



2017 FY Results and Business Plan Update

Milan, 28 March 2018

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The manager responsible for preparing the company’s financial reports, Fabrizio Palermo, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this Presentation corresponds to the document results, books and accounting records.

Speakers



Chairman

C. Costamagna

- Chairman of **CDP** (since July 2015)
 - Chairman of **AAA - Advanced Accelerator Applications** (2012 - 2018) and Board Member of **FTI Consulting**
- Chairman of **Salini-Impregilo** (2012-2015) and founder of **CC & Soci Srl** (2006)
 - Chairman and Co-Head of European Investment Banking at **Goldman Sachs** (1988-2006)



CEO

F. Gallia

- CEO of **CDP** (since July 2015)
- CEO of **BNL** (2008-2015) and Country Head Italy & Executive Committee Member of **BNP Paribas**
- Deputy-General Manager of **Capitalia** and CEO of **Fineco** (2002-2007)
- Previous experience as General Manager and Partner of **Ersel**



CFO

F. Palermo

- CFO of **CDP** (since Oct 2014)
- CFO (2006-2014) and Deputy-General Manager (2011-2014) of **Fincantieri**
 - Previous experience in **McKinsey & Co.** (1998-2005) and **Morgan Stanley**

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2017 FY Results

The Italian National Promotional Institution

In **2016** CDP became the **Italian NPI**, to promote country's **growth**, contributing to **sustainable economic development** and investing in **competitiveness**

Group DNA

Promotional, complementary, systemic and sustainable

Domestic Focus

Innovation, environment, sustainable growth, social and local development

Pan-European Approach

Juncker Plan, shared NPIs' venue in Brussels

International Vision

"Export Hub" and Financial Institution for Development Cooperation

Investment Guidelines

Principles

- **Impact** on the Italian economy
- **Economic and financial sustainability**



Constraints

- **CDP By-laws** (Rome)
- **State-aid rules** (Brussels)
- **Financial regulation** (Frankfurt)

Business Model Evolution

€bn

Diversification and optimization

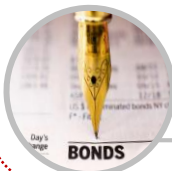
Funding & Equity

Private sources



Postal Savings

253



Market Funding

88



Equity

24

Total Liabilities⁽¹⁾: 367

Expansion of operational tools

Financial Instruments



Redesign of Business Plan drivers

Areas of Activity

Public Sector & Infrastructures



Corporates



Export Finance



Real Estate

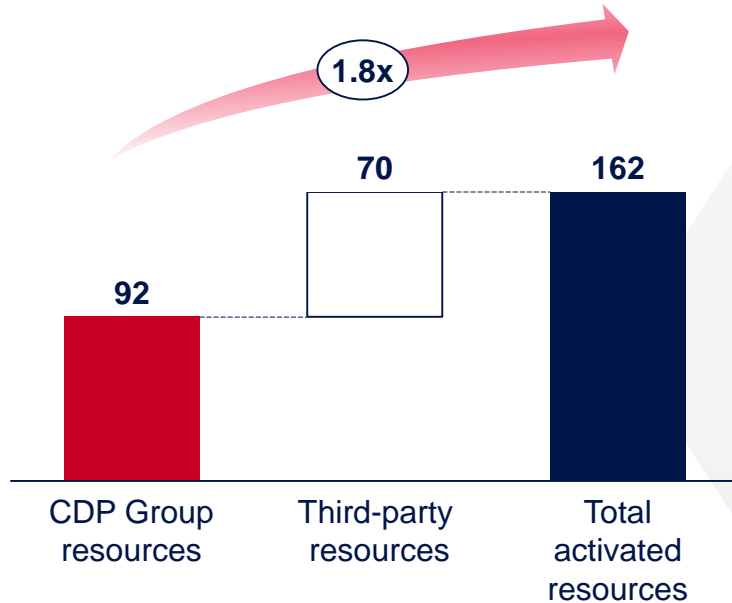


Total Assets⁽¹⁾: 367

Impact on Italian Economy

€bn

Resources invested in the 3-year period 2015-2017



Impact on main macroeconomic variables (independent evaluation by Prometeia⁽¹⁾)

GDP



2.3%

~ €40bn contributed
by CDP

EMPLOYMENT



2.0%

~ 490k supported
workers⁽²⁾

INVESTMENTS



9.2%

Mainly in **Corporates** and
Infrastructures

EXPORT



6.8%

Export share of **capital**
goods

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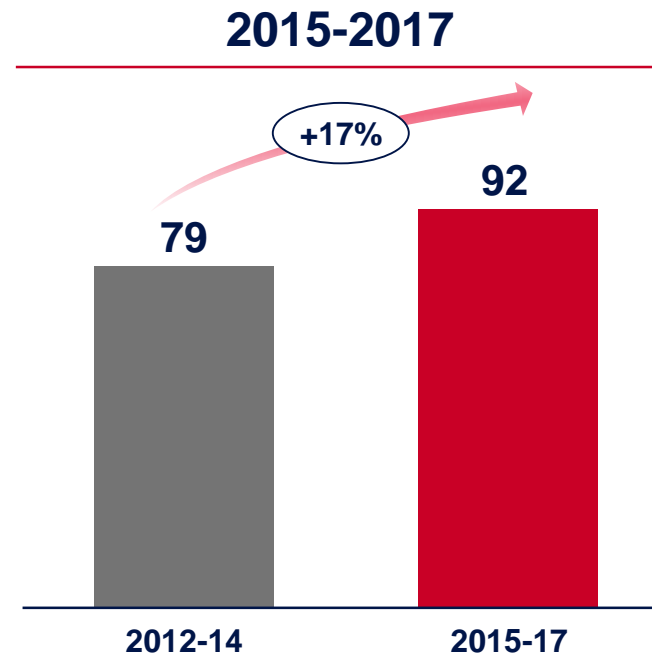
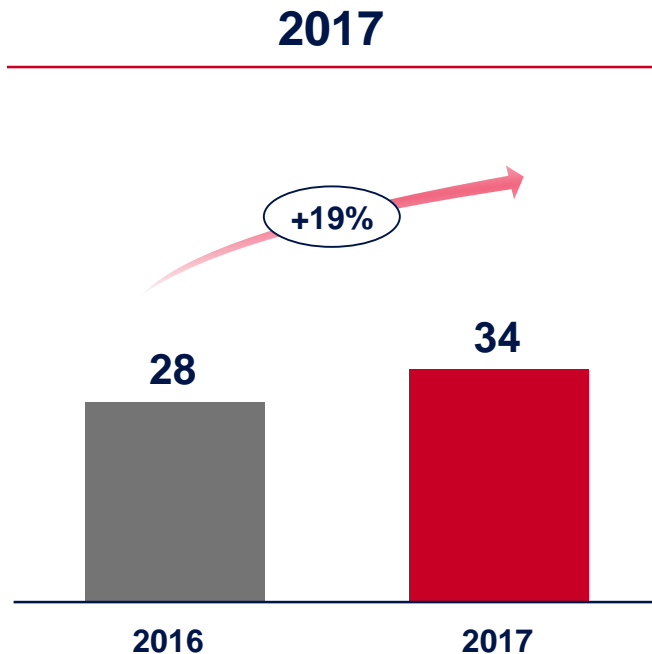
2015-2017 Volumes and Business Plan Update

