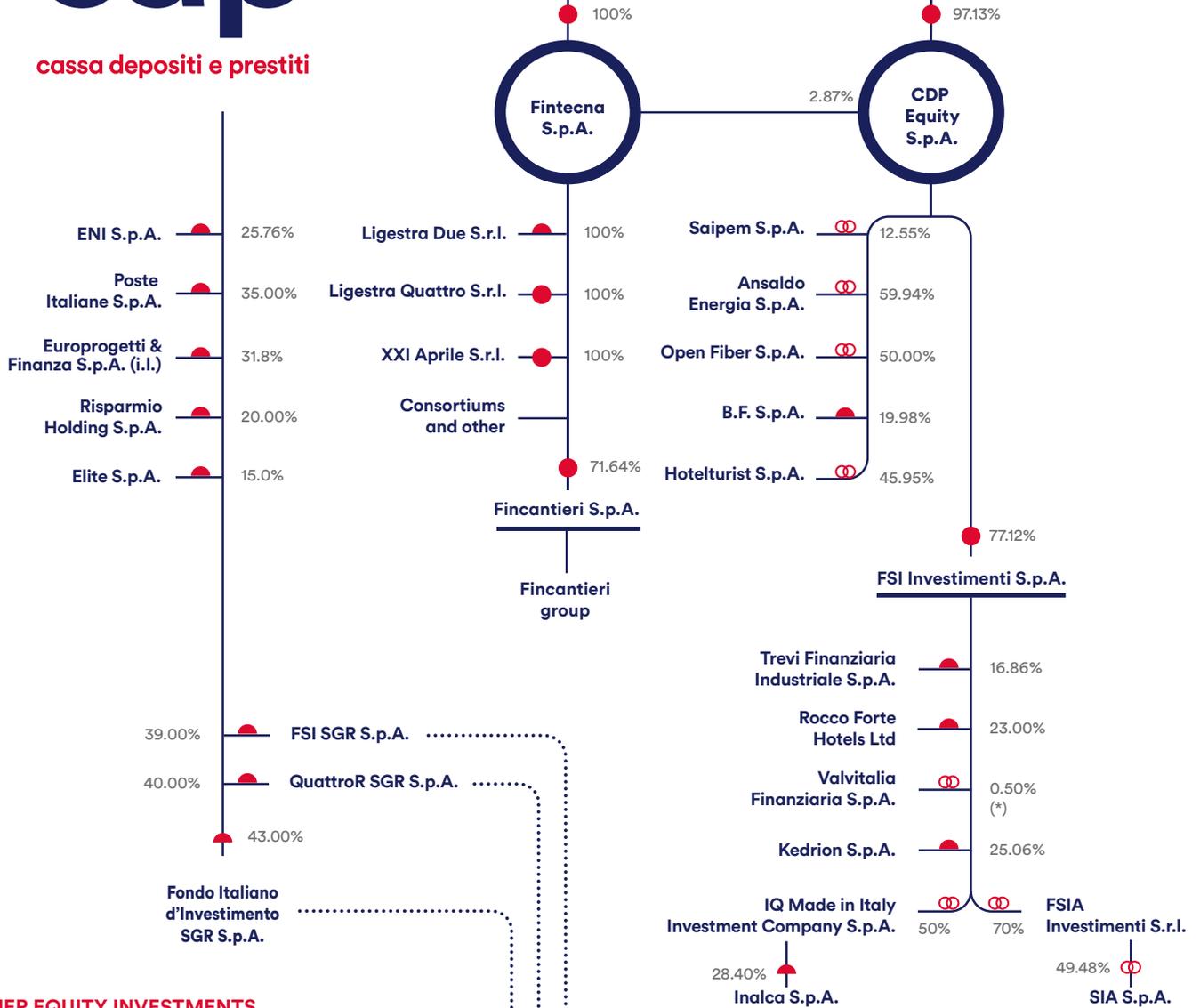
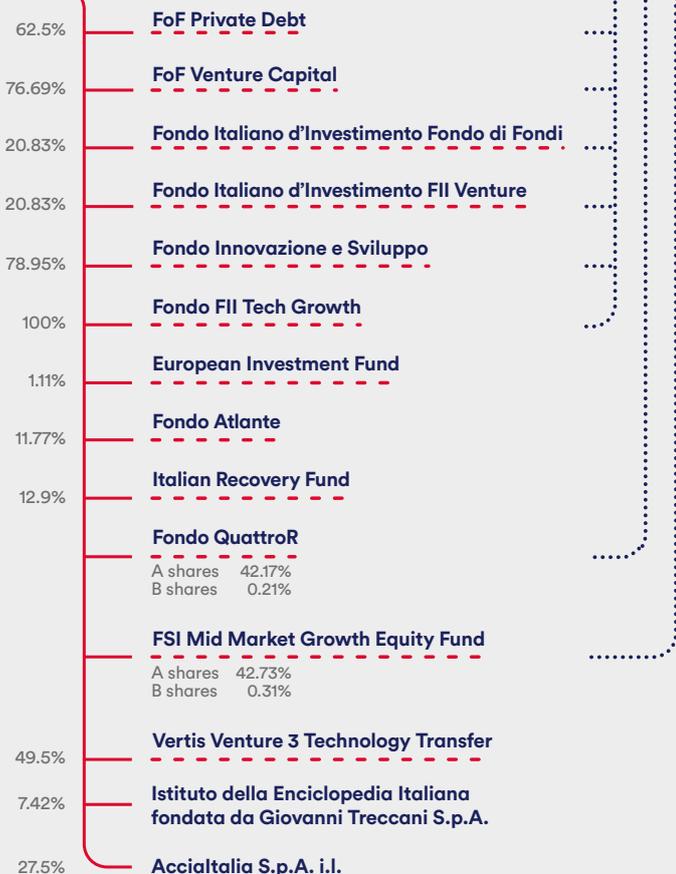


# Executive summary

2017



**OTHER EQUITY INVESTMENTS**



**LEGEND**

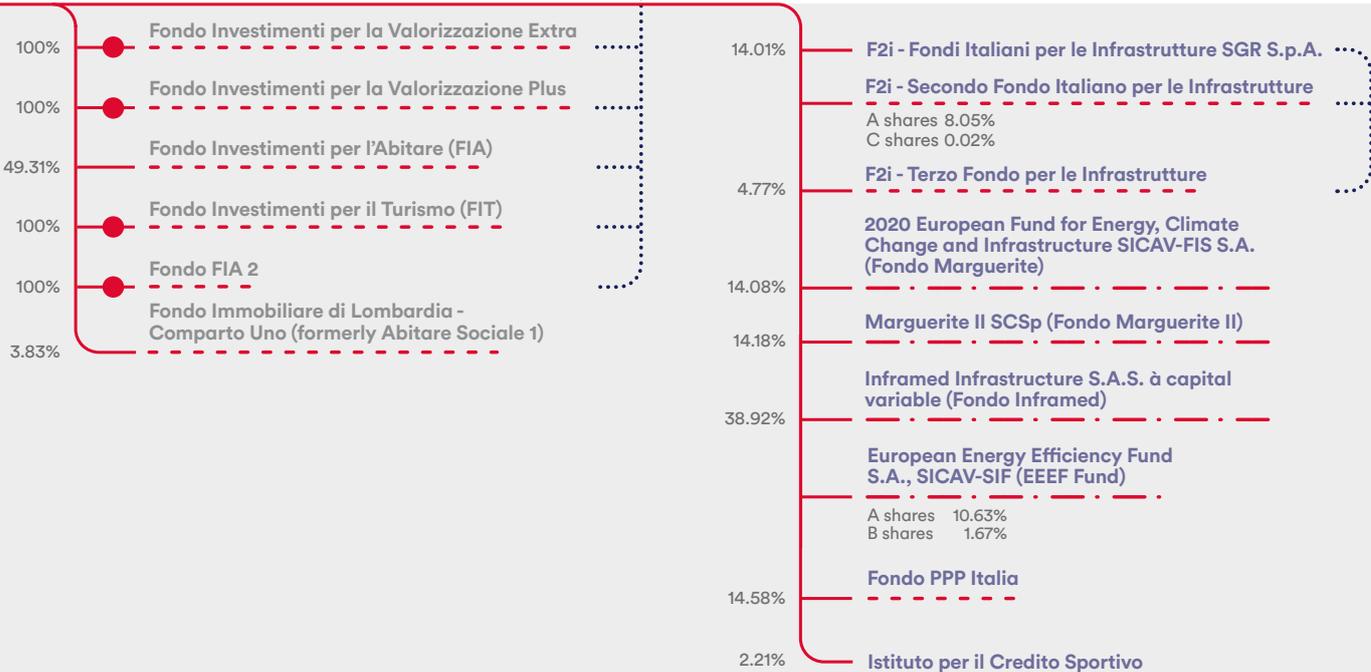
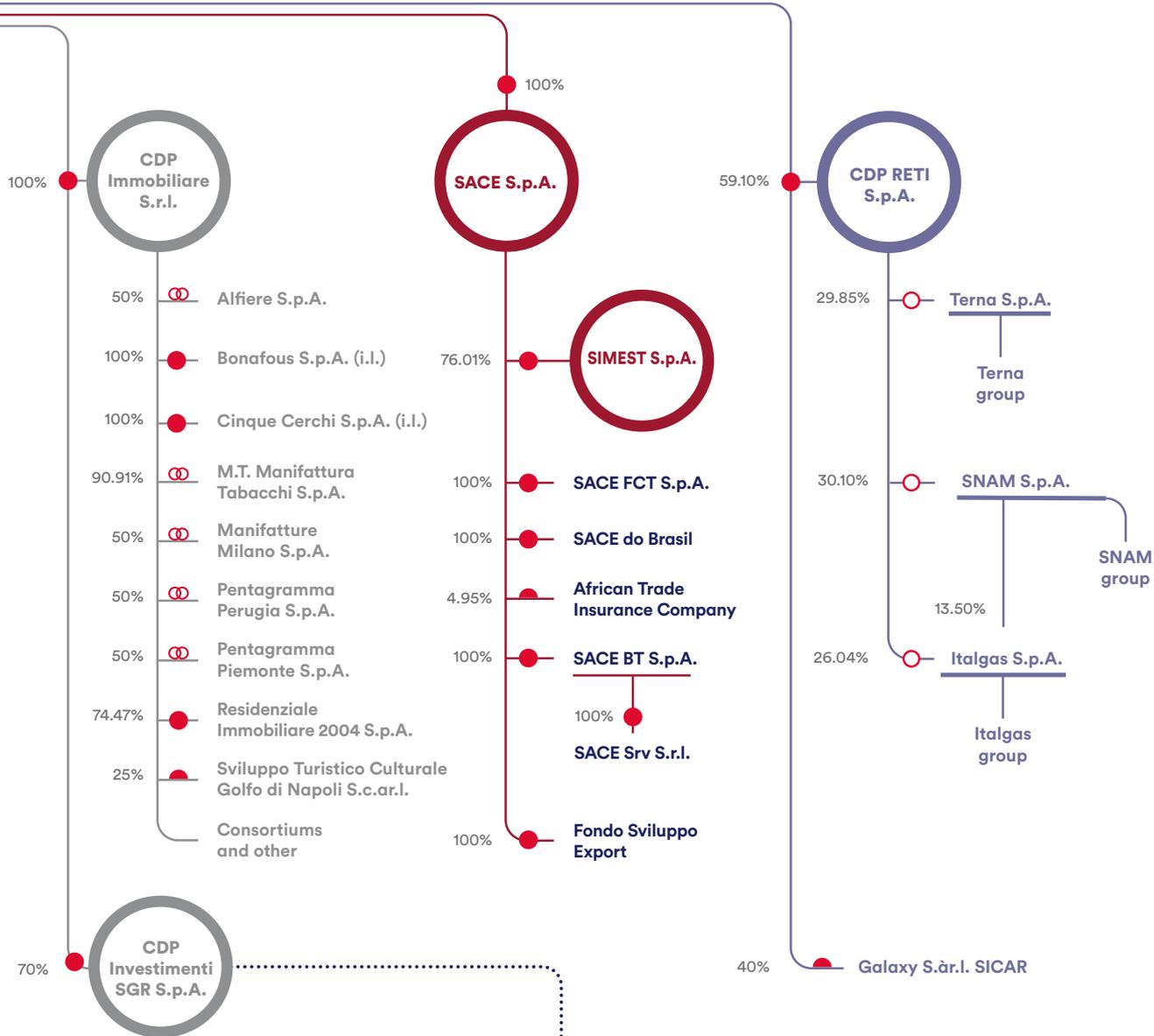
**Business sectors**

