACE and its operating companies. On an annual basis, the structure defines the risk appetite framework, i.e. the set of metrics, processes, and systems supporting the proper management of the level and type of risk the Company is willing to take in accordance with its strategic objectives.



## Reinsurance

In addition, the Risk management function determines the current and future internal capital requirements for material risks, ensuring the measurement and integrated control of risks based on the overall exposure, preparing appropriate detection, assessment, monitoring, and reporting procedures, and performing scenario analyses and stress tests. Finally, it supervises technical provisions together with the other relevant functions and monitors operations aimed at optimizing the capital structure as well as reserve and liquidity management (asset liability management).

Reinsurance is a key part of the integrated risk control and management system. Through reinsurance, the Company makes its portfolio more balanced by sharing risks with reliable insurance counterparties and boosts its underwriting capacity, thus stabilizing its financial performance and bolstering its financial position.

To protect their portfolio and achieve their strategic goals, SACE and SACE BT use reinsurance in line with market standards as well as export credit best practices.

Through a dedicated structure, SACE manages reinsurance-related operations and monitors the relevant risks, ensuring consistency between the cession plan and the reinsurance strategy approved by the Board of Directors.

In 2018, the reinsured share of the portfolio rose considerably, as the total amount ceded vaulted past €25 billion. Of this amount the most significant portion was transferred to Italy's Ministry of Economy and Finance under the Agreement between SACE and the MEF (approved with the Prime Minister Decree of 20 November 2014, filed with the Italian Court of Auditors on 23 December 2014), transferring risks to the Ministry that could otherwise result in high levels of concentration for SACE. Nearly all the remainder was ceded to the private reinsurance market - specifically, the Lloyd's of London.



Luigi Piergallini



## The Hub's counterparties portfolio

The overall portfolio of the SACE SIMEST Hub includes 105,812 counterparties, including 1,539 related to SACE, 101,886 to SACE BT, 1,011 to SACE Fct, 76 to SIMEST and 1,300 shared among the various entities. Such integrated operations testify to the Hub's ability to meet the many different needs of the companies competing in international markets. Specifically, all the companies included within the scope share seven counterparties, half of which operate in the metallurgy sector, while SACE, SACE BT and SACE Fct share 34 counterparties which operate mainly in the agri-food, shipbuilding and metallurgy industries.

SACE's private portfolio includes more than 2,280 counterparties at risk, including 650 shared with SACE BT which manages 103,167 counterparties in the Credit and Suretyship businesses. 90% of the shared counterparties are Italian companies, concentrated mainly in the mechanical and metallurgical sectors as well as the agri-food industry. In terms of exposure, the sectors most at risk are infrastructure and construction, telecommunications and renewable energy as far as Italian counterparties are concerned, while foreign counterparties operate mainly in the cruise, oil & gas and automotive industries.

SACE Fct is exposed to over 1,582 counterparties, including 519 shared with SACE BT and 3 with SACE. 77% of the counterparties shared by SACE Fct and SACE BT are Italian and 99% of these are mainly involved in wholesale and retail sectors and the metallurgy industry.

SIMEST's portfolio, which consists of the equity investments held alongside Italian partners, includes 170 counterparties. SIMEST shares 14 counterparties with SACE – concentrated mainly in the mechanical industry and communication and information services in terms of exposure – and 32 with SACE BT – concentrated in the metallurgy and electric power industries. SACE and SACE BT share 33 counterparties, operating mainly in the automotive, agri-food and infrastructure and construction sectors, while SACE BT and SACE Fct share 6 counterparties.



Flavia  
Costabile

## SACE's risk portfolio

SACE's total exposure, calculated as the sum of receivables and outstanding guarantees (principal and interest), amounts to €61.1 billion, up by 20.8% on 2017. The upward trend seen in 2017 and 2016 continued largely because of the increase in the portfolio of guarantees, which totaled €60.5 billion or 99% of SACE's overall exposure. The receiv-

ables portfolio amounts to €598 million, down on 2017 (-5.4%). The decrease is mainly due to the 20% reduction in sovereign receivables, accounting for 61.6% of the receivables portfolio, while trade receivables (which account for 34.1% of the total portfolio) rose by 42.2%.

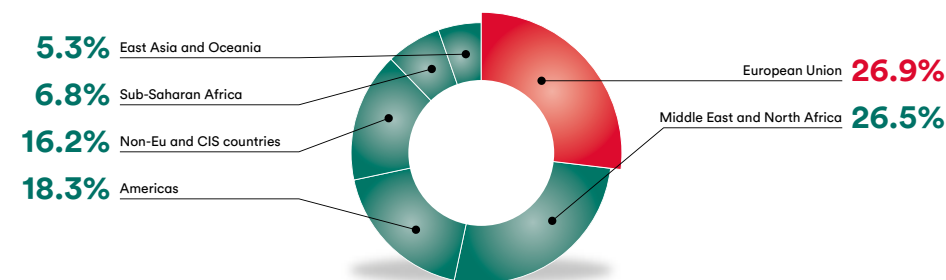
### SACE's total exposure (in € million)

Portfolio	2018	2017	Change%
Outstanding guarantees	60,479.9	49,929.5	21.1%
- Principal	53,579.0	43,789.9	22.4%
- Interest	6,900.9	6,139.5	12.4%
Receivables	598.0	632.2	-5.4%
<b>Total</b>	<b>61,077.9</b>	<b>50,561.6</b>	<b>20.8%</b>

Based on the breakdown of the overall portfolio by geo-economic region, the European Union ranks first in terms of exposure, 26.9% compared to 25.6% in 2017. The Middle East and North Africa follow, up from 24.1% to 26.5%, and the Americas, down from 23.1% to 18.3%. The other regions account for 28.3%.

of the portfolio: Emerging Europe and CIS countries increased as a proportion of the overall portfolio from 15.4% in 2017 to 16.1% in 2018, Sub-Saharan Africa rose slightly, from 6.5% to 6.8%, and, finally, Asia is stable at 5.3%.

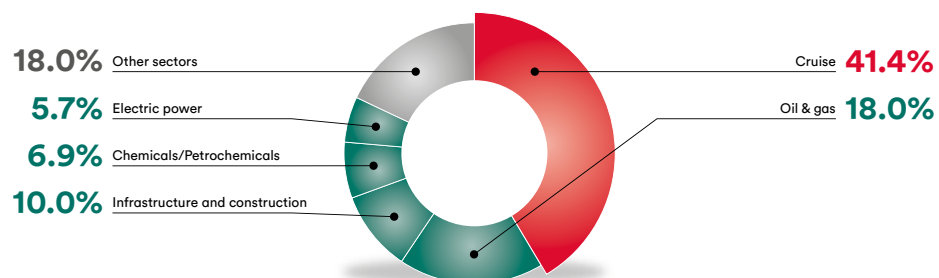
### SACE's total exposure by geo-economic region (at 31 December 2018)



The level of sector concentration remains high, with the top five sectors accounting for 82% of the overall private portfolio. The cruise industry once again ranks first by exposure, rising from 33.5% to 41.4%,

as a proportion of the total, followed by the oil & gas (18%), infrastructure and construction (10%) and chemical/petrochemical (6.9%) industries.

SACE's guarantees portfolio by industrial sector (at 31 December 2018)



## SACE BT's risk portfolio

SACE BT's overall exposure amounts to €51.9 billion at 31 December 2018, up by 25.8% on 2017.

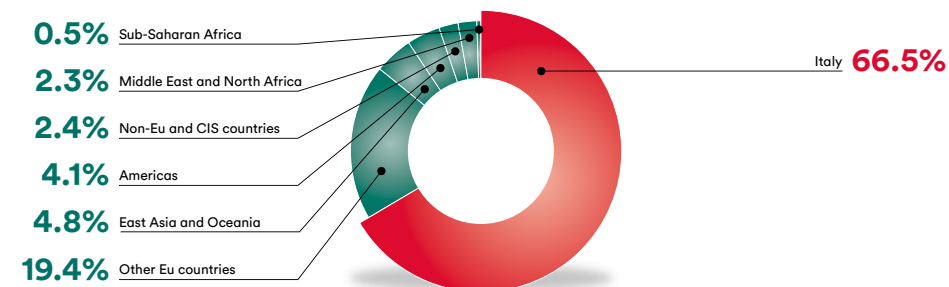
SACE BT's total exposure by business (in € million)

Portfolio	2018	2017	Change%
Credit	9,702.7	9,695.7	0.1%
Suretyship	6,299.1	6,234.7	1.0%
Other Damage to Property	35,934.8	25,353.3	41.7%
<b>Total</b>	<b>51,936.6</b>	<b>41,283.7</b>	<b>25.8%</b>

The Credit business has 115,120 outstanding lines of credits (+1.2%), totaling €9.7 billion. The outstanding ceilings are mainly concentrated in the Europe-

an Union (85.9%), with Italy accounting for 66.5% of the total.