3

2017 FY Results

CDP Group Business Volumes

€bn



Fully in line with Business Plan targets

CDP Group: 2015-2017 Priority Initiatives to Support the Country (1/2)



SMEs

€18.4bn financing by CDP SpA to sustain more than **20k Italian SMEs**
Over **40k SMEs** benefited overall from **CDP Group support**



Export Finance

Sace is the **1st ECA worldwide** according to **business volumes**
€41bn granted to stimulate **international expansion** of Italian companies



Southern Italy

~ **12k firms** supported; **700 schools** renovated and **400 new Social Housing accommodations** built



Europe

Leader operator in **Juncker plan** initiatives
€12bn resources activated to promote **innovation**, **infrastructures** and **SMEs**

CDP Group: 2015-2017 Priority Initiatives to Support the Country (2/2)



Innovation

€2.3bn targeted to R&D and innovation



Social Sustainability

€7bn for social sustainability, plus €100mn equity; ~ 30k target Social Housing accommodations; 1st Social Bond in Italy (€500mn) addressed to SMEs in economically deprived areas or hit by natural disasters



Environment

€1.3bn dedicated to green initiatives and energy efficiency

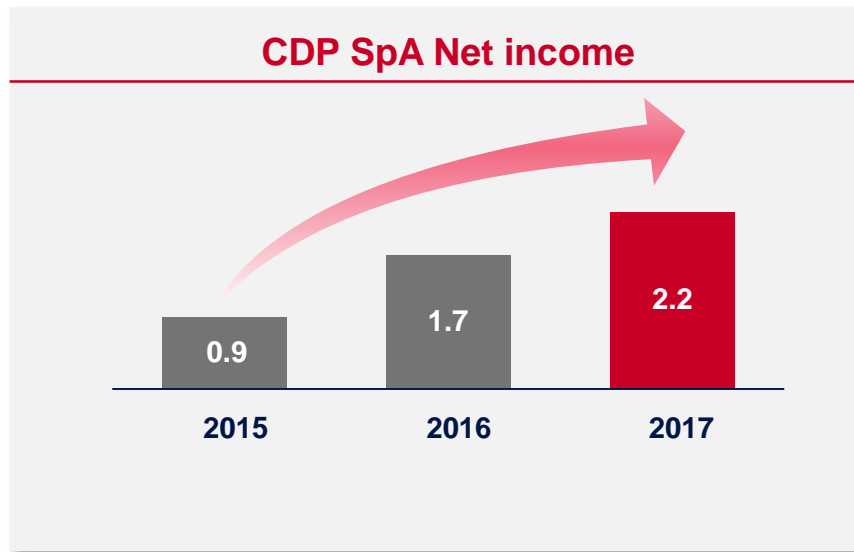


Development Finance

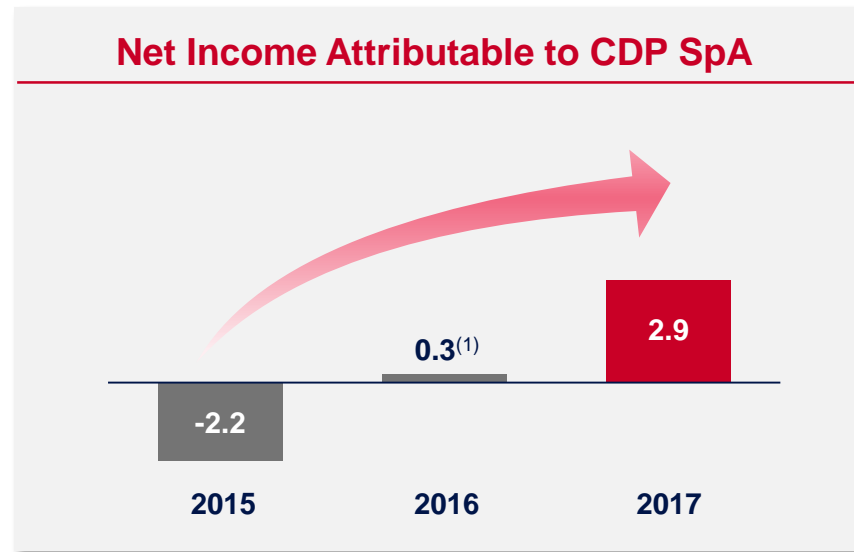
€600mn invested in projects for International Cooperation, aiming at helping developing countries

Key Financial Results in 2015-2017

€bn



- Strong increase in **Net Income** in 2017 **without any non recurring revenues**
- **Strengthening of capital base: + €5bn** in 2 yrs (+26%)