- ENTERPRISES
- REAL ESTATE
- INTERNATIONAL EXPANSION
- INFRASTRUCTURE

**Type of control/influence**

- CONTROL
- DE FACTO CONTROL
- SIGNIFICANT INFLUENCE
- JOINT CONTROL
- INVESTMENT FUNDS
- INVESTMENT VEHICLES
- FUNDS MANAGEMENT RELATIONSHIP
- i.l.:* in liquidazione

(\*) 49.5% pro forma post convertible bond conversion.



(Translation from the Italian original which remains the definitive version)



We promote Italy's  
future by contributing  
to economic development  
and investing  
in competitiveness

# Letter to Shareholders

Shareholders,

the 2017 financial statements, the last falling under the responsibility of the current Board of Directors, recorded new lending volumes fully in line with the objectives of the Business Plan and economic performance above expectations.

In the last three years, Cassa depositi e prestiti has undergone a profound transformation marked by significant events, in a macroeconomic environment that is recovering but still not favourable. Pursuant to the Communication received from the European Commission in summer 2015, which was implemented by the Italian Government in the 2016 Stability Law, CDP became a National Promotional Institution, joining other major European Institutions. The 2016-2020 Business Plan was presented at the end of 2015 with the objective of mobilising 160 billion euro of the Group's resources, attracting a further 105 billion euro from third parties, for a total of 265 billion euro.

With the approval of the Business Plan, the business model was redefined across all business segments: sources of funding were diversified and optimised; the tools supporting operations were enhanced; key business areas were reviewed to increase operational efficiency. Governance processes were enhanced and the Group's identity renewed, along with the strengthening of the management team, the creation of a new IT architecture, the consolidation of risk monitoring processes and the expansion of the Group's presence nationwide.

From focusing operations mainly on the domestic market, CDP has gradually combined this with a pan-European approach, further consolidated by the creation of "shared headquarters" in Brussels together with other major European National Promotional Institutions. CDP has adopted an increasingly more international vision with the creation of the "export Hub" and the launch of its operations as a Financial Institution for International Development Cooperation.

The Group's actions originate from the same DNA, being founded on support for the economy, complementarity with the private sector, a systemic and counter-cyclical approach and environmental and social sustainability. Despite CDP having a public mission to support the Country's development and competitiveness, to achieve this it uses private funding sourced from savers and institutional investors, which need to be pre-

served and remunerated. For this reason, CDP's operations are based on well-defined guidelines, which are subject to stringent statutory, EC and financial constraints, which ensure the economic and financial sustainability of the investments.

In the last three years the CDP Group mobilised 92 billion euro in new lending, which attracted 70 billion euro of further investments, bringing to a total of 162 billion euro. The leverage effect of the resources activated is equivalent to almost two times the Group's direct investments. This substantial volume of lending has had a significant impact on the Italian economy. According to an independent estimation<sup>1</sup>, in 2017 the accumulated impact of the resources activated by the Group in the three-year period was equivalent to 2.3% of GDP, 2% of employment, 9.2% of investments and 6.8% of exports of capital goods.

The intervention of CDP has been decisive in all key areas for the Country. Over 18 billion euro was allocated to finance around 20 thousand Italian SMEs and, at overall level, over 40 thousand SMEs benefited from support from the Group. The international expansion of enterprises was aided significantly by the "export Hub" following the integration of the Group's activities. Sace made around 41 billion euro available to exporters, positioning itself as one of the leading Export Credit Agencies in the world in terms of volumes mobilised. Support provided to the weakest areas of the Country, in the south, included the funding of around 12 thousand enterprises, the renovation of 700 school buildings and the construction of 400 new social housing units. Furthermore, two new branches were opened in Naples and Palermo, as part of the six new territorial branches inaugurated over the three-year period.

At European level, CDP has positioned itself as the number one operator for access to the "Juncker" Plan funds thanks to the launch of eight platforms to support innovation, infrastructure and SMEs, with the potential to activate investments totalling 12 billion euro. More in general, over 2 billion euro was allocated to innovation and research & development.

Investments in equity over the entire life-cycle of enterprises - from technology transfer to turnaround - amounted to around 7 billion euro, including resources from third parties, of which 600 million euro allocated specifically for Italian

*(1) Estimation made by the company Prometeia of the effects on the key macroeconomic variables of the Italian economy in 2017 of the accumulated direct, indirect and induced intervention of the CDP Group in the three-year period 2015-2017.*

venture capital. Innovative credit access tools, risk sharing platforms and alternative asset classes were also introduced. CDP also continued in its role of strategic investor, increasing investments in businesses and funds by over 6 billion euro in the three-year period.

Commitments in the real estate sector continued with the promotion of social and smart housing, the development of state-owned properties and support to the tourist sector, as well as the implementation of reorganisation strategies focussed on restructuring and disposals.

CDP's social vocation was consolidated with over 7 billion euro invested in social sustainability projects, 100 million euro of equity investments in the social economy sector and around 30 thousand social housing units built. CDP also issued Italy's first "Social Bond" (500 million euro), designed for SMEs based in deprived areas and areas affected by natural disasters. Over 1 billion euro was allocated to green and energy efficiency projects. 600 million euro was used to fund international cooperation projects for developing countries.

Activities to promote and support the economy also included strengthening profitability and capital so as to lay the foundations for the continuation of these lines of action in the future. In 2017, CDP reported a net income of 2.2 billion euro, without non-recurring items - twice the income earned in 2015. Consolidated net income attributable to the Parent Company was

around 3 billion euro, marking a return to profit compared to 2015. These income flows will fund development policies and territorial support projects, with equity up by approximately 5 billion euro compared to 2015.

These results were achieved thanks to a number of important management actions aimed at improving margins, including the redefinition of the remuneration system linked to the treasury current account, the active management of the Asset Liability Management (ALM) process and cash and cash equivalents, the optimisation and stabilisation of funding sources - achieved through new bond issues and the new postal savings agreement with Poste Italiane - and, lastly, stricter cost control.

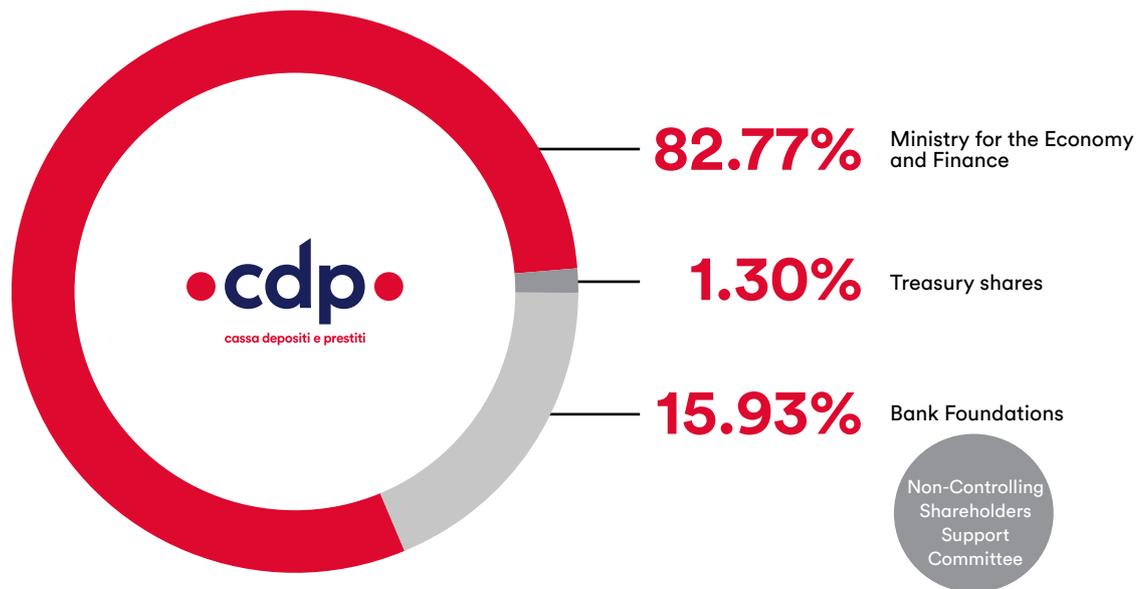
To conclude, CDP has been successful in achieving the ambitious objectives of the Business Plan, in areas of primary importance for Italy. Those objectives could not have been fully achieved without the contribution of the whole "team" - the women and men of this Group - which worked alongside us with passion and dedication and rose to the challenges we set ourselves with confidence. We express our gratitude to them and to the Board of Directors, which has always supported us in the important decisions taken, as well as to the Parliamentary Supervisory Committee, the Judge of the State Audit Court, the Board of Statutory Auditors and the Support Committee, which, over these years have each provided - each within their own remit - a fundamental contribution to CDP.