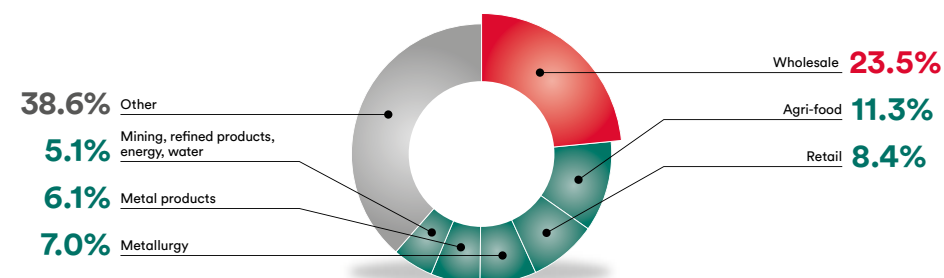
SACE BT's exposure in the Credit business by geographical region (at 31 December 2018)



The wholesale, agri-food and retail industries are the portfolio's three largest industrial sectors,

accounting for 23.5%, 11.3% and 8.4% of the total, respectively.

SACE BT's exposure in the Credit business by industrial sector (at 31 December 2018)



The exposure of the Suretyship business – i.e. the amount of insured capital – is equal to €6.3 billion (+1%). The guarantees related to tenders account for 69.1% of outstanding risks, followed by those on payments and tax refunds (24.7%). The portfolio consists of over 33 thousand contracts and is concentrated in Northern Italy (67.8%).

The nominal exposure, ceilings and capital insured of the Construction/Other Damage to Property portfolio total €35.9 billion, up by 41.7% on 2017. There are 7,983 policies outstanding (+2.4%). CAR and EAR policies account for 35.5% of the nominal exposure, Decennial Liability policies for 25.8% and the policies of the Non-Life businesses for the residual 38.7%.

## SACE Fct's risk portfolio

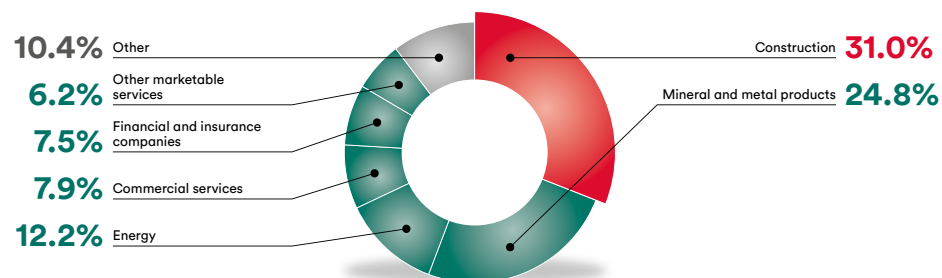
At 31 December 2018, SACE Fct's total receivables amount to €1.5 billion, down by 20.9% on the previous year. These largely refer to non-recourse transactions, which account for 95.3% of the total.

SACE Fct's total exposure by business (in € million)

Portfolio	2018	2017	Change%
Factoring without recourse	1,449.9	1,778.1	-18.5%
With recourse	70.8	143.2	-50.6%
<b>Total</b>	<b>1520.7</b>	<b>1921.3</b>	<b>-20.9%</b>

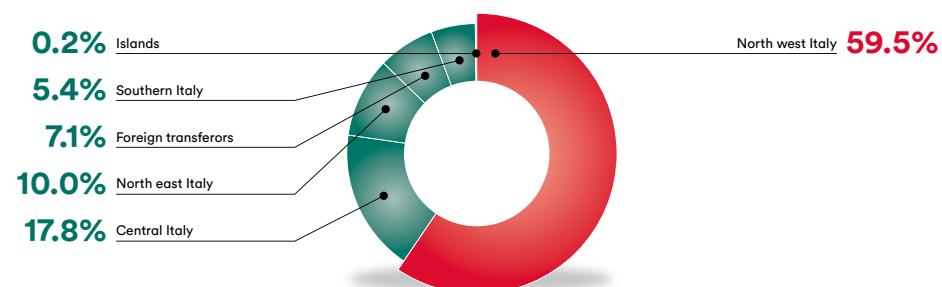
The breakdown of total receivables by the transferor's industrial sector shows a concentration in the construction and public works sector, which accounts for 31% of the total (down from 35% in 2017), followed by minerals and metals (24.8%) and energy products (12.2%).

SACE Fct's total receivables by transferor's industrial sector (at 31 December 2018)



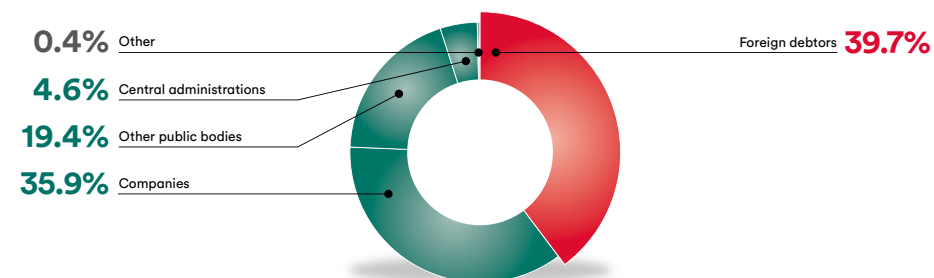
The breakdown by the transferor's geographical region shows a higher percentage in Northern Italy, which rose from 48.8% to 59.5%, and a reduction in Central Italy, down to 17.8% from 27.5% in 2017.

SACE Fct's total receivables by transferor's geographical region (at 31 December 2018)



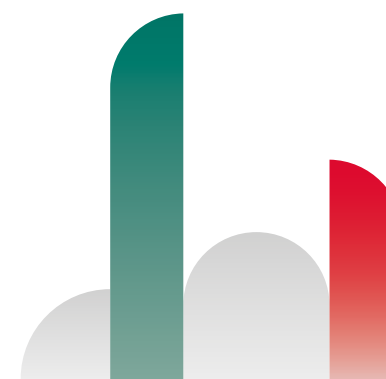
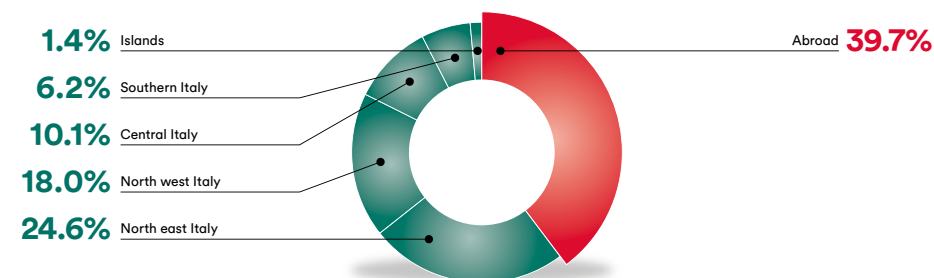
The breakdown of total receivables by the debtor's sector shows that private-sector counterparties outnumber those within the scope of the Public Administration (76% versus 24%).

SACE Fct's total receivables by debtor's sector (at 31 December 2018)



The breakdown of total receivables by the debtor's geographical region shows a decline in Central Italy, from 20.5% to 10.1%, and an increase in the concentration in the North east of Italy, from 18.9% to 24.6%.