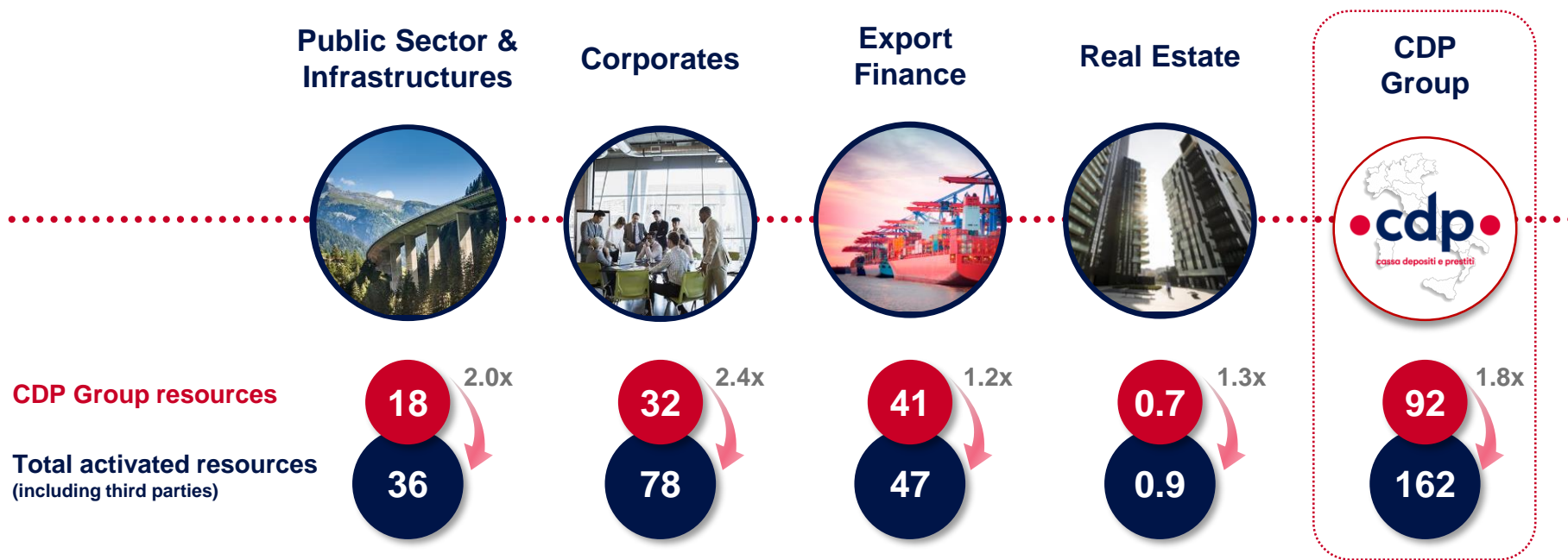


- **Significant improvement in Net Income attributable to CDP SpA** due to positive **performance** of most of **subsidiaries**

Strong results to further promote Public Policies and Local Development

Business Plan Drivers: 2015-2017 Volumes

€bn

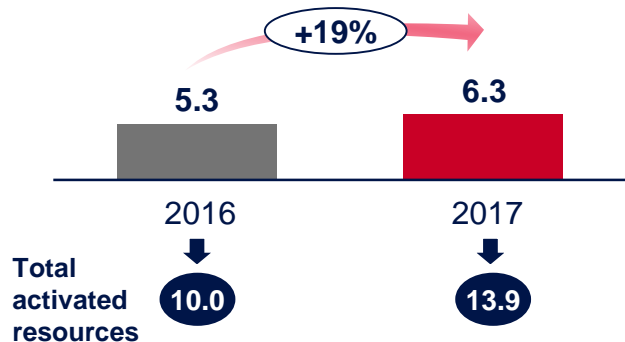


Positive outcomes on all Business Plan drivers

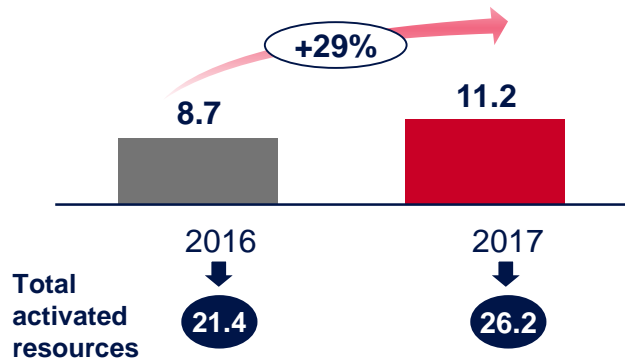
Business Plan Drivers: Focus on 2017 Volumes

€bn

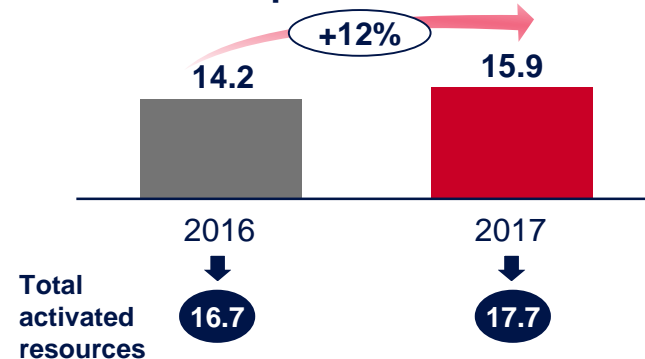
Public Sector & Infrastructures



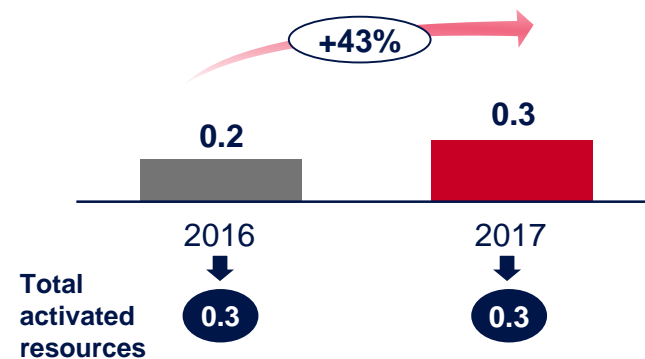
Corporates



Export Finance



Real Estate



Reference partner

>90% Market share

Continuous support

#7,300 Financed projects

The field

#6 New offices in Italy

School infrastructure



€1.2bn to build and improve the safety of more than **2,100** schools

Loan renegotiation



Intensified **renegotiation of loans** to more than **1,400** Local Authorities

New products



Optimizing the use of **EU funds** for **regeneration of city suburbs** and **digitalization of Public Sector**