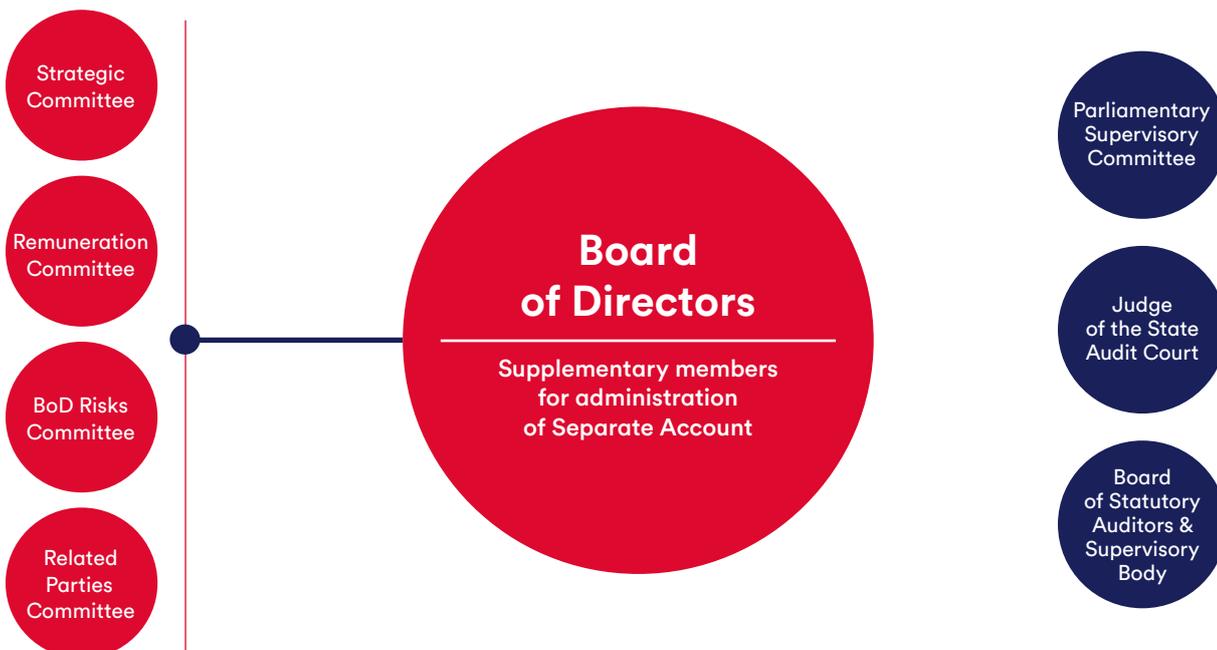
**Claudio Costamagna**  
Chairman

**Fabio Gallia**  
CEO

# Company bodies, officers and governance



## Board of Directors support Committees



## Company bodies

<b>Board of Directors</b>	Chairman Vice Chairman CEO and General Manager Directors	Claudio Costamagna Mario Nuzzo Fabio Gallia  Maria Cannata Carla Patrizia Ferrari Stefano Micossi <sup>(1)</sup> Alessandro Rivera Alessandra Ruzzu Andrea Sironi <sup>(2)</sup>
<b>Supplementary Members for Administration of Separate Account</b> <i>(Article 5.8, Decree Law 269/2003, ratified with amendments by Law 326/03)</i>		Director General of the Treasury <sup>(3)</sup> State Accountant General <sup>(4)</sup> Piero Fassino <sup>(5)</sup> Massimo Garavaglia <sup>(6)</sup> Achille Variati
<b>Board of Statutory Auditors <sup>(7)</sup></b>	Chairman Auditors  Alternate Auditors	Carlo Corradini Ines Russo Luciano Barsotti Giusella Finocchiaro Alessandra dal Verme Giandomenico Genta Angela Salvini
<b>Manager in charge with preparing the Company's financial reports</b>		Fabrizio Palermo
<b>Non-Controlling Shareholders Support Committee</b>	Chairman Members	Matteo Melley Ezio Falco Sandro Fioravanti Anna Chiara Invernizzi Michele Iori Luca Iozzelli Arturo Lattanzi Roberto Pinza Umberto Tombari
<b>Parliamentary Supervisory Committee</b>	Chairman Vice Chairmen  Members	(Senator) Anna Cinzia Bonfrisco (Senator) Paolo Naccarato (Member of Parliament) Raffaella Mariani (Member of Parliament) Ferdinando Aiello (Member of Parliament) Dore Misuraca (Member of Parliament) Davide Zoggia (Senator) Bruno Astorre (Senator) Luigi Marino Stefano Fantini (Council of State) Pancrazio Savasta (Council of State)
<b>Judge of the State Audit Court <sup>(8)</sup></b> <i>(Art. 5, C. 17, D.L. 269/2003)</i>	Ordinary Alternate	Mauro Orefice <sup>(9)</sup> Marco Boncompagni <sup>(10)</sup>
<b>Independent Auditors</b>		PricewaterhouseCoopers S.p.A.

(1) Mr. Stefano Micossi resigned on 4 April 2018.

(2) On 16 May 2017 the Ordinary General Meeting appointed Mr. Andrea Sironi as member of the Board of Directors (already co-opted by the Board on 14 December 2016).

(3) Mr. Vincenzo La Via.

(4) Mr. Roberto Ferranti, delegate of the State Accountant General.

(5) Mr. Piero Fassino resigned on 3 April 2018.

(6) Mr. Massimo Garavaglia resigned on 5 April 2018.

(7) On 25 January 2017, the Board of Directors assigned to the Board of Statutory Auditors the duties of the Supervisory Body (pursuant to Legislative Decree 231 of 8 June 2001) starting from 27 February 2017.

(8) Article 5, paragraph 17, of Decree Law 269/03 – attends meetings of the Board of Directors and the Board of Statutory Auditors.

(9) As of 1<sup>st</sup> January 2018, the role of deputy Delegate for the control of CDP's financial operations has been assigned to the Chairman Angelo Buscema, Chairman of the Court of Auditors.

(10) As of 29 January 2018, the role of deputy Delegate for the control of CDP's financial operations has been assigned to the Director Giovanni Comite, Judge of the Court of Auditors.



# Executive summary



CASSA DEPOSITI E PRESTITI

1865

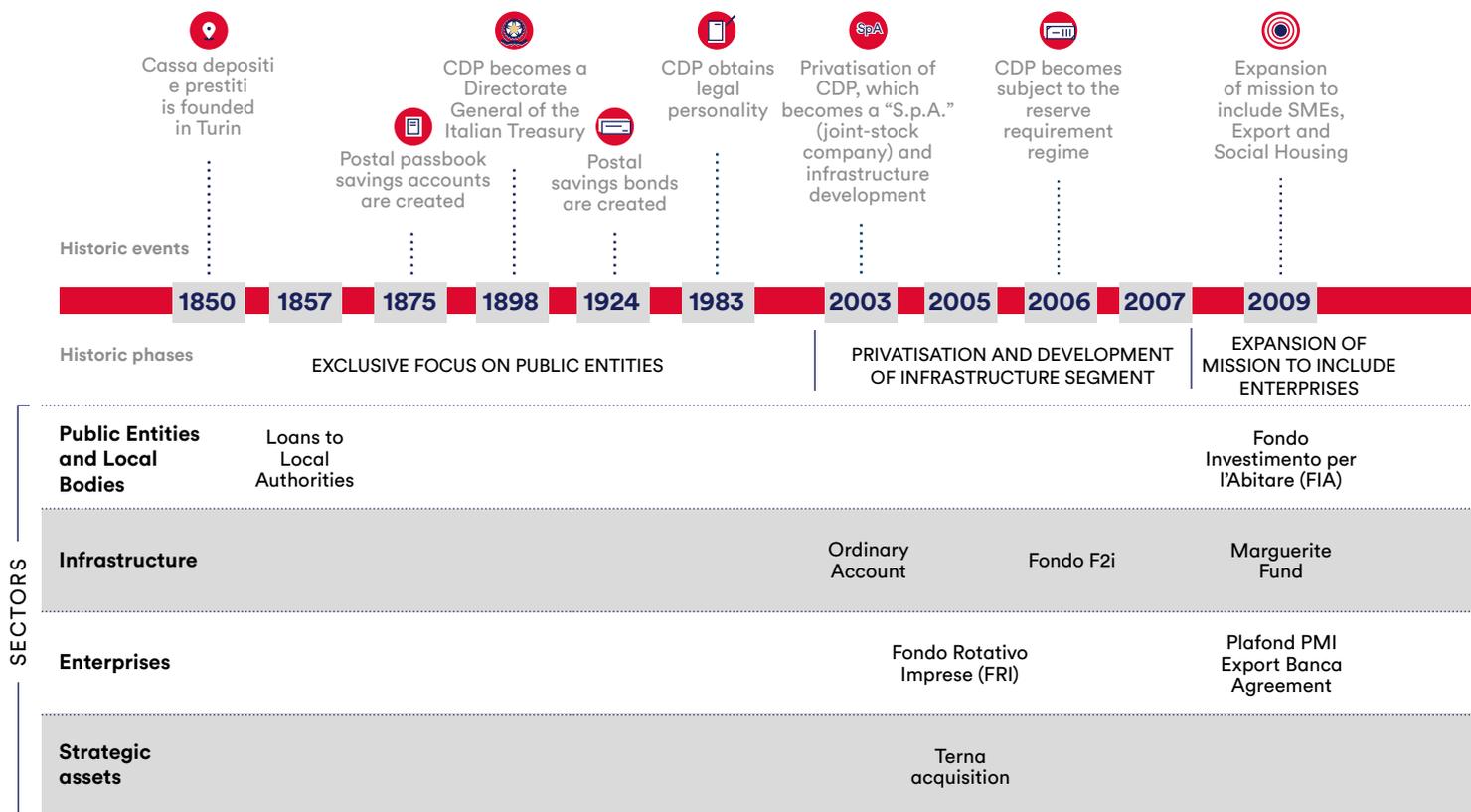
1910

# The CDP Group, role and mission

CDP, the National Institute of Promotion, performs the institutional role of supporting the Italian economy, by operating on a sustainable basis in the public interest

Created in 1850 as an institution purposed to receive deposits as a “place of public trust”, CDP has seen its role change over the years. During the past decade, it has assumed a key role in the industrial policies of Italy.

From being an institution created to support the public economy in Italy, largely by financing public entities, CDP has expanded its scope of action, to the point of replacing the private sector, while always operating in view of medium-long term development.