SACE Fct's total receivables by debtor's geographical region (at 31 December 2018)





## SIMEST's risk portfolio

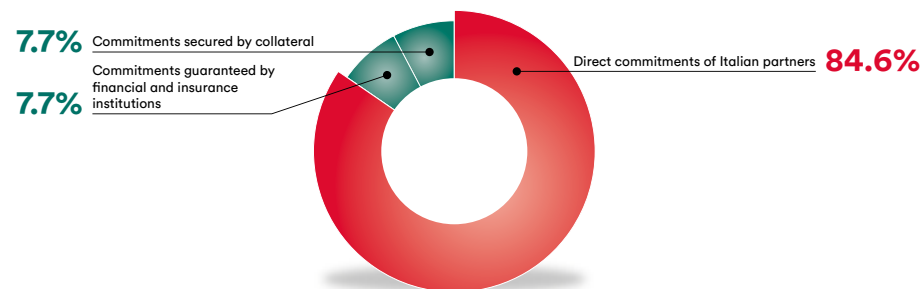
At 31 December 2018, SIMEST's exposure totals approximately €545 million (+6%). The direct commitments of Italian partners for the forward purchase of equity investments amount to approxi-

mately €461 million (+5.7%), those backed by bank and/or insurance guarantees total nearly €42 million (-12.5%) and those secured by collateral amount to €42 million (+35.5%).

SIMEST's total exposure (in € million)

Portfolio	2018	2017	Change%
Direct commitments of Italian partners	461	436	5.7%
Commitments guaranteed by financial and insurance institutions	42	48	-12.5%
Commitments secured by collateral	42	31	35.5%
<b>Total</b>	<b>545</b>	<b>514</b>	<b>6.0%</b>

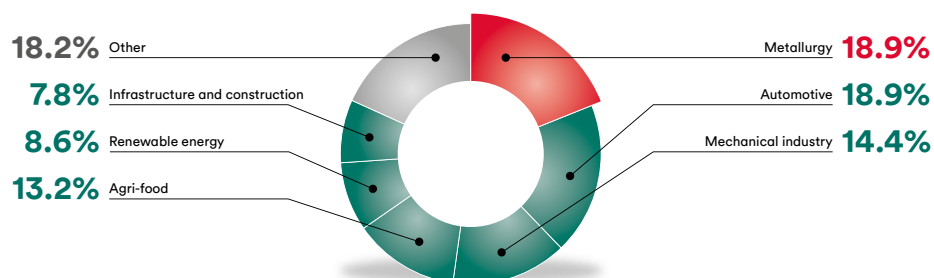
SIMEST's outstanding exposure by type of guarantee (at 31 December 2018)



The metallurgy, automotive and mechanical industries are the portfolio's three largest sectors, ac-

counting for 18.9% for the first two industries and 14.4% for the third one.

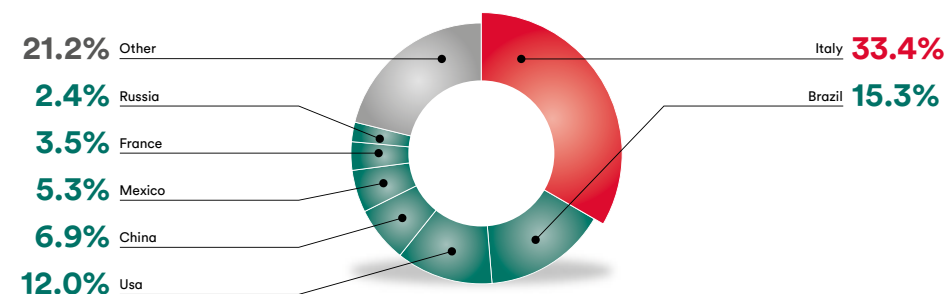
SIMEST's outstanding exposure by industrial sector (at 31 December 2018)



The breakdown of the portfolio by geographical region shows that the top 10 countries in which SIMEST is present through the target companies account for nearly 85% of the total, while the remaining 15% refers to other 29 countries. The

largest exposures relate to Italy – accounting for 33% of the portfolio – Brazil (15%) and the United States (12%). Overall, the top 3 countries by exposure account for nearly 61% of the portfolio.

SIMEST's outstanding exposure by geographical region (at 31 December 2018)



## The financial portfolio

The financing activities are aimed at protecting the value of the company's assets, balancing the risks

taken as part of insurance operations, and helping achieve the company's goals.

Financial investments (in € million)

Type of investment	2018	2017	Change%
Money-market instruments	2,388	5,002	-52.3%
Bonds	4,774	1,698	181.1%
UCITs	193	638	-69.7%
Shares	12	6	93.5%
<b>Total</b>	<b>7,367</b>	<b>7,344</b>	<b>0.3%</b>

At the end of 2018, consolidated financial investments total approximately €7.4 billion, compared to €7.3 billion in the prior year. The portfolio consists of bonds (64.8%), money-market instruments (32.4%),

units of UCITs (Undertakings for Collective Investment in Transferable Securities) (2.6%) – which invest mainly in bonds – and shares (0.1%).



## *Cristiano di Thiene* **From Italy to the world**

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### **Wearing Aeronautica Militare in various countries**

*SACE SIMEST backed the international strategies of Cristiano di Thiene, retailer of Aeronautica Militare brand. The company, which was aiming at strengthening its position in the United States, South America, Hong Kong and Eastern Europe, was granted two loans by SIMEST, worth a total value of €800 thousand.*

**€ 800** thousand



# People and values as the key to our success

For over 40 years, SACE SIMEST has been committed to supporting the Italian businesses that want to stand out and be competitive in international markets. We have been pursuing this mission with passion and professionalism, willing to work alongside our customers in an increasingly efficient and effective manner. Winning this challenge requires **skills** and **commitment** of the people that work at the Hub, an extremely valuable “human capital”. Therefore, for SACE SIMEST, promoting the growth of its employees and their different professional skills is crucial.

People stand at the center of our work environment. We offer each individual significant opportunities to grow professionally and personally, and we strive to ensure everyone can achieve a work-life balance, a prerequisite for people’s well-being and efficiency. SACE SIMEST promotes a corporate culture based on the values of **merit** and **equal opportunity**. It is committed to fighting all forms of discrimination based on sexual orientation, ethnicity, nationality, culture, religion, political beliefs, age, or disabilities. It guarantees a work environment that recognizes and values diversity as a source of wealth.



Lorella Troiani

## The hub in figures

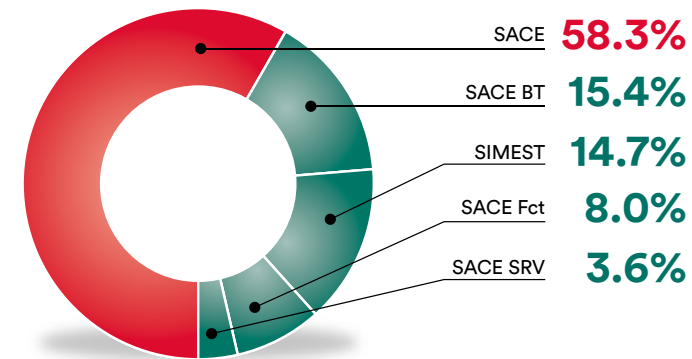
The Italian Export and Internationalization Hub has 969 employees. About 58% are at SACE, and the rest at the other companies: 149 in SACE BT, 142 in SIMEST, 78 in SACE Fct and 35 in SACE SRV. 76% of our employees work in Rome, 22% at other Italian offices and 2% abroad. 4.4% are foreign, and there are 25 different nationalities within the Company, a melting pot that guarantees cultural diversity and a fruitful exchange between people. 44.8% of our employees are 40 years old or younger and 77% are university graduates.

In absolute terms, 478 are men and 491 women, a significant proportion compared to the national average and a testament to the Hub’s focus on promoting female talent and leadership within the Compa-

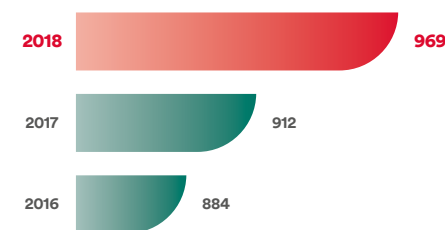
ny. This commitment is underlined by the participation in **Valore D**, the association set up by 12 large companies to strengthen women’s role in business. The salary gap between men and women appears to be immaterial, pointing to substantial equality in pay between the two genders, especially as far as middle and senior managers are concerned.

In 2018, SACE SIMEST hired 128 employees, including 98 of less than 36 years old; 56 of them were women. It also offered 85 internships, providing young graduates with an opportunity to grow professionally in the work area they are most interested in. 50% of those who completed their internship during 2018 were hired on different types of contracts.

### Breakdown by company



### Employees





## Recruiting

**Competence** and **strong motivation** are key for professional growth. Every year, SACE SIMEST recruits industry professionals and young talents participating in higher education. It attends Italy's largest job fairs and collaborates with top universities, graduate schools and postgraduate master's programs. This ensures a fruitful exchange of skills and helps us recruit the best candidates. Since 2012, SACE SIMEST has been participating in the Bocconi Merit Awards program, sponsoring one of the seventy scholarships granted to the most deserving first-year students of master's degree courses.