Infrastructure financing

+89% Business volumes
2017 vs 2016

Activated investments

~ €20bn

Public Sector support

Launch of financial advisory activities

Energy and digital networks



Support to **stability, security** and **networks availability**

+40% electricity **interconnections** between **Italy** and **France**

2.4bn households reached by the **fiber**

Interconnector

open fiber

Sustainable mobility



Development of **National railway network** and support to **local public transportation**

Investment in **subway networks** (in partnership with FS)

Climate change



Investments in **water supply networks**

Solutions to **reduce polluting emissions**

Corporate investments
activated

€78bn

Multiplier
effect

2.4x

Supported
companies

> 40,000

R&D and
Innovation



€1.9bn to promote
innovation

Guarantee
instruments



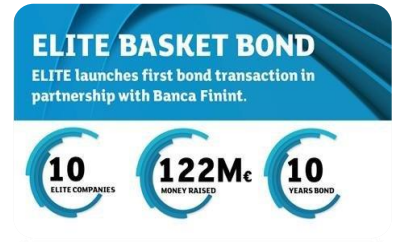
€2.4bn guarantees to
facilitate access to
credit by SMEs

Liquidity
instruments



€7bn liquidity funding
€2.4bn for post-
earthquakes
reconstruction

Innovative and
alternative asset classes



> €120mn⁽²⁾ for
alternative credit
instruments

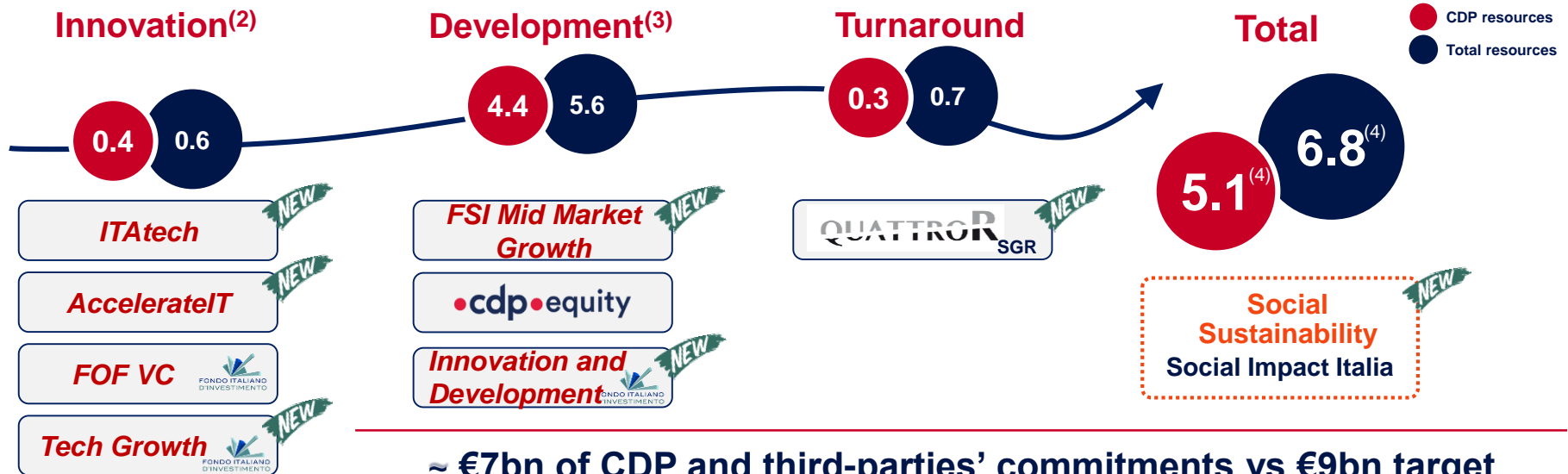
Corporates: 2015-2017 Volumes - Equity Instruments

€32bn⁽¹⁾

#1 Venture
Capital in Italy
€600mn

Life-cycle
#7 New
funds

Catalyst effect 1.4x
~ €2bn Private
capital
attracted



Long-Term Strategic Equity Investor


 CDP commitment (€bn)
 Total size including third-parties (€bn)



Asset Preserver

~ €25bn in listed companies



Direct Investments for growth⁽¹⁾

~ €2.6bn

Food industry



Tourism



Digital industry



Other



Investments through Funds

~ €5.7bn total

Corporates and Financial Sector



12 Funds

Infrastructures



7 Funds

Real Estate



6 Funds

Increase by **€6.6bn** since 2015, due to **new investments** in companies and funds

Set up of CDP Group Export Hub

Record growth
+65%

Resources mobilized vs 2016; positive trend in export, still the **main driver for economic growth**

#1 in Export Credit 2017

For M/L-term **mobilized resources**, fostering **emerging economies growth**

Financed SMEs
+21%

5,000 SMEs reached, with focus on **strategic production chains**

#5 New digital services

Digital products dedicated to SMEs and **accessible online**

€650mn Push strategy

To stimulate Italian Export also in **emerging economies**

Focus on strategic sectors with significant impact on the economy

Constructions



Shipbuilding



Transport



Oil & Gas



Mechanics



Defense



Food



FIA Fund



17,000 accommodations created (vs 30,000 target)

FIA 2 Fund



1,500 students benefiting of **H-Campus** areas in Roncade (TV) dedicated to **innovation**

FIV Fund



Strategic management of real estate assets owned and focus on **urban transformation**