From lender to anchor investor, CDP assumes a variety of different roles, by focusing on increasingly innovative and flexible instruments to adapt to the needs of investments. It uses tools ranging from loans for public investments, infrastructure, and support of enterprises – always taking an anti-cyclical approach and medium-long term view – to investments in venture capital and real estate.

In 2015, the Italian Government and the European Union designated CDP as a National Promotional Institution, thereby becoming:

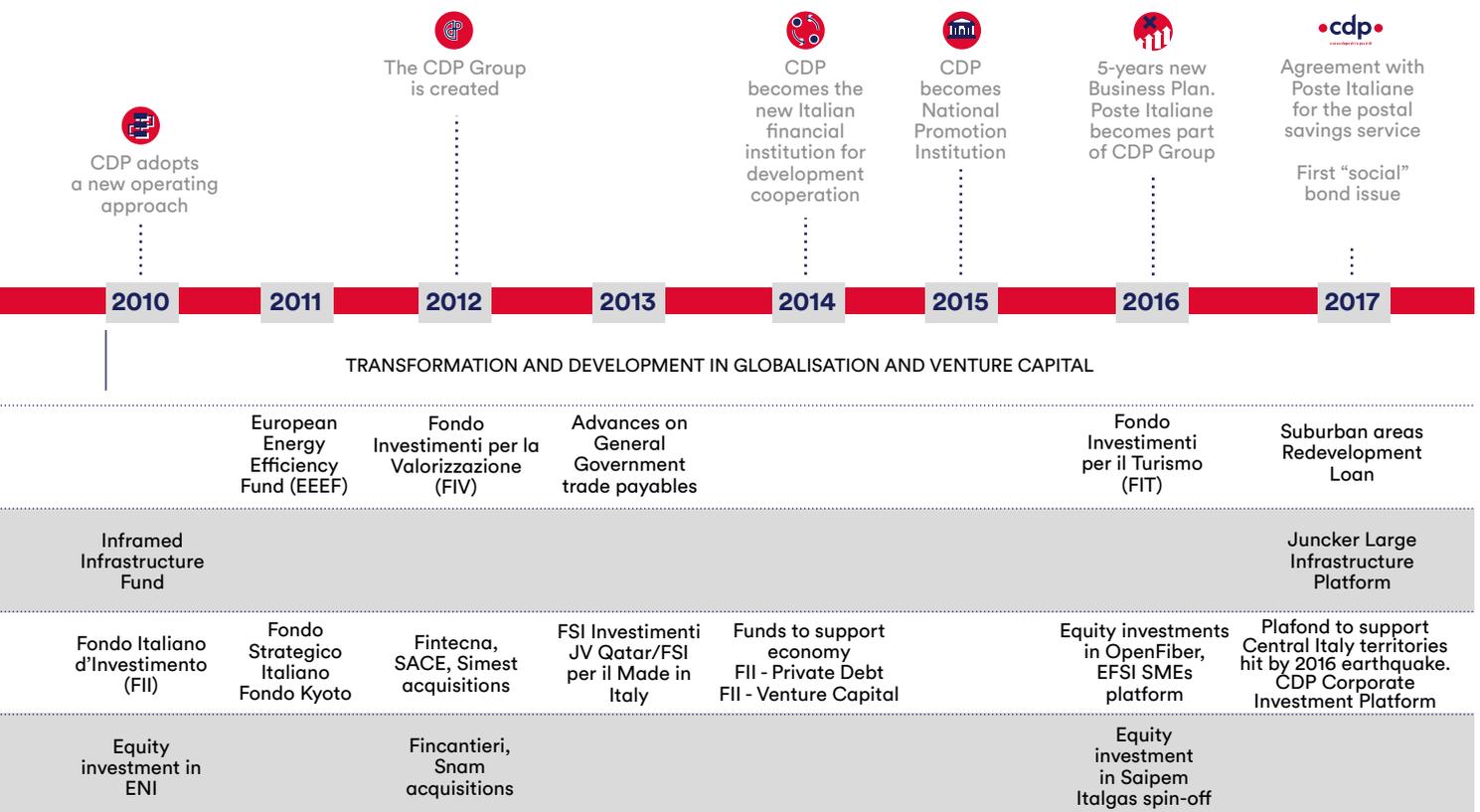
- the entry point for funding under the Juncker Plan for Italy;
- financial advisor to the Public Administration for a more efficient and effective use of domestic and European funds.

The “Italian Centre for Export and Internationalisation” of the Group was strengthened in 2016 through the transfer by CDP of the equity investment in SIMEST to SACE. That transaction confirms a major step forward in the implementation of the CDP Group’s 2016-2020 Business Plan, with the creation of a system to support the growth and international competitive-

ness of the Italian production system. The objective is to offer Italian businesses “one-door” access to all they need to meet their export and international expansion requirements.

The role of CDP has been expanded, by adding the characteristics of an active promoter of initiatives in support of growth to its typical characteristics of a medium/long-term investor.

In December 2017, CDP and Poste Italiane signed an agreement referring to the postal savings service for the three-year period 2018-2020. This new agreement consolidates the century-old alliance under which the savings of Italians act as a catalyst for growth and development, contributing to strategic investments and to improving the country’s competitiveness. In fact, CDP and Poste Italiane intend to re-launch postal savings with the repositioning of Bonds and Passbook Accounts, with increased investment in technology, communications, promotion and training, in order to reach an increasingly wide range of investors, for whom these products represent an opportunity for savings and investment.

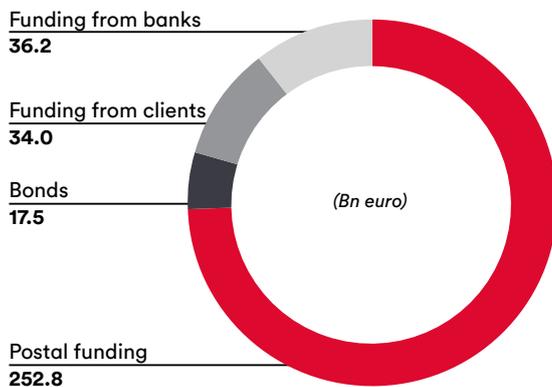


# 2017 performance and KPI

Lending provided by CDP and the Group in support of the economy, respectively, 18.9 and 33.7 Bn euro. Reinforced Group balance sheet stability. Strong improvement in profitability

## CDP S.p.A. funding

**340.5** Bn euro



**26.7** million  
postal savings clients

## CDP S.p.A. net income

**2.2** Bn euro

## CDP S.p.A. Rating

**S&P's**  
BBB

**Moody's**  
Baa2

**Fitch**  
BBB

**Scope**  
A-

## Net impaired loans/ net exposures

(CDP S.p.A.)

**0.2%**

**Group assets**

**419.5** Bn euro

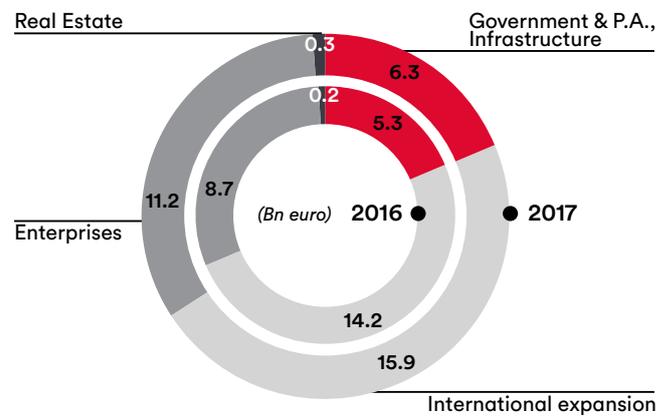
**Group new lending in 2017**

**33.7** Bn euro

**Net income**

(pertaining to the Parent Company)

**2.9** Bn euro



- Equity pertaining to non-controlling interests
- Equity pertaining to the Parent Company

(Bn euro) (\*) restated

**Group equity**

**35.9** Bn euro

**Employees of the Group**  
over **30,000**



# Main events in 2017

**28** FEB

## 2016 EARTHQUAKE

CDP provided a new fund of 560 million euro to support the territories of Central Italy

**09** MAR

## OPENING OF NEW LOCAL OFFICES

Openings in Bologna, followed by Palermo, Florence and Naples

**05** JUL

## INITIATIVES TO DEVELOP INFRASTRUCTURE

CDP finances the new Italy-France electrical interconnection

**24** JUL

## THINKING ABOUT FUTURE GENERATIONS

The National Promotional Institutions of Italy, France, and Germany undertake to make long-term investments for the future of Europe

**13** SEP

## INVESTING IN INNOVATIVE SMES

CDP and EIF: the first ITAtch investment was concluded: 50 million euro for innovative SMEs

**14** NOV

## CDP: FIRST "SOCIAL" ISSUE

CDP successfully concluded the first "social" bond issue of 500 million euro

**15** NOV

## FS ITALIANE AND CDP

Agreement between Ferrovie dello Stato Italiane and CDP to promote and develop new underground networks in Italy

**30** NOV

## MARGUERITE II FUND

CDP, the main European Promotional Institutions and the EIB launched Marguerite II, the pan-European fund to support the development of infrastructure projects in the energy, renewable energies, transport and ICT sectors

# 27 MAR

## CDP IN FAVOUR OF THE INDUSTRIAL COMPANIES AND GROUPS

Granarolo is the first subscription of a series of bond issues. Colussi, Bonfiglioli Riduttori and F.I.S. will follow

# 05 APR

## NEW MEASURES FOR LOCAL AUTHORITIES

Two new measures: renegotiating the loans to municipalities for 2017 and actions for the areas hit by the 2012 Earthquake

# 20 JUN

## EU FUNDING TO SUPPORT LOCAL AUTHORITIES AND SMES

Launch of the “European Investment Funds Loan” in favour of local authorities. CDP enhances the SME Guarantee Fund thanks to the Juncker Plan

# 22 SEP

## DEVELOPMENT COOPERATION IN AFRICA

The National Promotional Institutions of Italy, France, Morocco and Tunisia and seven African countries together for green economy

# 16 OCT

## INVESTING TO SUPPORT SMES

CDP approves the first investment in a diversified lending fund to support SMEs

# 08 NOV

## CDP, EIF AND KFW UNITED FOR THE JUNCKER FUNDS

New “Juncker Plan” resources for Italian SMEs to access credit

# 13 DEC

## CDP AND AUTOSTRADE PER L'ITALIA FOR INFRASTRUCTURE

Financing for 1.7 billion euro signed to enhance and modernise the motorway network under a concession agreement with Autostrade per l'Italia