**Training** and **continuous learning** are the key to working effectively at all times. The opportunity of staying abreast of industry best practices and sharing innovative approaches significantly helps keeping your personal curiosity and flexibility of thought alive. SACE SIMEST has designed training courses for its employees to accompany them in their professional growth. Specifically, new hires participate in a dedicated training program (Induction Plan) to facilitate their integration into the Company. During 2018, considering all the channels made available to employees in the classroom and online, the Hub guaranteed an average of 24 hours of training per person, for a total of 23,655 hours, covering soft, technical and specialist skills.

SACE SIMEST supports the **professional growth** of its employees, designing custom career paths that take into account each one's skills and potential. Through job rotation, a system the Hub introduced with a strong conviction, employees have the opportunity to perform duties other than their own. Job rotation can be seen as a direct form of training: it helps spread skills throughout the organiza-

tion and allows everyone to quickly gain hands-on experience within different functions or segments, expanding their career opportunities. This makes the work experience even more rewarding. Finally, SACE SIMEST offers employees the possibility to take on other roles at its foreign offices, an experience that further enriches professional growth opportunities.

## Work and life: the right balance

The satisfaction of employees is one of the keys to a company's success. SACE SIMEST seeks to allow everyone to strike the right work-life balance. This vision translates into a program consisting of several initiatives to ensure a balanced use of time and energy, also reflecting our focus on social sustainability.

The project "telework from home", which started a few years ago, enables anyone to work from home a few days of the week and for certain periods of time if they need to, using a workstation provided by the Company. Telephones and computers ensure the interaction with the work environment and colleagues.

After successfully completing the "smart working" one-year pilot, this project has been officially implemented. At 31 December 2018, 285 SACE SIMEST's employees worked from home one day a week in order to improve the work-life balance. By the first four months of 2019, this project will be extended to over 50% of the employees.

To address mobility-related issues and develop solutions to optimize commuting, SACE has appointed a mobility manager responsible for all aspects that contribute to optimizing traffic flows, while reducing the impact on the environment. In addition, SACE provides subsidies for public transport passes, services offering real-time information on traffic and public transport waiting times, and a bike point, a fleet of bicycles employees can use for short trips. At the Rome and Milan offices, where some employees have chosen the bike as their means of transport, SACE created a reserved parking area.

SACE also has many initiatives dedicated to the families of employees in order to bring them closer to work life. Above all, the "**Take your kids to work**" day, when the Company opens its door to children, allowing them to experience their parents' work environment for a day while playing and having fun.



Pasquale Belmonte

Smart working  
to improve  
the balance  
between  
professional  
and private life

In 2017, SACE SIMEST spearheaded **#adottaunaclasse**, an initiative launched as part of the “**Push to Open**” (P2O) work orientation program, designed by Jointly for students in the final years of high school. The P2O program which assigns 50 hours to work-related learning programs and training credits uses an e-learning platform, live streaming, chats and in-house workshops. In order to share the value created within the Company, SACE “adopted” 14 classes selected among “disadvantaged” high schools in some of the Italian cities where it has offices (Naples, Rome, Bologna, Palermo, Florence and Rho) and offered to approximately 250 students the possibility of participating in the program for free.

The **MAAM** (maternity as a master) project is dedicated to mothers and fathers and enables them to participate in training modules, under a very flexible scheme which considers the needs of the new parents. These modules teach how to enhance and recycle the expertise acquired through maternity and paternity into professional skills.

## Work-life balance and welfare activities for the wellbeing of our people

SACE SIMEST offers many **welfare initiatives** to its employees, including, for example, health insurance and cancer screening tests every two years for those aged 45 or older and subsidies on mortgages for first homes. In addition, to promote a healthy and active lifestyle, SACE SIMEST’s offices feature a gym with state-of-the-art equipment that all employees can access. Health protection is further supplemented by the organization of first aid and fire prevention teams and the deployment of medical devices at the company’s offices.



Matteo Ramazio

## Value for the environment and society

Development is real when it improves the quality of life in the long term. SACE SIMEST accepted this major challenge by promoting a corporate sustainability culture aimed at protecting the **well-being of future generations**. Many initiatives, from the company’s state-of-the-art waste sorting and recycling system, to improving energy efficiency and raising the awareness about reducing consumption, keep employees focused on **environmental protection**, contributing to spreading good practices.

The Hub supports health research and prevention by collaborating with the Veronesi Foundation on the Food and Health Project, by promoting nutrigenomics research. In addition, it supports Komen Italia’s secondary breast cancer prevention project for socially and economically disadvantaged women, in upgrading the diagnostic equipment of the Mammography Mobile Unit.

The Company also contributed to the Theatre and Music Art and Rehabilitation program promoted by **Lega del Filo d’Oro** which seeks to discover the potential of deafblind and multi-sensory impaired individuals. SACE SIMEST also continued its partnership with **Rondine Cittadella per la Pace**, a project to promote a culture of dialogue and peace at an international student residence located in a medieval town in the province of Arezzo. Every year, this facility hosts 30 students of different cultures from conflict areas across the world.

In the belief that even small gestures of solidarity can make a difference, every year SACE SIMEST hosts blood days. In 2018, its employees donated approximately 150 blood bags to the Bambino Gesù Paediatric Hospital in Rome and to Avis in Milan. Finally, for several years, SACE SIMEST has participated in “Race for the Cure”, a charitable race to raise funds for the fight against breast cancer: 170 people between SACE’s employees and their relatives participated in the 2018 edition.

## Social and environmental sustainability is a constant goal in our work





An industrial robot arm is shown in the foreground, working on a car chassis. The robot is orange and black, with various cables and sensors attached. The background is a blurred factory floor with other cars and machinery. The overall scene is brightly lit, suggesting a modern manufacturing environment.

## *Prima Sole Components* **From Italy to the world**

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### **Strengthen its position in the automotive market**

*CDP and SACE SIMEST have jointly backed the internationalization of Prima Sole Components, a market leader from the Lazio region in the production of automotive components. The joint operation, aimed at supporting the company's medium-term growth plans, involves a loan of €15 million granted by CDP and €10 worth of bond issues through the "Sviluppo Export" Fund, guaranteed by SACE SIMEST.*

**€ 25 million**



# Transparency at the core of our management

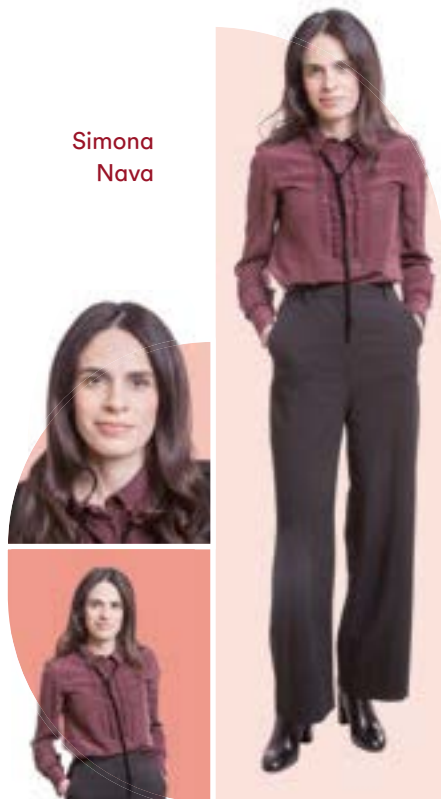
## Corporate structure

SACE is a joint-stock company wholly owned by Cassa depositi e prestiti and owns 76% of SIMEST, a joint-stock company which has been supporting the growth of Italian enterprises by law since 1991 through the internationalization of their operations. In addition, SACE wholly owns SACE Fct, a joint-stock company operating in the factoring sector, and SACE BT, a joint-stock company operating in the Credit, Suretyship, and Other Damage to Property businesses. In turn, SACE BT wholly owns SACE SRV, a limited liability company specialized in debt collection and information asset management.

SACE's direct and indirect subsidiaries are managed and coordinated by the Parent pursuant to article 2497 and subsequent articles of the Italian Civil Code.

SACE ensures their operations comply with the corporate governance strategy and the system of internal controls, in accordance with the principle

Simona  
Nava



of proportionality and considering the independent decision-making profiles of the corporate bodies of each company, specifically supervised entities and the specific sector regulations applicable to the latter.