FIT Fund



Purchase of **touristic resorts** for a total of **1,650 rooms**

New strategy

Organizational setting

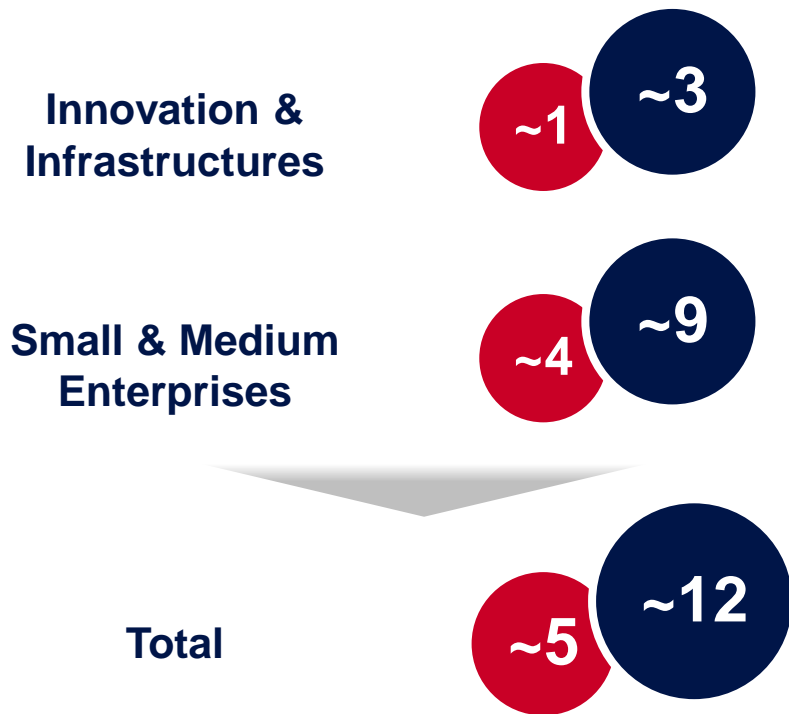
JV restructuring

New investments

Divestments

Juncker Plan for National Growth

€bn



CDP: Entry point for Juncker funds

Katainen: « Thanks to the work of CDP Group, Italy is the top European Union Juncker Plan beneficiary»

Brussels, Jun 2016

Joint Announcement: «Bruxelles, a common house for the European NPIs CDP, CDC, KFW»

Washington, Oct 2016

European Commission: «Juncker Plan, Italy is the Country that attracted the greatest volumes of investments»

Brussels, Jan 2017

8 approved investment platforms – and 6 more in pipeline – supporting **~ 90k SMEs**

Engagement for Southern Italy



Public Sector

#2,200

Loans dedicated to **Public Sector** totalling **€3.2bn** and **3⁽¹⁾ new field offices** to strengthen local presence

#700

School buildings secured or newly built for ~ **€0.4bn** granted concessions

Infrastructures

> €1bn

Dedicated to **infrastructure operators** in support of **development plans** in Southern Italy

Corporates & Export Finance

#12,000

Enterprises financed to sustain **expansion plans**, of which ~ **4,000** developing **export** and **internationalization**

Real Estate

€0.2bn

Targeted to build over 400 **Social Housing** accommodations and launching of initiatives to **support the Tourism Sector**

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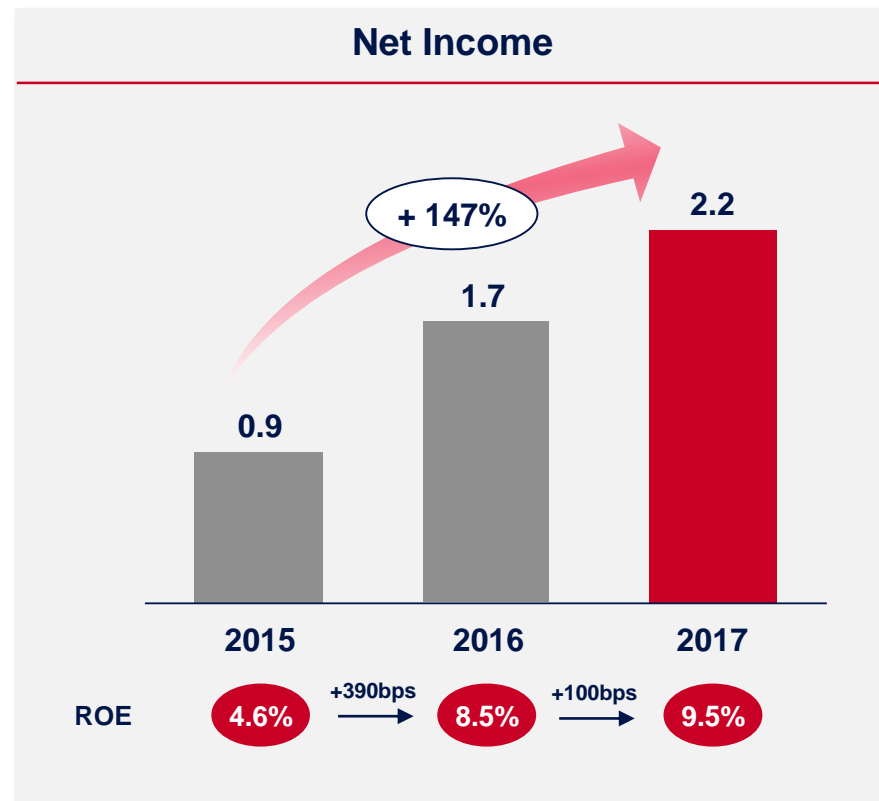
2017 FY Results

CDP SpA P&L Figures: Net Income

€bn

Highlights

- Strong **increase in Net Income** (+33% vs 2016; +147% vs 2015), despite a lower dividend income and without any non-recurring item, mainly due to:
 - Boost in Net Interest Income
 - Lower cost of risk
- **ROE** consistently **increasing** since 2015



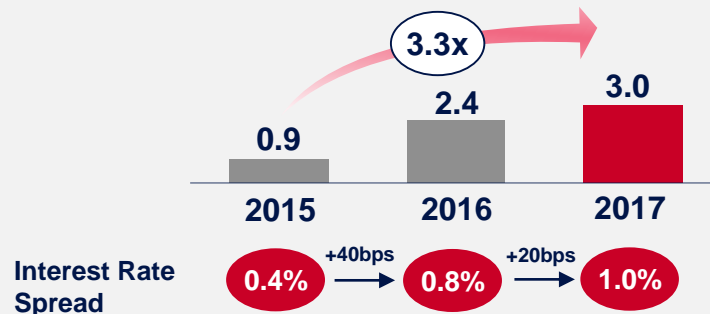
CDP SpA P&L Figures: NII and Dividend Income