# 14 DEC

## CDP-POSTE ITALIANE AGREEMENT

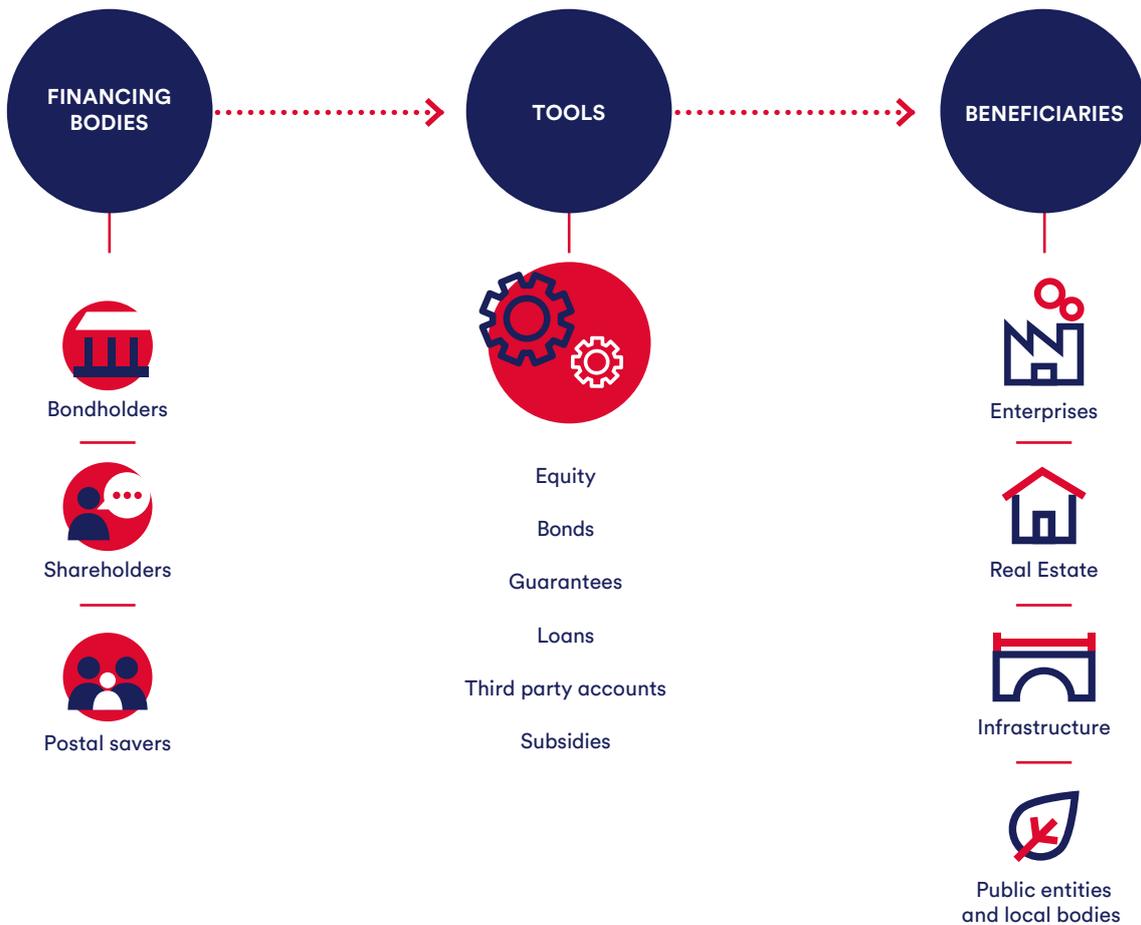
An agreement has been signed as regards the Postal Savings service for the three-year period 2018-2020

# CDP's business model

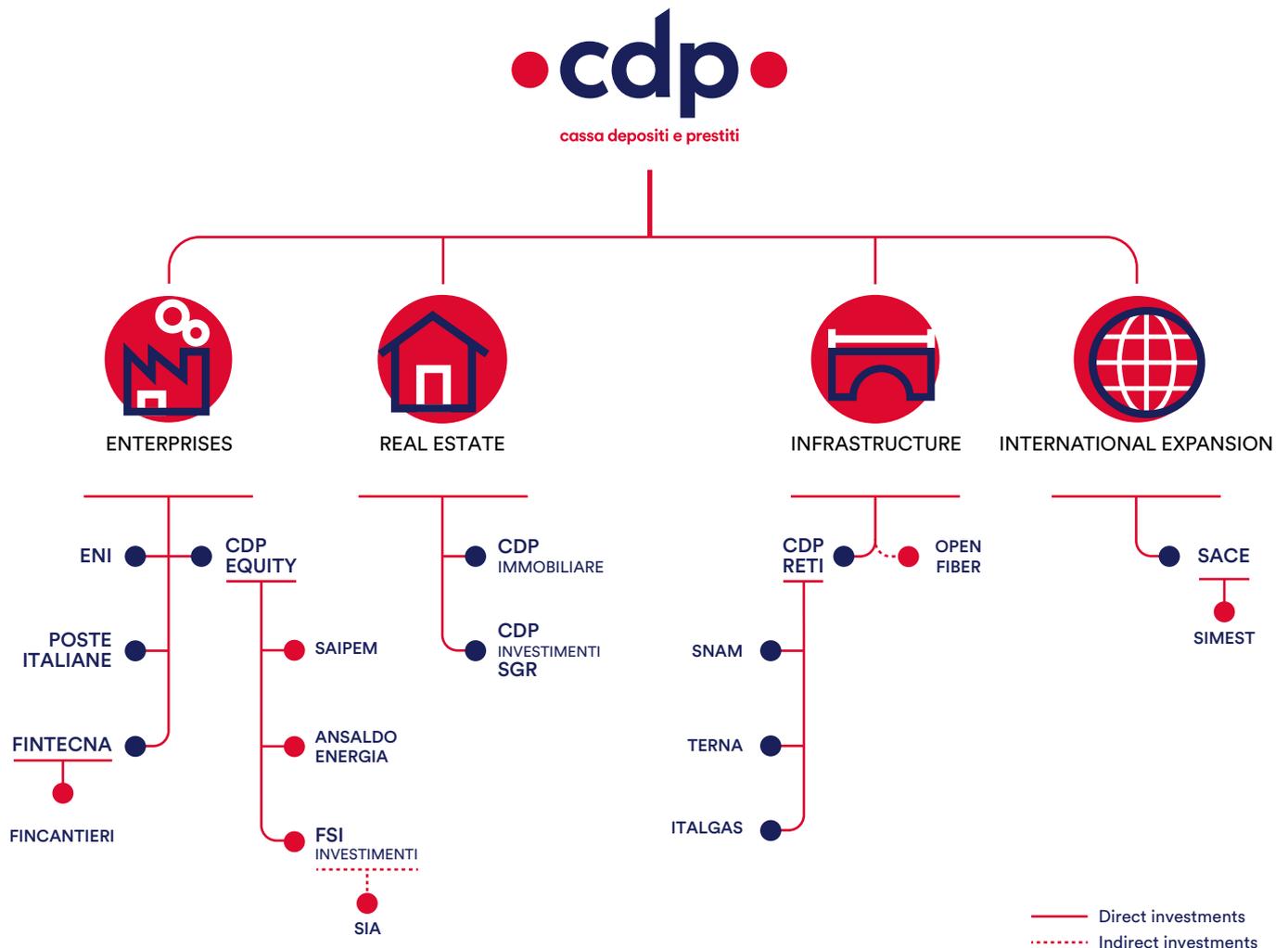
The CDP Group works to support Italy's growth and deploys its resources, mainly funded through postal savings, to support the development of local areas, the country's strategic infrastructure and domestic companies, to promote their growth and international expansion.

In the last decade, CDP has taken on a central role in supporting the country's industrial policies, also thanks to the adoption of new operating methods. In particular, in addition to traditional debt instruments such as loans and guarantees, CDP has also adopted risk sharing instruments to facilitate

the access to credit for SMEs and equity instruments for both direct and indirect investments. The main investments are in the energy, transport networks, real estate and cruise sectors, in addition to supporting the growth and international development of SMEs and strategically-important enterprises. These instruments are in addition to third-party fund management and subsidised instruments to promote research and the international expansion of companies. Starting from 2016, CDP also acts as a "financial institution for international development cooperation".



## Group simplified structure



## Other investments



- Accialtalia
- European Investment Fund
- FoF Private Debt
- FoF Venture Capital
- Fondo Atlante
- Fondo FII Tech Growth
- Fondo Innovazione e Sviluppo
- Fondo Italiano d'Investimento FII Venture
- Fondo Italiano d'Investimento Fondo di Fondi
- Fondo QuattroR
- FSI Mid Market Growth Equity Fund
- Istituto della Enciclopedia Italiana fondata da Giovanni Treccani
- Italian Recovery Fund (formerly Fondo Atlante 2)
- Vertis Venture 3 Technology Transfer



- Fondo FIA 2
- Fondo Investimenti per il Turismo (FIT)
- Fondo Investimenti per l'Abitare (FIA)
- Fondo Investimenti per la Valorizzazione (Comparto Extra, Comparto Plus)
- Fondo Immobiliare di Lombardia - Comparto Uno



- 2020 European Fund for Energy Climate Change and Infrastructure (Fondo Marguerite)
- European Energy Efficiency Fund
- F2i - Fondi Italiani per le Infrastrutture SGR
- F2i - Secondo Fondo Italiano per le Infrastrutture
- F2i - Terzo Fondo per le Infrastrutture
- Fondo PPP Italia
- Inframed Infrastructure
- Istituto per il Credito Sportivo
- Marguerite II SCSp (Fondo Marguerite II)

# 2016-2020 Business Plan and 2017 activity

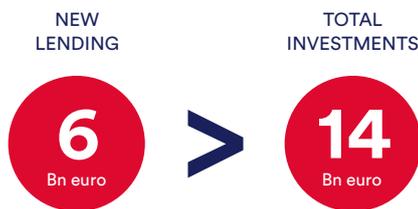
In 2017, CDP implemented many initiatives to support the economy in accordance with the Plan, confirming its ambitious medium and long-term objectives in terms of new lending provided and new tools made available.

The year was marked by the consolidation of important initiatives in CDP's operations, started in previous years, and the launch of new initiatives along the four key driver

areas identified. In 2017, CDP, in its capacity as the National Promotional Institution, played a key role in implementing the Juncker Plan by structuring and activating the investment and risk sharing platforms in cooperation with the EIB Group. In particular, initiatives were started to support SMEs and infrastructure and innovation projects.