## Regulatory framework

SACE provides guarantees and insurance for political, catastrophe, economic, commercial, and currency risks Italian entities are exposed to when doing business abroad, in accordance with Italian Legislative Decree 143/1998 and the relevant CIPE Resolutions. In addition, SACE is authorized to provide guarantees and insurance for transactions that are strategically important for Italy's economy in terms of internationalization, economic security, and the activation of production processes pursuant to Italian Law 296/2006, as well as risks of non-collection of receivables due from Public Administrations pursuant to Italian Legislative Decree 185/2008. The obligations undertaken by SACE in the performance of its duties are guaranteed by the Italian Government (Italian Legislative Decree 269/2003, Article 6, Paragraph 9), including pursuant to Italian Legislative Decree 91/2014, Article 32. SACE's operations are governed by European Union regulations (including Directive 29/1998) and the OECD's Arrangement on Officially Supported Export Credits ("Consensus"). SACE subscribes to the principles established by the Berne Union, an international organization that brings together export credit companies and agencies to support investments.

Since 1991, SIMEST has been promoting investments by Italian businesses abroad through equity instruments, using its own funds (pursuant to Italian Law 100/1990) and, since 2004, by managing the public Venture Capital Fund. Moreover, SIMEST's investments allow Italian enterprises to access facilities (interest subsidies) for financing equity investments in companies outside the European Union. In addition, SIMEST acquires non-controlling interests in Italian businesses or their subsidiaries in the European Union on arm's length terms to help them expand their international reach. Since 1999, SIMEST has been managing facilities to support the internationalization efforts of Italian businesses, in the form of financ-

ing for internationalization (pursuant to Italian Law 133/2008, Article 6, through the Revolving fund pursuant to Law no. 394/81) and financial support to exports through interest subsidies (pursuant to Italian Legislative Decree 143/1998, through the contribution scheme pursuant to Law no. 295/73). SIMEST is also one of Italy's financial institutions authorized by the EU to operate as a Lead Financial Institution as part of Trust Funds management. The financing activities of SIMEST are subject to supervision by Italy's Court of Auditors.

## European and international legislation govern our activities in support of exports

SACE BT, established in 2004, is authorized to provide insurance and is subject to supervision by IVASS (Italian Insurance Supervisory Authority). SACE Fct, established in 2009, is enrolled in the Register of Financial Intermediaries pursuant to the Consolidated Law on Banking, Article 106, and is subject to supervision by the Bank of Italy.

## Code of Ethics and Organizational, Management and Control Model

The corporate governance system defines a set of rules and practices that govern the management and control of the Company. SACE's governance model is based on the principles of legality and transparency; the Company adopts a prevention and control system consisting of the Code of Ethics and the Organizational, Management and Control Model. The Code of Ethics expresses the values and principles that directors, statutory auditors, independent auditors, managers, employees, contractors and third parties who have relationships with SACE and its subsidiaries must subscribe to. The Code of Ethics is a separate document from the Model, even though it is related to the latter, as it is an integral part of the prevention system adopted.

### Our fundamental principles, based on legality and transparency, are shared by all stakeholders

Approved by the Board of Directors of SACE pursuant to Italian Legislative Decree 231/2001, the Model is the result of an in-depth analysis carried out within the corporate structure and consists of:

- a general section governing the principles of the Decree, the governance model, the principles of the internal control system, the Supervisory Body, the disciplinary system, staff training and the dissemination of the model inside and outside the Company
- a special section that identifies the areas within SACE for which there is a potential risk of crimes

being committed and specifies a series of instruments to prevent them.

The Model intends to:

- optimize the corporate governance system
- allow to exempt SACE from administrative liability in case of crimes
- set up a consistent prevention and control system, reducing the risk of crimes committed in relation to the company's business
- raise awareness among all individuals working in the name and on behalf of SACE about the risk of committing crimes punishable with penalties against not only themselves, but also the Company
- inform all those working in any capacity in the name, on behalf or in the interest of SACE that any violation of the provisions of the Model shall result in disciplinary action, potentially including termination of employment
- reaffirm that the Company does not tolerate unlawful behavior, as it is contrary to the ethical principles it subscribes to
- actively reprimand any behavior in violation of the Model, through disciplinary or contractual measures.

The Model is addressed to directors and anyone with representation, administration and management responsibilities; individuals on employment agreements; third parties that have "subordinate" or "parasubordinate" employment relationships with the Company. The Supervisory Board exercises control functions in relation to the Model and the Code of Ethics: supervises the adequacy, updating and implementation of the Model; and verifies, to the extent of its responsibility, any violations of the Code of Ethics.

## Internal control and risk management system

The internal control and risk management system consists of rules, processes, procedures, functions, organizational structures, and resources that ensure the proper functioning and good performance of the business.

Its objectives are:

- verifying the implementation of corporate strategies and policies
- implementing an adequate control of current and future risks as well as mitigating risks within the limits set out in the company's risk appetite framework
- ensuring the effectiveness and efficiency of business processes
- ensuring the timeliness of the company's information reporting system
- ensuring the reliability and integrity of accounting and operational information as well as the security of information and IT procedures
- safeguarding assets and their value as well as protecting against losses, including in the medium to long-term
- ensuring the company's operations comply with applicable laws, policy directives, regulations and internal procedures.

The Board of Directors is ultimately responsible for the system and ensures it remains comprehensive, functional and effective at all times, promoting ethical integrity and a culture of internal control so as to raise awareness among all employees about the importance of monitoring. Top Management oversees the proper functioning and overall adequacy of the internal control and risk management system. Furthermore, it ensures employees are aware of their roles and responsibilities as well as actively engaged in the performance of controls, as these are an integral part of their work. To this end, Top Management defines the organizational structure, procedures, delegations of power, and responsibilities in detail. The internal control and risk manage-

ment system is comprised of three levels of control. The first level of control is the responsibility of the operational structures and the relevant managers. It involves identifying, assessing, monitoring, and mitigating risks arising from day-to-day operations. The structures thus ensure operations are performed properly as well as in compliance with the operational limits assigned to them, in line with the risk objectives and procedures that comprise the risk management process. The second level of control is guaranteed by the Risk management and Compliance functions. These two functions monitor the proper implementation of the risk management process, compliance with the operational limits assigned to the other functions, and the compliance of business operations with the law. The third level of control is the responsibility of the Internal audit function, which monitors and regularly assesses the effectiveness and efficiency of governance, risk management and control systems, in relation to the nature and level of risk involved.

### The rigorous organizational system ensures maximum efficacy in risk management

## Compliance

Furthermore, SACE set up: i) a body with independent powers of initiative and control (“SB”) to supervise the operation and updating of, and the compliance with, the Organizational, Management and Control Model to prevent crimes and ii) a manager in charge of financial reporting who, together with the CEO, checks the adequacy and application of the administrative and accounting procedures necessary to prepare separate and consolidated financial statements.

SACE defined and implemented the coordination approach between the above parties in order to maximize the efficiency of internal controls and the risk management system, while avoiding unnecessary duplication of activities.

Luigi Oliverio



The Compliance function systematically and continuously monitors regulatory developments; assesses the relevant impact on internal processes and rules; indicates the actions to be taken to comply with regulations. It monitors the risk of non-compliance, i.e. the risk of incurring legal or administrative sanctions, financial losses, or reputational damage as a result of the violation of laws, regulations, or corporate governance rules. It assesses the reputational risk associated with individual business transactions. It monitors the penalty risks related to transactions and operations involving counterparties or countries subject to the restrictive measures imposed by the United Nations, the European Union or the Treasury Office of Foreign Assets Control.

In accordance with Regulation (EU) 2016/679 (GDPR), SACE appointed a Data Protection Officer (DPO) to monitor the risk of non-compliance with privacy regulations and who is responsible for:

- advising the controller about privacy issues
- monitoring compliance with the GDPR
- providing advice where requested as regards the data protection impact assessment
- cooperating with the supervisory authority
- maintaining a record of processing activities containing specific processing activities, such as information about the data subject, the purposes of the processing and the categories of personal data recipients.