€bn

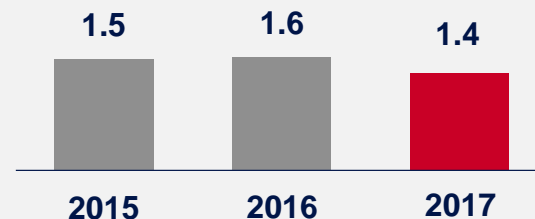
Highlights

- **Substantial growth of Net Interest Income** (+25% vs 2016; 3.3x vs 2015), due to:
 - Actions on ALM and treasury management
 - Slight increase in interest rates
- **Increase in Interest Rate Spread** (+20bps vs 2016; +60bps vs 2015)⁽¹⁾ thanks to key **managerial actions** in **2015-2017** focused on:
 - Further diversification of funding sources
 - Reduction of interest rate risk and decrease in debt securities' average duration
 - Review of the remuneration mechanism on the liquidity deposited at the MEF⁽²⁾
- **Lower Dividend Income** (-14% vs 2016), mainly due to the decision to strengthen the capital base of key subsidiaries

Net Interest Income



Dividend Income



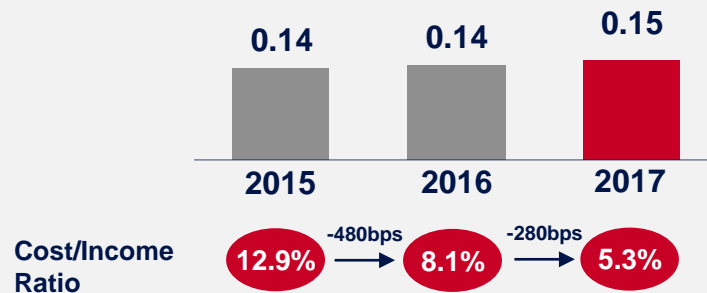
CDP SpA P&L Figures: Cost Efficiency and Write-downs

€bn

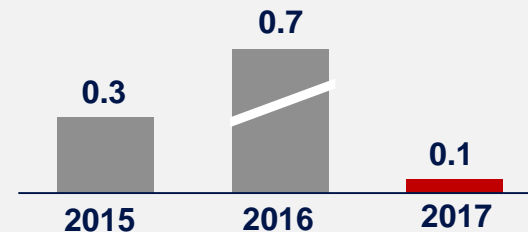
Highlights

- **Strong cost discipline**, with a **Cost/Income ratio** steadily **decreasing** since 2015 (-280bps vs 2016; -760bps vs 2015)
- **Slight increase in Operational Costs** due to **expansion** of Business Plan **activities**:
 - Administrative Costs stable since 2015
 - Personnel Costs in line with Business Plan
- Significant **reduction** in **Write-downs** on **loans** and **equity investments**

Operational Costs



Write-downs



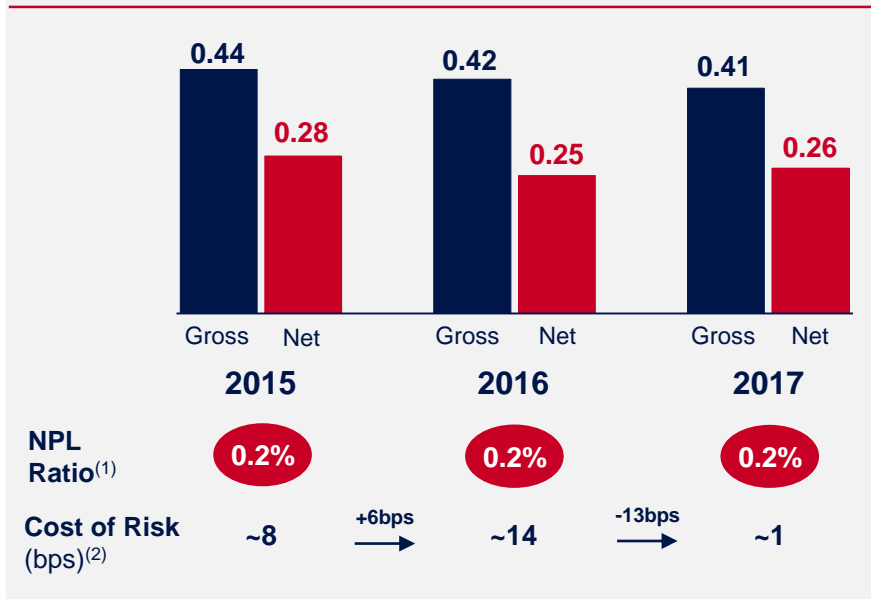
Asset Quality

€bn

Highlights

- **NPLs** substantially **stable**, representing only a **minor portion** of the portfolio: **net NPL ratio** equal to **0.2%**
- Very **low cost of risk**, due to **improvement** in the quality of **performing portfolio**
- **Coverage** of non-performing loans **stable** at **36%** since 2015

Non Performing Loans



Asset quality and NPL ratio significantly better than industry average

Performance of Equity Portfolio

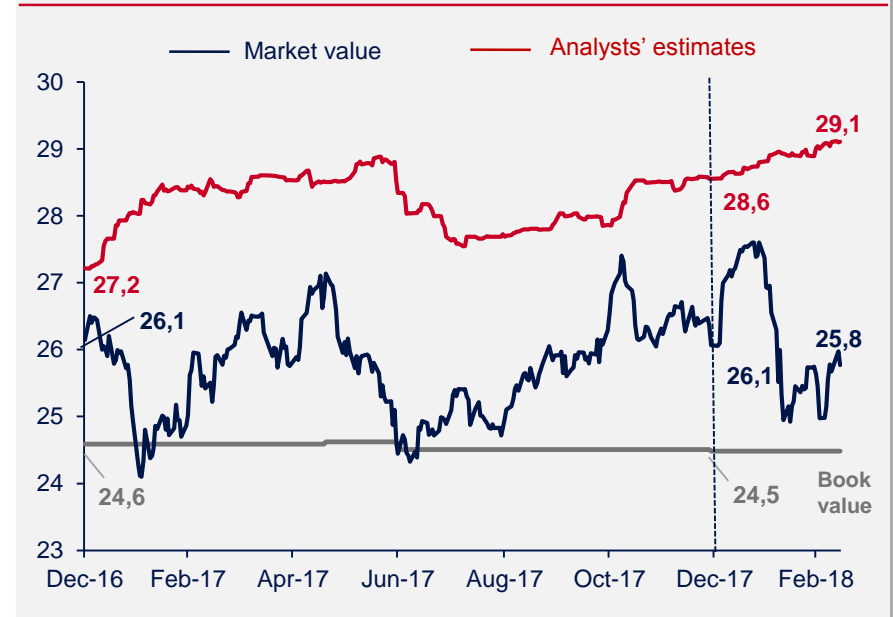
€bn

Highlights

- **Market value of CDP's listed equity portfolio:**
 - Stable on average in 2017
 - Consistently higher than its book value (+1.6bn vs 2016, +6%)
 - Below analysts' target price (-€2.5bn, -9%)