## Government, PA & Infrastructure

Partner of PA, promoter of strategic infrastructure for the country and financial Institution for International Development Cooperation



### 2017 key facts

- Financing of Public Administration
- Implementation of the school building plan
- Renewal of rolling stock
- Large infrastructure platform
- Financing motorway sector operators
- Energy sector multi-utility funding
- International Development cooperation

## Real Estate

New strategy focused on urban development, tourism, social and smart housing and innovative projects

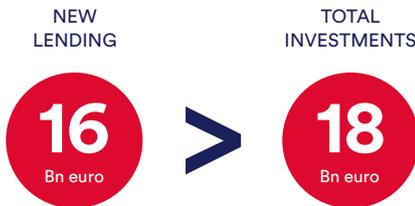


### 2017 key facts

- Investments to support smart housing and smart working through Fondo Investimenti per l'Abitare and Fondo Investimenti per l'Abitare 2
- Investments in tourism facilities through Fondo Investimenti per il Turismo
- Investments to enhance the real estate assets of the Group

## International expansion

### Record increase of new lending

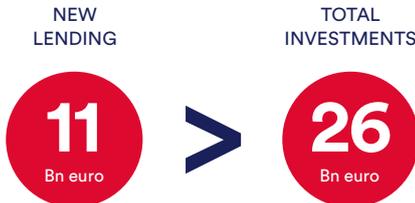


### 2017 key facts

- Major operations finalised in strategic sectors for the country: shipbuilding, oil & gas, infrastructure and construction
- Integrated hub for international expansion with SACE and SIMEST under the “one door” approach
- Business support capabilities strengthened
- Product range and actions in favour of SMEs expanded
- Sales network consolidated

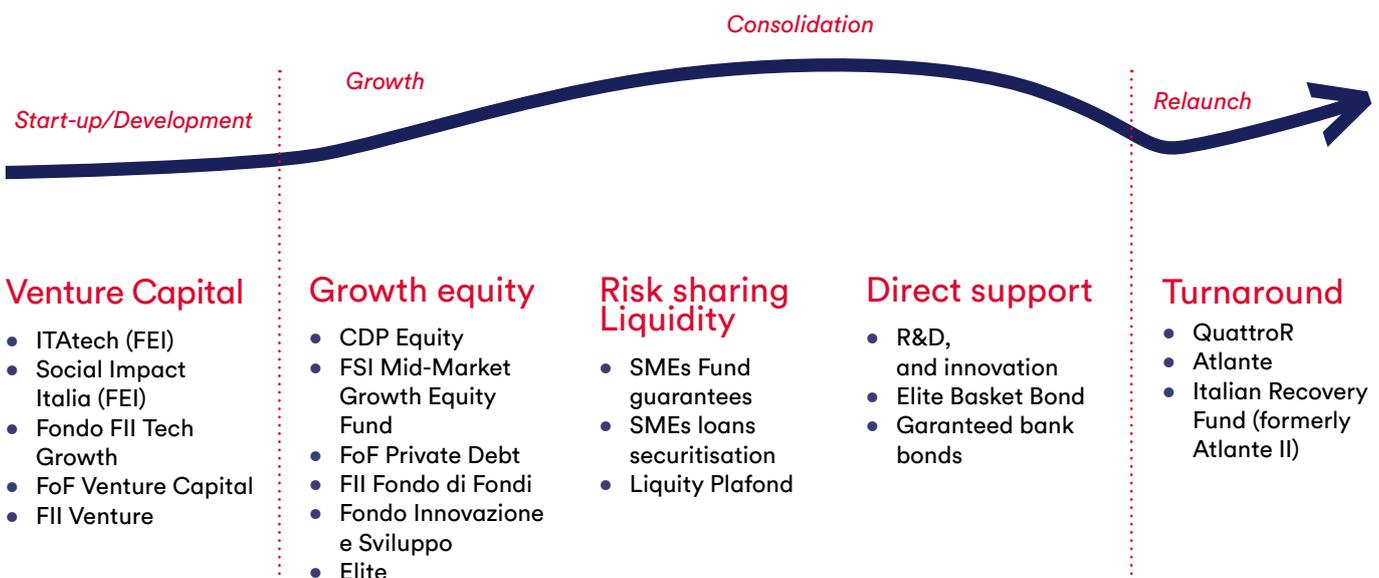
## Enterprises

CDP is no. 1 in promoting venture capital and innovation in Italy, we support the industry throughout its life cycle, up to the turnaround phase



### 2017 key facts

- Support for enterprises throughout their life cycle, through liquidity, equity and risk sharing instruments



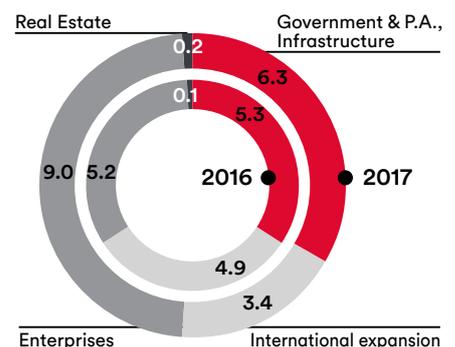
# Financial highlights

## The Parent Company

Despite the challenging economic scenario, CDP has provided 19 billion euro in new lending, maintaining satisfactory productivity and excellent quality of its loans portfolio

### New lending <sup>(\*)</sup>

(Mn euro)	31/12/2017	31/12/2016	Var.	Var. %
Government & P.A. and Infrastructure	6,347	5,345	1,002	18.7%
International expansion	3,373	4,949	(1,576)	-31.9%
Enterprises	9,004	5,182	3,822	73.8%
Real Estate	151	93	59	63.0%
<b>Total</b>	<b>18,875</b>	<b>15,568</b>	<b>3,306</b>	<b>21.2%</b>



In 2017, CDP mobilised around 19 billion euro in new lending, investment and managed resources, mainly loans to enterprises to support their international expansion and loans to the infrastructure sector.

Specifically, the volume of new lending, investments and managed resources in 2017, in line with the key drivers identified in the Business Plan, mainly related to:

i) lending to public entities for investments by the Regions in local deve-

- lopment and transport infrastructure (6.3 billion euro, or 34% of the total);
- ii) lending to support the international expansion of Italian enterprises (3.4 billion euro, or 18% of the total);
- iii) transactions in favour of enterprises involving new forms of facilities such as risk sharing/capital relief (9 billion euro, or 48% of the total);
- iv) investments in the real estate sector, targeting in particular social housing and tourism projects (0.2 billion euro, or 1% of the total).

(\*) Some figure of this document may be rounded.

## Income statement

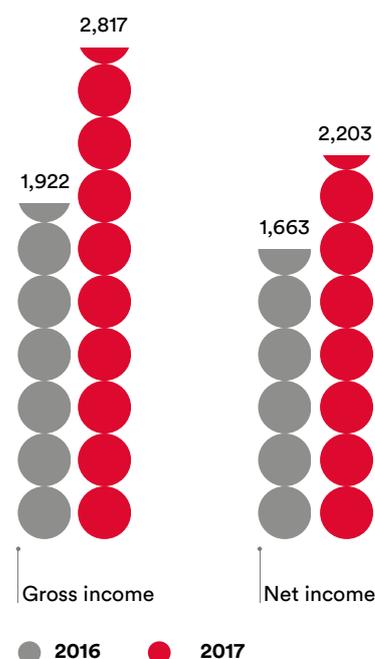
### Reclassified income statement items

(Mn euro)	2017	2016	Var.	Var. %
Gross income	2,817	1,922	895	46.5%
Operating income	2,673	1,627	1,046	64.3%
Net income for the year	2,203	1,663	541	32.5%

During the year, in its role as National Promotional Institution, CDP has continued to provide services of general economic interest and recording a significant improvement, notwithstanding the modest growth prospects and the uncertainty related to interest rates, which recorded a modest increase. In this context, CDP has successfully pursued its objectives of economic and financial balance, improving profitability and strengthening its financial structure and capital base.

Net income for the year amounted to 2,203 million euro, without non-recurring revenue, marking a significant improvement on 2016 due mainly to the contribution of gross income and the lower cost of risk, and despite the decision to increase the capitalisation of its subsidiaries by increasing the share of net income not distributed to the Parent Company.

### Gross income and Net income



## Balance sheet

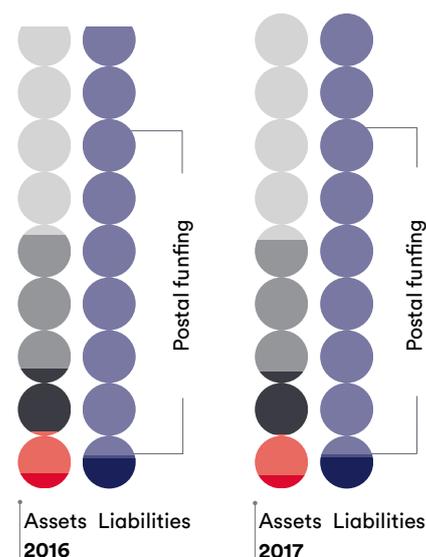
### Reclassified balance sheet

(Mn euro)		31/12/2017	31/12/2016	Var.	Var. %
<b>Assets</b>					
Cash and cash equivalents	●	175,280	161,795	13,486	8.3%
Loans	●	101,773	102,969	(1,196)	-1.2%
Debt securities	●	48,031	48,971	(940)	-1.9%
Equity investments	●	32,298	32,551	(253)	-0.8%
Other assets	●	9,884	11,424	(1,540)	-13.5%
<b>Liabilities and equity</b>					
Funding	●	340,498	331,806	8,691	2.6%
of which postal funding		252,754	250,800	1,953	0.8%
Other liabilities	●	2,333	2,697	(364)	-13.5%
Equity	●	24,435	23,207	1,228	5.3%
<b>Total assets and liabilities</b>		<b>367,265</b>	<b>357,710</b>	<b>9,556</b>	<b>2.7%</b>

Total assets amounted to over 367 billion euro, up by 2.7% compared to the previous year, when total assets stood at approximately 358 billion euro. This was mainly due to increased cash and cash equivalents deriving from greater use of short-term investments.

With regard to the asset structure, the assets related to the core business (loans and equity investments) were basically unchanged, even if investments in government securities continue to have a large weight.

### Balance sheet breakdown



At 31 December 2017, total funding amounted to over 340 billion euro, increasing on year-end 2016. Postal funding as a percentage of the total decreased to 74% (76% in 2016), emphasising the effectiveness of the efforts made to diversify the sources of funding.

Equity amounted to 24.4 billion euro at 31 December 2017, marking an improvement on year-end 2016, mainly driven by net income for the year, which more than offset dividends distributed during the year.