## Internal audit

The Internal audit function carries out independent and objective internal advisory and assurance activities for SACE and its subsidiaries to improve organizational effectiveness and efficiency. It assists the Company in the pursuit of its goals with a systematic approach, generating value by assessing and improving governance, risk management and control processes as well as identifying sources of inefficiency in order to improve business performance. The Internal Audit’s mandate, approved by the Board of Directors, formalizes the objectives, powers, responsibilities, and lines of reporting to top management regarding the results of the work carried out as well as the annual plan. The plan, approved by the Board of Directors, formalizes the high-priority audits identified in accordance with the company’s strategic objectives and the assessment of current and future risks regarding business operations.

The annual plan may be revised and adjusted in response to any significant change in the operations, programs, systems, activities, risks, or control of the organization, in addition to audits not covered by the plan where necessary.

The Internal audit function monitors all levels of the internal control system and fosters a culture of control, promoted by the Board of Directors. It operates in accordance with the relevant external regulations, the International Standards for the Professional Practice of Internal Audit and the Code of Ethics of the Institute of Internal Auditors (IIA).



Roberto Fiorini

**The systematic approach in assessing the company’s performance generates added value**



## Corporate bodies

SACE has adopted a traditional administration and control model based on the presence of a management body, the Board of Directors, and a supervisory body, the Board of Statutory Auditors.

The Board of Directors is composed of nine members and has full powers concerning the administration of the Company and everything necessary to fulfil the company's purpose, in accordance with the provisions of the law and the Articles of Association. The Board of Directors assesses the adequacy of SACE's organizational, administrative and accounting structures, constantly monitoring its actual performance and examining the strategic, business, and financial plans.

The Board of Directors is ultimately responsible for the internal control system and plays a key role in identifying, assessing, and controlling the most significant risks for the Company. The Board of Statutory Auditors supervises compliance with the law and the Articles of Association, adherence to the principles of sound management, and the adequacy and proper functioning of the organizational, administrative and accounting structures. The Chairman of the Board of Directors is the legal representative of the Company, while the Chief Executive Officer, who also holds the office of General Manager, has the power to legally represent the Company and signature authority in dealings with third parties, as well as to manage the Company in accordance with the powers delegated to him and the guidelines laid down by the Board of Directors. The Company voluntarily set up two Board Committees:

- the Control and Risks Committee, which supports the Board of Directors as far as risks and the internal control system are concerned by providing advice and making proposals
- the Related Parties Committee, which issues reasoned opinions in advance on the company's interest in entering into material transactions with related parties as well as the convenience

and the substantive and procedural fairness of the relevant terms and conditions.

In addition, there are also several internal committees, including:

- the Steering Committee, which examines and assesses the strategies and objectives of SACE and its subsidiaries; assesses and monitors the various aspects of the performance of their operations and business; examines the operational and management guidelines
- the Transactions Committee, which assesses the proposed transactions delegated to the Board of Directors and other relevant transactions, assessing their eligibility
- the Risks Committee, which helps define the company's strategies and guidelines concerning the management and transfer of risks as well as provides opinions on how to improve the overall quality of exposures
- the Investment Committee, which defines portfolio investment strategies on a regular basis, monitoring the operating performance and outlook for investments as well as proposing updates of the guidelines to the decision-making body
- the Business Performance Committee, which analyses the interim results and business outlook for SACE and its subsidiaries
- the Hub Project Committee which approves the definition and planning of SACE SIMEST Hub project portfolio.

## Company officers and control bodies - SACE

### Board of Directors

(appointed by the Shareholders' Meeting on 14 June 2016 and in office for three years)

<b>Beniamino Quintieri</b> <i>Chairman</i>	<b>Alessandro Decio</b> <i>Chief Executive Officer and General Manager</i> (1)
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<b>Marilysa Allegrini</b> <i>Director</i> (****)	<b>Antonella Baldino</b> <i>Director</i> (**)	<b>Paolo Dal Pino</b> <i>Director</i> (2) (*)	<b>Rodolfo Errore</b> <i>Director</i> (3) (****)
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<b>Alessandra Ferone</b> <i>Director</i> (4) (**)	<b>Giuseppe Maresca</b> <i>Director</i> (3)	<b>Federico Merola</b> <i>Director</i> (**) (***)
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### Board of Statutory Auditors

(appointed by the Shareholders' Meeting on 14 June 2016 and in office for three years)

**Franco Tutino** *Chairman*  
**Roberta Battistin** *Standing Auditor*  
**Giuliano Segre** *Standing Auditor*  
**Francesco Di Carlo** *Alternate Auditor*  
**Antonia Di Bella** *Alternate Auditor*

**Guido Carlino**  
*Acting Representative of the Court of Auditors*  
 (in office since 17 February 2015)

**PricewaterhouseCoopers S.p.A.**  
*Independent Auditors*  
 (appointed for the 2015/2023 period by the Shareholders' Meeting of 23 April 2015)

#### Note:

- (1) Appointed CEO and General Manager by resolution of the Board of Directors on 14 June 2016  
 (2) Appointed as a Member of the Board by resolution of the Shareholders' Meeting on 28 September 2016  
 (3) Appointed as a Member of the Board by resolution of the Shareholders' Meeting on 14 September 2017  
 (4) Appointed by co-option as a Member of the Board by resolution of the Board of Directors on 30 November 2017 and confirmed by the Shareholders' Meeting of 23 April 2018  
 (\*) Chairman of the Control and Risks Committee  
 (\*\*) Member of the Control and Risks Committee  
 (\*\*\*) Chairman of the Related Parties Committee  
 (\*\*\*\*) Member of the Related Parties Committee