Markets and analysts evaluate **CDP's Portfolio** consistently **higher** than its **book value**

CDP Listed Equity Portfolio



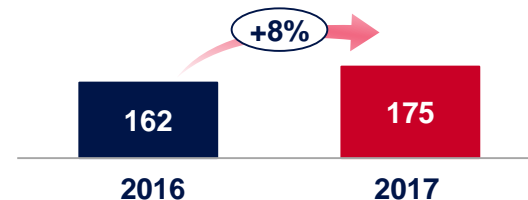
CDP SpA Balance Sheet Figures: Assets

€bn

 Commitments

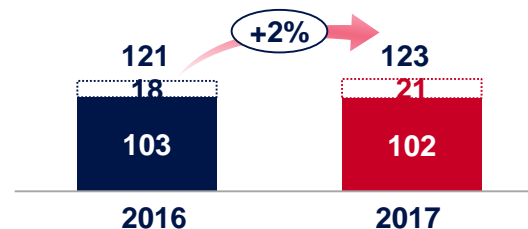
Cash & Cash Equivalents

Increased liquidity due to treasury management actions



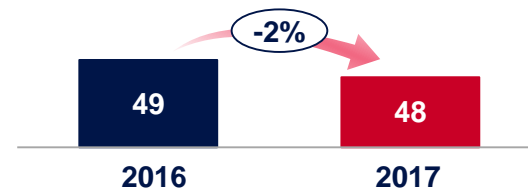
Loans & Commitments

Increase due to new financing for infrastructures, corporates and export finance



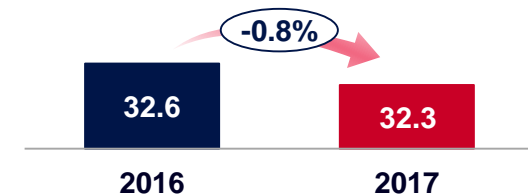
Securities Portfolio

Substantially stable with a significantly lower average duration since 2015



Equity Portfolio

Slight decrease mainly due to mergers ⁽¹⁾

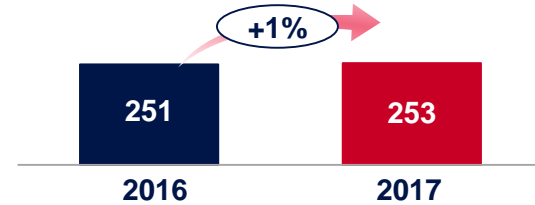


CDP SpA Balance Sheet Figures: Liabilities

€bn

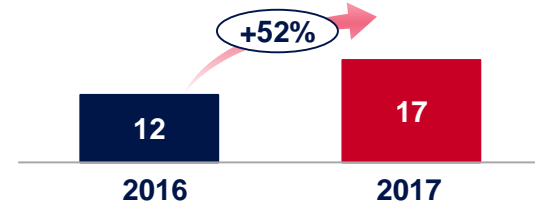
Postal Funding

Increase in total **Postal Funding**, turning again to a **positive trend**



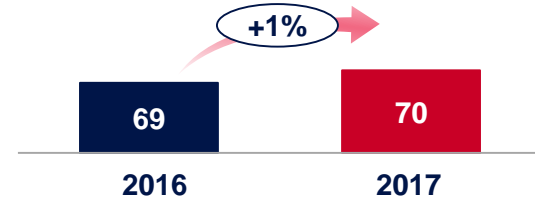
Market Funding

Higher diversification of **funding sources** with an increase in market funding, also due to **new public issuances**



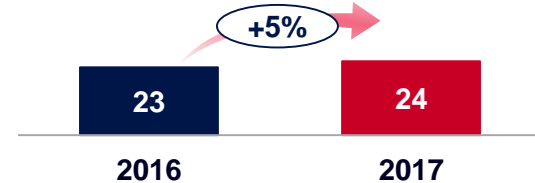
Other Funding

Slight increase driven by **short-term funding**, also due to higher access to money market



Equity

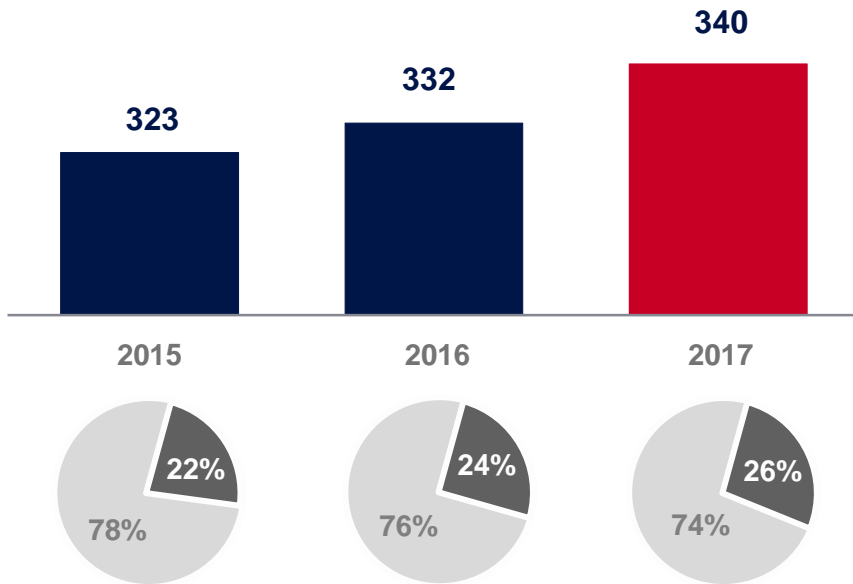
Strengthening of the **capital base** due to retained earnings