## Performance highlights

### CDP Business performance highlights (reclassified figures)

	31/12/2017	31/12/2016
Spread on interest-bearing assets – liabilities	0.99%	0.83%
Cost/income ratio	5.3%	8.1%
Net impaired loans/net exposures	0.21%	0.20%

The profitability indicators show that there was an increase in the spread between lending and funding rates, from about 83 basis points in 2016 to about 99 basis points at 31 December 2017, due to the improved returns on assets and decreased funding costs, as a result of an active ALM and treasury management.

The improvement in net financial income has allowed CDP to further reduce the cost/income ratio (5.3%). This ratio falls well within the speci-

fied target range, notwithstanding the budgeted increase in overhead costs, mainly due to the budgeted headcount strengthening plan.

The credit quality of CDP's loan portfolio remains very high and its risk profile moderate, as emphasised by its excellent risk indicators. At overall level, net adjustments to loans reflect: (i) an improvement in the sector-specific risks to which CDP is most exposed and (ii) evidence that the percentage impact of doubtful debt remains very low.

## CDP S.p.A. net income

2016



2017



## The CDP Group

The Group's stability and balance sheet have been reinforced, with over 34 billion euro mobilised to the benefit of the Italian economy

### New lending by the CDP Group (\*)

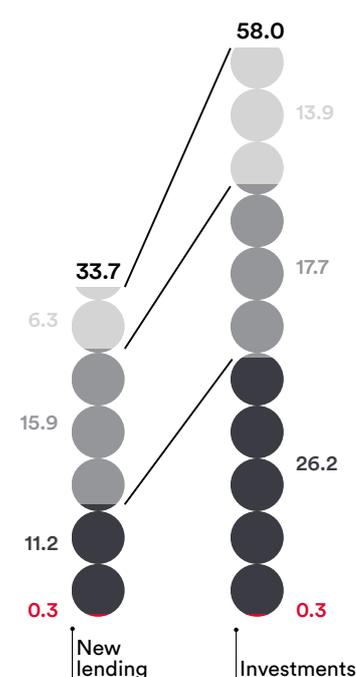
(Bn euro)	2017		
	New lending	Investments	Multiplier
Government, P.A. & Infrastructure	6.3	13.9	2.2x
International expansion	15.9	17.7	1.1x
Enterprises	11.2	26.2	2.3x
Real Estate	0.3	0.3	1.1x
<b>Total</b>	<b>33.7</b>	<b>58.0</b>	<b>1.7x</b>

In 2017, the CDP Group mobilised approximately 34 billion euro in new lending to the economic fabric of the country and to projects earmarked as strategic, attracting funding also from other investors. Overall, through its operations the CDP Group channelled

over 58 billion euro into the economy, in line with 2016-2020 Business Plan targets.

These concrete results were achieved in all four of the key driver areas targeted.

New lending and investments in 2017



## Income statement

### Reclassified consolidated income statement items

(Mn euro)	2017	2016 <sup>(1)</sup>	Var.	Var. %
Net interest income	2,761	2,106	655	31.1%
Gross income	2,075	113	1,962	n.s.
Net income	4,462	1,225	3,237	n.s.
Net income for the year pertaining to non-controlling interests	1,519	975	544	55.8%
Net income for the year pertaining to shareholders of the Parent Company	2,943	250	2,693	n.s.

(1) Restated

In 2017, the Group's net income increased to 4,462 million euro, driven mainly by growth in net interest income, the

performance of subsidiaries accounted for using the equity method, the sale of a 30% stake in FSIA.

(\*) Some figure of this document may be rounded.

Net interest income was 2,761 million euro, up considerably on 2016, and relates mainly to the Parent Company, whose contribution was partly offset by expenses connected with the debts of SNAM, Terna, Italgas and Fincantieri. The year-on-year growth in net income was also due to the contribution of the following investees accounted for using the equity method: ENI (from -581 to

+693 million euro), Poste Italiane (from 32 to 302 million euro - consolidated only from the fourth quarter 2016 following its inclusion in CDP's scope of consolidation as of October 2016) and SAIPEM (from -264 to -63 million euro), whereas the unrealised gains on the equity portfolio of the SNAM Group decreased (from +144 million to +121 million euro).

## Balance sheet

### Reclassified consolidated balance sheet

(Mn euro)	31/12/2017	31/12/2016 <sup>(1)</sup>	Var.	Var. %
<b>Assets</b>				
Cash and cash equivalents	178,780	165,452	13,328	8.1%
Loans	108,222	112,380	(4,158)	-3.7%
Debt and equity securities and units in UCITS	55,682	55,144	538	1.0%
Equity investments	19,770	21,007	(1,237)	-5.9%
Property, plant and equipment and intangible assets	43,865	43,094	771	1.8%
Other assets	13,215	13,445	(230)	-1.7%
<b>Liabilities and equity</b>				
Funding	364,023	355,990	8,033	2.3%
of which postal funding	252,755	250,800	1,955	0.8%
Other liabilities	19,590	18,756	834	4.4%
Equity	35,921	35,776	145	0.4%
- of which pertaining to the Group	23,061	22,625	436	1.9%
<b>Total assets and liabilities</b>	<b>419,534</b>	<b>410,522</b>	<b>9,012</b>	<b>2.2%</b>

(1) Restated

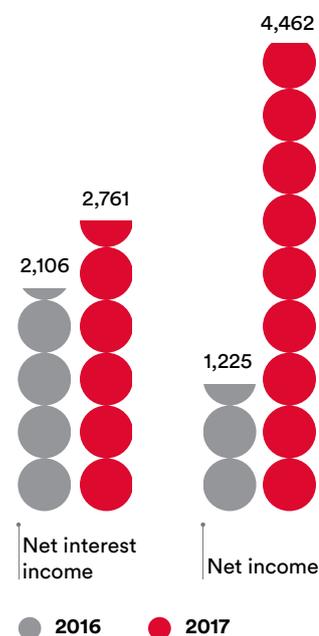
The changes in financial assets represented by cash and cash equivalents, loans and securities were primarily attributable to the performance of the Parent Company's portfolios. The Parent Company made a substantial contribution to equity, with other major contributions made by SACE as regards loans, securities and technical provisions, and Snam, Terna and Fincantieri for property, plant and equipment and intangible assets.

The lower value of equity investments is mainly due to the decrease in ENI's valuation reserves (-1,432 million euro), partly offset by the revaluation of the remaining 70% stake in FSIA (by 455

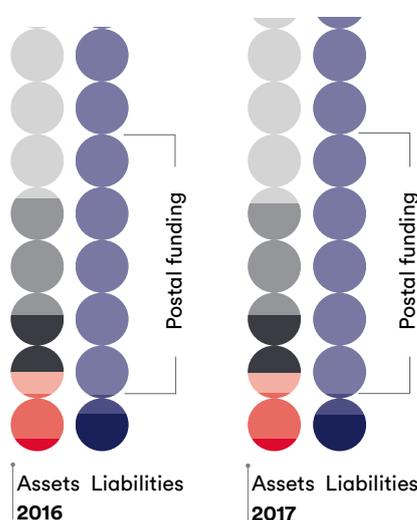
million euro), and the acquisition of equity interests in B.F. S.p.A. and the acquisition of an additional 15% stake in Ansaldo Energia.

Total funding of CDP Group at 31 December 2017 reached 364 billion euro, up 2.3% compared to 2016. Postal funding was essentially unchanged due to interest accrued, which entirely offset net outflows of approximately 2 billion euro. Postal funding levels at year-end, which were attributable solely to the Parent Company and were composed of the balances of passbook savings accounts and postal savings bonds, stood at 252.8 billion euro.

### Net interest income and Net income



### Balance sheet breakdown



Equity amounted to around 35.9 billion euro at 31 December 2017. The previously published balance as at 31 December 2016 was restated following the conclusion of the purchase price allocation process in relation to the equity invest-

ment in Poste Italiane, which was acquired by CDP S.p.A. in the last quarter

of 2016. This resulted in an increase of around 97 million euro in Group equity.

## Figures aggregated by industry

The CDP Group consolidates companies and groups operating in different industrial sectors. In particular, the companies not subject to the management and coordination of the CDP Group include subsidiaries (consolidated on a line-by-line basis) and companies subject to significant influence or joint ventures (consolidated at equity).

These companies generate cash flows, capital flows, and financial flows in numerous areas by operating through their respective groups inside and outside Italy. Some aggregate figures of the groups of these companies are shown as follows, broken down by industry and pertaining to 2017.

### Figures aggregated by industry

(Mn euro)	Industrial	Infrastructure	Oil & Gas	Services	Total
<b>2017 aggregated income statement figures</b>					
Revenues	7,077	6,402	80,015	34,011	<b>127,505</b>
Operating costs	(6,495)	(2,015)	(63,883)	(9,315)	<b>(81,708)</b>
Amortisation, depreciation and impairment	(362)	(1,544)	(7,994)	(616)	<b>(10,516)</b>
Financial income (expense)	(176)	(412)	(1,459)	(22,930)	<b>(24,977)</b>
Income (expense) on equity investments	(6)	188	59	17	<b>258</b>
Net income (loss)	63	1,884	3,070	769	<b>5,786</b>
Group result	66	1,878	3,046	769	<b>5,759</b>
<b>Aggregated balance sheet figures at 31/12/2017</b>					
Property, plant and equipment	1,545	29,011	67,739	2,060	<b>100,355</b>
Inventories	1,763	486	7,797	143	<b>10,189</b>
Group equity	2,403	11,177	52,629	7,822	<b>74,031</b>
<b>2017 average headcount</b>	<b>23,605</b>	<b>10,601</b>	<b>67,171</b>	<b>140,088</b>	<b>241,465</b>

The data included in the table refer to aggregate data (consequently, they do not reflect any intercompany relationships) for the companies/groups not subject to management and coordination in 2017 and which are publicly available. This does not reflect any interest that the CDP Group might have held or any acquisition date, if that occurred during the year. Only the financial data of the companies that prepare their own financial statements (separate or consolidated) in accordance with IFRSs are included in the above table.

# Main equity investments

**sace**  
•gruppo cdp•

(100%)

SACE is an insurance and finance group operating in the areas of export credit, credit insurance, investment protection, financial guarantees, sureties and factoring to protect Italian enterprises, their subsidiaries and associates (including foreign companies) from risks relating to political events and natural catastrophes, economic, trade and exchange-rate risk, as well as associated risks, in their dealings with foreign countries and in relation to their international expansion.

It operates in almost 200 countries, ensuring more stable cash flows and transforming the insolvency risks of 25,000 customer enterprises into development opportunities.

(Mn euro)	2017 <sup>(1)</sup>	2016 <sup>(1)</sup>
Net result (Group)	455	481
Net equity (Group)	5,490	5,185
New lending <sup>(2)</sup>	22,106	13,856
Headcount (no.)	912	884

(1) Consolidated figures.