Giovanni Abbadia • Vincenzo Abbate • Clelia Abbonizio • Tiziana Abbruzzese • Cristina Abbruzzese • Andrea Abate • Claudia Roberta Accardi • Simonetta Aciri • Lorenzo Adinolfi • Alessandro Adinolfi • Roberta Airò • Stefano Ala • Maria Maddalena Albarano • Marinella Alberichi • Valerio Alessandrini • Paolo Alfieri • Roberto Allara • Fabrizio Allegretto • Angelica Allegro • Mariangela Alvino • Alessandro Amendolito • Gianluca Amero • Saverio Amoroso • Gautam Amrsh Bhansali • Francesca Andreani • Valentina Andreani • Rosina Andreoli • Annalisa Angeletti • Sonia Angelini • Federica Angelini • Domenico Aniello • Fabrizio Annella • Daniela Anniballe • Nazario Antelmo • Patrizia Antognozzi • Luigi Antonelli • Giulio Antuono • Giuseppe Arcaro • Maria Cristina Armenia • Sabrina Arnone • Laura Arpini • Fulvia Maria Arrigoni • Giuseppe Ascierto • Anna Maria Asta • Prospero Astarita • Paolo Astolfi • Bernardo Attolico • Barbara Audano • Ambra Auriemma • Gianfranco Avellini • Sandeep Babbar • Danilo Bacci • Ruggero Baffari • Gabriella Baldassarre • Massimo Baldini • Roberta Balduini • Cristina Balestra • Cristian Balestrini • Fabio Ballerini • Emanuela Ballini • Gabriele Bambozzi • Enrico Barberi • Vittoria Barchietto • Dario Barigelli • Maria Barilaro • Alessandro Barile • Matteo Barnabè • Maria Del Carmen Barral Diz • Lorenzo Bartoli • Nazzaro Bartolini • Antonio Bartolo • Samuele Enea Bartolomei • Orlando Basile • Andrea Basili • Roberto Basilicata • Nicola Bassi • Luca Bassotti • Martina Bastea • Daisy Bastoni • Marco Battaglia • Luciana Battaglini • Franco Bellamente • Roberta Bellavia • Stefano Bellucci • Pasquale Belmonte • Giovanna Chiara Beretta • Gianluca Bernardini • Rossella Bernardo • Michela Bertini • Anna Bertolotti • Milo Bertoni • Stefania Romana Bertuccio • Matteo Bertuccioli • Fabio Bevilacqua • Francesco Bevilacqua • Alberto Biagiotti • Luca Bianchi • Cristina Bianco • Martin Biffi • Monica Biffi • Raffaella Bigotti • Francesco Biondo • Luciano Bisceglia • Stefano Bisogni • Giammarco Boccia • Roberto Bodayra • Fulvio Boldreghini • Maria Pia Bonanni • Addolorata Bonetti • Paolo Bonetti • Francesca Bontempi • Danilo Boragine • Ezio Franco Borciani • Alessandro Borneo • Franca Bortolin • Angela Bortoluz • Stefano Brago • Vanda Bralic • Barbara Branciamore • Gianluca Bravin • Marina Breccia • Luca Brecciaroli • Laura Bricchetto • Eteldreda Brugnattelli • Mario Alejandro Bruni • Massimiliano Bruno • Alessia Bruno • Luca Bruschi • Chiara Brutti • Ignazio Bucalo • Luca Bugarini • Giuseppe Buongiorno • Benedetto Buono • Mario Buratti • Pasquale Busiello • Mauro Buttarelli • Gianluca Cabula • Catia Cacciotti • Michela Caddia Stramaccioni • Alessandro Cafolla • Alessandro Calamea • Lucia Calamita • Sonia Calcagni • Marina Caltabiano • Nicola Calvano • Mirco Calzolari • Patrizia Campitelli • Marco Campitelli • Evelyn Ana Campodonico • Eliana Canestrelli • Alessandro Canini • Daniela Cannavò • Gabriele Cannistrà • Marco Cantalamezza • Andrea Cantoni • Alessandro Capogrossi • Beatrice Cappuccio • Irene Capriccioli • Roberta Capurso • Vincenzo Caputi • Alessandra Caputo • Annalisa Capuzzi • Fabio Caramellino • Daniela Maria Carbonati • Francesca Maria Cardarelli • Dario Cardillo • Maria Teresa Cardinale • Valentina Cariani • Veronica Carlocchia • Milos Carloni • Fabio Carosini • Fabiola Carosini • Federica Carotti • Sabrina Carretta • Daniela Carteri • Francesca Caruso • Patrizia Casadei • Riccardo Casadei • Valentina Casalgrandi • Stefania Casalvieri • Stefano Casandri • Francesco Casanova • Simona Casaroli • Massimiliano Cascianelli • Nicoletta Cassano • Rosanna Cassese • Claudio Cassiani • Alberto Castronovo • Daniela Cautaudella • Patrizia Cattaneo • Stefano Cattaneo • Maddalena Cavadini • Fabiana Cavallin • Alberto Cecchini • Ivan Ceci • Alessandro Ceci • Barbara Celari • Enrico Centi • Giuseppina Ceraso • Rossana Cerasoli • Maurizio Cerù • Andrea Cervini • Claudio Cesaroni • Alice Cetrone • David Madaliso Chaila • Floriana Checa • Jiahao Chen • Claudia Cherubini • Lorenza Chiampò • Cristina Chiappetta • Flavia Chiappini • Valentina Chiavarini • Roberto Chicca • Yulia Chuykova • Pierluigi Ciabottoni • Andrea Cialone • Gianluca Ciammetti • Francesca Anna Cibati • Matteo Ciccarelli • Patrizia Cifani • Marianna Cilenti • Alessandra Cimini • Elena Cimmino • Rosaria Maria Cinquegrani • Valeria Cipolla • Paola Cipriani • Marco Cipriani • Marco Cipriano • Domenico Ciranni • Luca Clementi • Patrizia Clinco • Valerio Coari • Nicola Cocco • Davide Cocco • Costantino Cocco • Filippo Coderoni • Roberta Coen • Anna Maria Cofini • Antonio Colantuoni • Marina Colautti • Paolo Colella • Roberta Collacciani • Benedetto Antonio Colombo • Fabio Colombo • Vittoria Colonna • Clementina Colucci • Marco Comella • Rossella Concio • Alessandra Conta • Gabriele Conti • Eliana Conti • Gianluca Coppeto • Irma Coppola • Luca Cornelli • Emanuele Corradino • Manolo Corretto • Mirko Corsetti • Aurora Corsini • Giacomo Cosentino • Francesco Costa • Flavia Costabile • Francesco Paolo Cotugno • Fabrizia Covi • Emanuela Cretani • Alessandra Croci • Margherita Crozza • Fabrizio Cruciani • Pasquale Curto • Eugenia Cutini • Maurizio D'Andria • Barbara D'Elpidio • Alberto D'Accardo • Diletta D'Addario • Andrea D'Aguzzano • Emanuela D'Alessio • Paolo Dalmagioni • Fabio D'Amelia • Ida D'Amora • Enrico D'Angeli • Michela D'Angelo • Raffaella D'Angelo • Gabriella Daresa • Andrea D'Armini • Rocco Dartizio • Lorenzo D'Aveta • Michele Ferdinando De Capitani Da Vimercate • Francesca Maria De Caro • Francesco De Cillis • Francesco De Cillis • Rosanna De Falco • Pauline De Faria Sebok • Lorenzo De Francisci • Mauro De Franco • Vincenzo De Gioia • Maria Teresa De Lio • Renata De Luca • Cristina De Martin Topranin • Giancarlo De Mattia • Patrizia De Paolis • Fabiana De Romanis • Maria De Rossi • Carlo De Simone • Federica De Vita • Alessandro Maria Decio • Barbara Del Marro • Paola Del Sole • Enrica Delgrosso • Paolo Della Torre • Roberta Dell'Aquila • Tiziana Dell'Unto • Antonio Depau • Rossella Derme • Alessia Di Agostino • Andrea Di Benedetto • Paolo Di Benedetto • Mariano Di Biagio • Daniele Di Capua • Giovanna Di Corato • Simone Di Costa • Patrizia Di Deodato • Elisabetta Di Dionisio • Martina Di Donna • Carola Di Francesco • Giovanni Di Gabriele • Roberta Di Gennaro • Eleonora Di Giampaolo • Federica Di Girolamo • Annarita Di Maggio • Paolino Di Marco • Andrea Di Nicolantonio • Francesca Di Ottavio • Francesco Di Porzio • Lucia Di Russo • Andrea Di Salvo • Marianna Di Saverio • Alfino Di Stasi • Melissa Di Terlizzi • Antonella Di Tullio • Letizia Diana • Dalila Diana • Francesco Dicandia • Fausta Dilena • Laura Diprima • Patrizia Donna • Laura D'Orazio • Cristina Dottori • Thomas Andries Du Preez • Costantino Duca • Halit Ozgur Dural • Dea Duranti • Salvatore Pio D'Urso • Alessandro Maria Egitto • Carlo Escoffier • Antonio Fabozzi • Francesca Fabrizio • Elisa Facchin • Alex Fadani • Maria Gloria Fagiolo • Pina Faiella • Claudia Falavolti • Claudio Falciano • Michela Fant • Marco Farano • Elisabetta Fatigati • Marco Fattorosi Barnaba • Florindo Favale • Vito Francesco Favata • Elena Fecci • Fabiola Felici • Oriana Feola • Marco Ferioli • Roberta Ferrante • Enrico Ferranti • Fabrizio Ferrari • Emiliano Ferrari • Matteo Ferrario • Giovanna Alessandra Ferraro • Paolo Ferrito • Marco Figliuzzi • Paola Filippone • Luisa Finesi • Carmela Finizio • Alessandro Fiore • Pompea Fiorini • Roberto Fiorini • Massimo Flamini • Mauro Fofi • Adriana Fontanella • Andrea Foresi • Stefania Forti • Francesca Fortunato • Riccardo Franceschelli • Ilaria Franceschelli • Roberta Franci • Marco Francis • David Frazzetto • Antonio Frezza • Luca Frigido • Giovanna Antonia Fronteddu • Luigi Furia • Cristiana Fusco • Carlo Gabriele • Paolo Riccardo Gabrieli • Michele Galgiardi • Andrea Galano • Michela Galati • Gabriele Galbani • Maria Assunta Galbani • Roberto Galiani • Ernesto Galimberti • Luca Galizia • Cecilia Galli • Pasqualina Gallo • Giovanni Gallone • Irene Gambelli • Catia Gambini • Serafina Garofalo • Luca Gatto • Rosanna Gelsomino • Antonio Genna • Marco Genovesio • Antonella Gentili • Francesco Geppa • Lorenzo Gerini • Marco Germinario • Emanuela Gezzi • Marco Gherardi • Jacopo Giacomelli • Benedetta Giambi • Marianna Gianfrancesco • Francesca Giannetti • Vincenza Giannini • Ludovica Giglio • Ivano Gioia • Elena Gioni • Alessandra Giordano • Rossella Giorgi • Roberto Giorgi • Roberta Giorgio • Ilaria Giovannini • Roberto Girardi • Gaetanina Gisini • Pietro Giuliani • Daniele Salvatore Giunta • Daniela Giuseppini • Tiziana Giustiniani • Luca Goldoni • Evgeniya Gorbacheva • Stefano Gorissen • Sabrina Gorruso • Chiara Granati • Alessio Grande • Eleonora Grassi • Manuela Grassini • Eleonora Maria Gravina • Gianpiero Greco • Roberta Greco • Francesca Grillo • Giusy Grillo • Ernesta Gualdaroni • Simonetta Guardavaccaro • Carlo Guarinoni • Annalisa Guerrisi • Michele Guffanti • Fabio Guglieri • Alessandro Guida • Laura Guzio • Daphne Irma Wilhelmina Els Noncoop • Angelico Iadanza • Alessia Iannoni Sebastianini • Anna Imperadori • Catia Imperiali • Francesco Ioime • Inesida Krosi • Anna La Licata • Luca Labanca • Sharon Labi • Lucia Marianna Labriola • Gian Marco Lai • Luigi Lammoglia • Carla Landi • Francesco Lanzo • Jenaro Laris Vazquez • Giacomo