CDP SpA: Funding and Credit Rating

€bn

Funding Evolution



● Postal Funding
● Non-postal Funding

2017 Key New Funding⁽¹⁾



Social Bond



EMTN-DIP Bonds⁽²⁾



Long-Term Repos⁽³⁾



EIB-CEB

CREDIT RATING

S&P Global Ratings

BBB/A-2 Stable

FitchRatings

BBB/F2 Stable

MOODY'S

Baa2/P-2 Negative

SCOPE

NEW A-/S-1 Stable

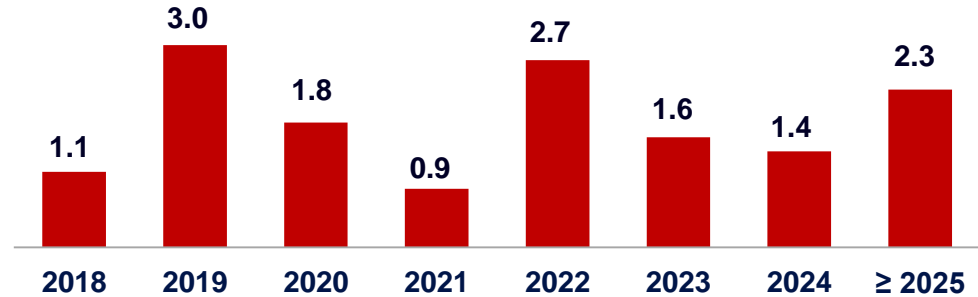
CDP SpA: Long-Term Market Funding

€bn

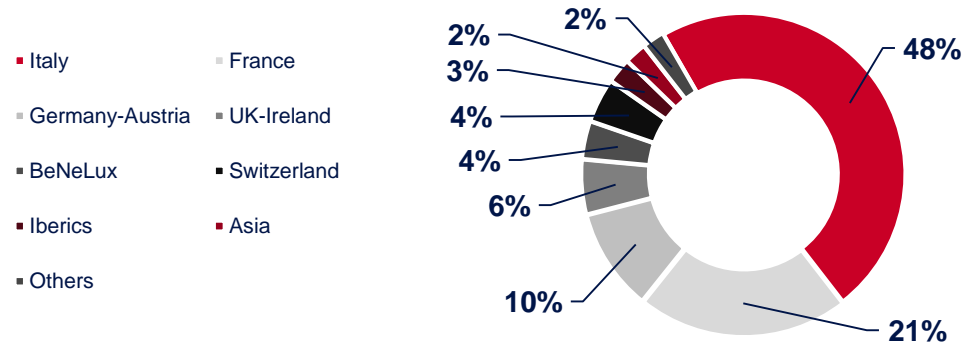
Highlights

- **Outstanding bonds⁽¹⁾** amount to ~ **€15bn**, with 39 single transactions, including **€500mn Social Bond** issued in November 2017
- **Senior Unsecured** notes listed on the Luxembourg Stock Exchange⁽²⁾
- ***Pari passu*** ranking with **postal savings**
- Access to **non-euro markets** (USD, JPY)
- Eligible for **ECB collateral framework** and **ECB Public Sector Purchase Programme (PSPP)**

Bond Maturity



Geographic Distribution⁽³⁾



CDP Group: Key Figures

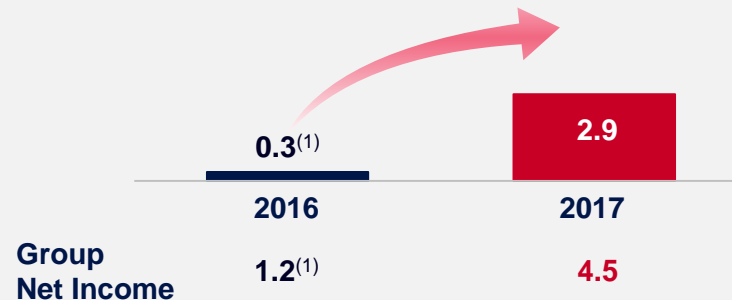
€bn

Highlights

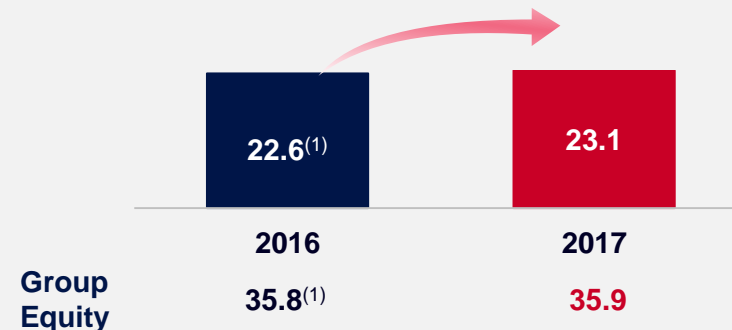
- **Significant increase in Group Net Income** (4x vs FY 2016), mainly driven by:
 - Strong **performance** by the parent company **CDP SpA**
 - **Positive results** of **equity investments**

- **Substantially stable capital base** both in terms of **Group Equity** and **Equity attributable to CDP SpA**

Net Income Attributable to CDP SpA



Equity Attributable to CDP SpA



CDP Group: Companies' Results

€mn

275

sace

• gruppo cdp •

▪ vs 304 FY 2016

897



▪ vs 861 FY 2016

3,427



▪ vs (1,464) FY 2016

56

• cdp • equity

▪ vs (186) FY 2016

293

IG Italgas

▪ vs (71) FY 2016

(328)



▪ vs (2,087) FY 2016

694

Terna
TERNA GROUP

▪ vs 628 FY 2016

53

FINCANTIERI

▪ vs 14 FY 2016

689

Posteitaliane

▪ vs 622 FY 2016

Contacts

Investor Relations & Rating Agencies

Cassa depositi e prestiti S.p.A.
Via Goito, 4
00185 – Rome, Italy
Phone: +39 06 4221 3253
E-mail: investor.relations@cdp.it

Web cdp.it

Bloomberg «CDEP»; «CDEP Govt»

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