THE RESULTS OF THE SACE SIMEST HUB HAVE BEEN ACHIEVED

THANKS TO THE COMMITMENT AND PROFESSIONALISM OF

Larocca • Margherita Lasorte • Francesco Laterza • Roberto Leidi • Serena Lena • Lavinia Lenti • Angela Leo • Armando Leo • Vincenzo Leodori • Daniele Leone • Leonardo Leso • Mei-Zang Li • Edoardo Li Castri • Alessandra Li Vigni • Patrizia Liberati • Angelo Libertini • Giovanni Licata • Marco Licciardello • Dario Liguti • Linda Maria Lippi • Giovanni Lo Faso • Elisa Lodi • Luigi Loico • Marco Lombardo • Carolina Lonetti • Domenico Lonigro • Alessia Lordi • Enrico Lucciola • Stella Luchini • Emanuele Luciani • Jacopo Luciani • Thomas Lucioi Frossard • Lorenzo Lupi • Marta Lupa • Federica Luziatelli • Alberto Macaluso • Alessandro Pio Macari • Giuseppa Macca • Laura Maccari • Francesca Maccarone • Silvia Macchiola • Lucia Macellari • Fulvia Maffi • Alessia Maggio Tummiolo • Carlo Magistrelli • Gianluca Magistri • Marina Magni • Anna Serena Maida • Salvatore Maimone • Mattia Maione • Federico Maitino • Angelo Malandrini • Rosanna Malfagia • Matteo Mancini • Rodolfo Mancini • Elsa Manigrasso • Federica Mannocchi • Serena Mannu • Claudia Mannucci • Luca Manzi • Eva Maranzano • Walter Marazzini • Giorgia Marenghi • Alessandra Marescalchi La Schiazza • Aldo Mari • Alessandra Mariani • Valerio Marinaro • Giuseppe Marino • Mauro Marolla • Marcello Marra • Raffaella Giovanna Marra • Marivana Martella • Eva Martin • Lucia Martinelli • Luca Martuscelli • Chiara Maruccio • Concetta Franca Maruotti • Alessandra Marzani • Massimiliano Marzepani • Luca Marziale • Franca Masia • Arianna Masiello • Laura Maria Masini • Francesco Massari • Silvia Massaro • Paolo Mastrogiacomo • Diego Mastromauro • Raffaella Mastropaolo • Matteo Mastropietro • Claudia Elisa Mastro Simone • Cosimo Matarazzo • Francesca Mattarollo • Carlo Mattei • Andrea Mattioli • Alessio Maurici • Aurora Mazza • Piera Mazzaferro • Maria Grazia Mazzarano • Mario Mazzella • Federico Mazzola • Francesca Mazzolini • Renato Mazzoneschi • Andrea Mazzotti • Stefania Meddi • Mario Melillo • Francesca Meloni • Maria 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# Glossary

**ANCILLARY RISKS:** risks which are additional to the credit risk such as production risk, unfair call of bonds, or destruction risk.

**APPROVED GUARANTEE:** with regard to SACE, an insurance policy approved by the competent bodies.

**BANK RISK:** risk associated with transactions guaranteed by banks.

**CLAIMS RESERVE:** technical reserve consisting of the total amount which, after a careful assessment performed on the basis of impartial factors, are considered necessary to cover the payment of claims occurring during the current year or in previous years and not yet paid, as well as settlement costs.

**CREDIT INSURANCE:** insurance activities protecting against the risk of insolvency and/or non-payment of short-term trade receivables to financial stakeholders, on the basis of goods or services contracts.

**EXPORT CREDIT:** insurance and guarantee activities protecting against commercial and political risks related to payment obligations within an export operation.

**EXPORT CREDIT AGENCY (ECA):** Export Credit Agency.

**FACTORING:** contract by which a company (transferor) transfers its trade receivables to a financial company (factor), which becomes the holder of the receivables and can provide the transferor with credit management services, financing and guarantees against debtor defaults.

**GROSS PREMIUM:** total amount due to the insurer, resulting from the outstanding guarantee and referring to the entire coverage period.

**GUARANTOR:** third party in an insurance contract who assumes an obligation in favour of the insured to satisfy any claims in the case of debtor default.

**INDEMNITY:** amount due from the insurer as compensation for damages suffered by an insured following a claim.

**INTEREST RATE SUBSIDY FOR EQUITY INVESTMENTS (OF SIMEST):** non-repayable interest rate subsidy for financing equity investments in a foreign non-EU company by an Italian company.

**INTEREST RATE SUBSIDY FOR EXPORT CREDIT (OF SIMEST):** interest rate subsidy on medium/long-term loans granted by Italian or foreign banks in support of exports of capital goods.

**INWARD REINSURANCE:** a transaction by which an insurance company (reinsurer) takes on part of the risk insured by another insurer (reinsured).

**LOSS RATIO:** ratio of the cost of claims to gross premiums earned.

**MARKETABLE RISKS (“MARKET”):** according to OECD regulations, political and commercial risks relating to credits with a tenor of less than 24 months and to debtors established in EU Member States or other first-category countries in the OECD area.

**MOBILISED RESOURCES (BY SACE):** guarantees approved during the reference period.

**MOBILISED RESOURCES (BY SACE BT):** volumes insured in the Credit and Suretyship branches during the reference period relating to new contracts.

**MOBILISED RESOURCES (BY SACE Fct):** total amount of receivables transferred to the factoring company (turnover) during the reference period.

**MOBILISED RESOURCES (BY SIMEST):** volume of subsidized loans, equity investments and interest subsidies disbursed during the reference period.

**NON-LIFE LINES:** guarantees covering damage to persons and/or property as a result of fire, theft or damage relating to third party liability.

**NON-MARKETABLE RISKS (“NON-MARKET”):** according to OECD regulations, political and commercial risks relating to credits with a tenor of more than 24 months or to debtors not established in EU Member States or other first-category countries in the OECD area.

**OUTSTANDING COMMITMENT (OF SACE):** total principal amount of guarantees outstanding as at the reference date.

**OUTSTANDING COMMITMENT (OF SACE BT):** for the Credit branch, the total amount of credit lines granted, net of the amount not covered under the policy; for the Suretyship branch, the sum of capital insured; for the Other Damage to Property branch, the total amount of capital insured and policy limits.

**OUTSTANDING COMMITMENT (OF SACE Fct):** total receivables, or the amount of loans outstanding at the reference date.

**OUTSTANDING GUARANTEE:** with regard to SACE, an insurance policy approved by the competent bodies and issued, for which the first instalment of the premium has been collected.

**OUTWARD REINSURANCE:** a transaction by which an insurer (reinsured) transfers part of its risk exposure to an insurance policy onto another insurance company (reinsurer).

**PREMIUM RESERVE:** technical reserve formed by the amount of gross premiums written but not attributable to the year of reference (“unearned premium reserve”) since referring to risks that continue in the subsequent year, and the additional provisions for any higher charges for unexpired risks (“reserve for unexpired risks”).

**PRIVATE RISK (OR “CORPORATE”):** risk relating to transactions with banking/corporate counterparties.

**SOVEREIGN RISK:** risk associated with transactions supported by sovereign guarantees, i.e. issued by the Ministry of the Economy and Finance or by other entities empowered to commit the State.

**TECHNICAL RESERVE:** amounts that insurance providers must set aside and recognize in their financial statements to meet their obligations to the insured.

**TOTAL EXPOSURE (OF SACE):** total outstanding commitments in principal and interest and performing loans.

**VALUE AT RISK:** maximum potential loss in the reference time period with a certain confidence level (usually 95-99%).



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