(2) Total SACE group, including SACE S.p.A., SIMEST and SACE FCT.

## 2017 key facts

- continued implementation of the activities set out in the Business Plan guidelines and in relation to the one-door International Expansion and Export Hub, including the creation of a product catalogue and a customer care service dedicated to the Hub;
- continued backing of business exports and international expansion, also through a large number of institutional missions;
- launch of the export push strategy to facilitate the inclusion of Italian enterprises in global value chains;
- launch of a new coverage model with focus on the Mid-Cap and SME segments.

•cdp•immobiliare

(100%)

CDP Immobiliare operates in the fields of urban redevelopment and owned real estate sales, also in partnership with private investors. Its activities originate from the decline in industrial processes with the ensuing need for restructuring, which frees up spaces suitable for conversion, redevelopment, transformation and/or privatisation. CDP Immobiliare has built up extensive experience in the field of urban transformation and development, including property portfolios owned by the State and national and local authorities, and has extended this expertise to the entire supply chain, further developing its management, construction and sale activities. The company is now one of the main players in the Italian real estate sector, capable of developing and managing the entire chain of real-estate activities and services both for individual assets and complex portfolios.

(Mn euro)	2017 <sup>(3)</sup>	2016 <sup>(3)</sup>
Net result	(13)	(170)
Net equity	404	445
Real estate assets	1,082	1,277
Headcount (no.)	118	123

(3) According to Italian GAAP.

## 2017 key facts

- with CDP and CDP Investimenti SGR, CDP Immobiliare has launched a project to restructure its real estate activity, focused on consolidating and reinforcing the group's role as an institutional operator in the real estate sector;
- individual buildings and property units were also sold, directly or indirectly, for a total of 98.6 million euro.

•cdp•investimenti sgr

(70%)

CDPI operates in the real estate investment sector, setting up, promoting and managing closed-end funds reserved to qualified investors in four specific real estate segments:

- developing publicly owned real estate assets (State or Public Entities) for subsequent sale or rental via the closed-end, multi-sector real estate investment fund FIV (Plus and Extra Sub-funds);
- social housing via the FIA fund (Fondo Investimenti per l'Abitare), whose institutional purpose is to increase the supply of social housing;
- tourism via the FIT fund (Fondo Investimenti per il Turismo), which was set up to facilitate the separation between the ownership and management of hotel facilities in Italy - a system already tested on a large-scale in the international tourism sector;
- Smart Housing, Smart Working and Education & Innovation via the FIA 2 fund, which invests in real estate to support the housing sector and private services of public utility.

(Mn euro)	2017	2016
Net result	1	3
Net equity	15	15
New lending	250	161
Headcount (no.)	57	47

## 2017 key facts

- commencement of operations of the FIA 2 fund with the first investment in the H-Campus fund;
- first investments made by the FT1 fund (owned by FIT) to purchase real estate assets from the Hotelturist and Valtur groups;
- continued restructuring of the Group's real estate segment.

## •cdp• equity

(100%)

As an equity investment holding company, CDP Equity acquires mostly minority stakes in companies of “major national interest” that have stable finances and high growth potential. Investments target “strategic sectors” such as tourism-hospitality, agri-food and distribution and the management of heritage and artistic assets. The purpose is seeking to grow in terms of size, to improve operating efficiency and to aggregate and make its investee companies more competitive. CDP Equity has a 50-50 joint venture with Qatar Holding LLC for investments in the “Made in Italy” sectors. It also controls FSI Investimenti (77% owned by CDP Equity and 23% by Kuwait Investment Authority - KIA).

(Mn euro)	2017	2016
Net result	56	(186)
Net equity	3,374	3,318
New lending	217	1,009
Headcount (no.)	28	40

### 2017 key facts

- acquisition of a 19.98% stake in B.F. S.p.A. (Bonifiche Ferraresi), a major player in the domestic agrotech sector;
- acquisition of a 45.95% stake in Hotelurist S.p.A. (TH Resorts), one of the leading tourism organisations in Italy;
- acquisition of an additional 15% stake in Ansaldo Energia S.p.A.

## fintecna

•gruppo cdp•

(100%)

Fintecna was established in 1993 for the specific purpose of restructuring businesses in connection with the liquidation of Iritecna. IRI (in liquidation) and its residual assets were incorporated into Fintecna at the end of 2002. In November 2012, CDP acquired the entire share capital of Fintecna from the Ministry of the Economy and Finance. Today, Fintecna’s main equity investment is the 71.64% controlling interest in Fincantieri. However, it no longer exercises management and coordination powers over the company following Fincantieri’s listing on the stock exchange. Fintecna’s activities are geared towards: the management of equity investments through policy-setting, coordination and control activities, the management of liquidation processes, management of disputes of companies subject to control, and supporting the populations affected by the earthquakes that struck Emilia in 2012 and central Italy in 2016.

(Mn euro)	2017 <sup>(4)</sup>	2016 <sup>(4)</sup>
Net result	22	48
Net equity	1,795	1,794
Headcount (no.)	129	134

(4) According to Italian GAAP.

### 2017 key facts

- reorganisation of subsidiaries through the merger of Ligestra S.r.l. and Ligestra Tre S.r.l. into Ligestra Due S.r.l., all held at 100%.



(25.76%)

Listed on the Italian Stock Exchange and NYSE, ENI is a major global player and leader in the Italian oil & gas sector. Its main focus is on oil and gas exploration, production, refinement and trade. ENI produces and sells (wholesale and retail) fuels, lubricants and chemical products. It also produces, sells, distributes and trades oil, natural gas, LNG and electricity.

The 2017 results marked a net improvement on 2016, driven by the recovery of the oil sector, the consolidation of management and the gains realised from the implementation of the Dual Exploration Model strategy (e.g. sale of 40% of the Zohr asset in Egypt).

(Mn euro)	2017 <sup>(5)</sup>	2016 <sup>(5)</sup>
Revenues	66,919	55,762
Operating result adjusted	5,803	2,315
Net result (Group)	3,374	(1,464)
Net equity (Group)	48,030	53,037
Net financial position	10,916	14,776
Headcount (no. x 000)	33	34

(5) Consolidated figures publicly available.

### 2017 key facts

- Exploration & Production: average production of 1.82 Mboe (+3.2% on 2016) thanks to entry into operation of new oilfields and to ramp up of 2016 projects;
- Gas & Power: rationalisation of the portfolio (divestment of the retail business in Belgium and sale agreed for the gas distribution business in Hungary);
- Refining & Marketing and Chemical: licensing agreement signed with Sinopec for use of the ENI Slurry Technology (EST) and start-up of the Lotte Versalis Elastomers JV for the production of elastomers in South Korea.



(29.85%)

Terna Group is one of Europe's largest energy transmission grid operators. It is listed on the Italian stock exchange. Terna Rete Italia is responsible for the safe operation of the National Transmission Grid, which includes over 72,000 km of high voltage lines. Terna Plus manages new business opportunities and non-traditional activities, also abroad.

(Mn euro)	2017 <sup>(5)</sup>	2016 <sup>(5)</sup>
Revenues	2,248	2,103
Operating result	1,077	1,036
Net result (Group)	688	633
Net equity (Group)	3,803	3,535
Net financial position	7,796	7,976
Headcount (no.)	3,897	3,869

(5) Consolidated figures publicly available.

#### 2017 key facts

- bond issue of 1 billion euro within the EMTN programme; renewal of the EMTN programme;
- agreement with Planova group to acquire two concessions to build 500 km of electrical infrastructure in Brazil;
- agreement formalised to build a power line in central Peru;
- entry into operation of the 380 kV power line "Udine Ovest-Redipuglia";
- launch of procedures to implement the "Ca' poia-Redipuglia" power line change order;
- Memorandum of Understanding signed with EDF to complete the Sardinia-Corsica-Italian peninsula interconnection (Sa.Co.I 3).

(35.00%)

Listed on the Italian Stock Exchange, Poste Italiane is the largest Italian company in the services sector and the first in the country in terms of number of employees. The company is active in the mail and logistics sector and is one of the major players in the Italian financial services sector and leader, through Poste Vita, in the insurance sector. Poste Italiane has a central role in the country's growth and modernisation thanks also to heavy investments in technology and the know-how of its employees. At 31 December 2017, cumulative direct and indirect funding amounted to 506 billion euro (+2.7% on 2016), driven mainly by the increased technical provisions of the life insurance segment and direct deposits of BancoPosta and investment funds.

(Mn euro)	2017 <sup>(5)</sup>	2016 <sup>(5)</sup>
Revenues	33,441	33,112
Operating result	1,123	1,041
Net result (Group)	689	622
Net equity (Group)	7,550	8,134
Net financial position	(5,567)	(6,225)
Headcount (no. x 000)	138	141

(5) Consolidated figures publicly available.

#### 2017 key facts

- acquisition from FSI Investimenti of a 30% equity interest in FSIA Investimenti, which holds a 49.5% interest in SIA, leader in the electronic banking, payments, and network services business.
- sale to Invitalia of the 100% stake held in Banca del Mezzogiorno-MCC;
- new postal savings service agreement with CDP for the three-year period 2018-2020;
- binding agreement with Anima to consolidate the partnership in the assets under management segment.

(71.64%)

Fincantieri is one of the world's largest shipbuilding groups and number one by diversification and innovation. Leader in cruise ship design and construction, it is a key player in all high-tech sectors of the shipbuilding industry, from naval to offshore vessels, from high-complexity special vessels and ferries to megayachts and in ship repairs and conversions, the production of systems and components and after-sales services. With over 19,500 employees (of which around 8,300 in Italy) and 20 shipyards across four continents, today Fincantieri is the leading Western shipbuilder. With more than 7,000 ships built over 230 years, its customers include the world's largest cruise operators, the Italian and the United States Navy and several other foreign navies. It is also involved in supranational defence programmes. The 2017 results marked a significant increase in profitability and revenues at record levels, driven mainly by the shipbuilding sector.

(Mn euro)	2017 <sup>(5)</sup>	2016 <sup>(5)</sup>
Revenues	5,020	4,429
EBITDA	341	267
Net result (Group)	57	25
Net equity (Group)	1,237	1,086
Net financial position	314	615
Headcount (no. x 000)	20	19

(5) Consolidated figures publicly available.

#### 2017 key facts

- agreement signed with the French government to acquire a 50% interest in STX France;
- announcement of the proposed delisting of the subsidiary VARD;
- orders worth 8.6 billion euro taken (+31% on 2016) for an overall workload equivalent to over 26 billion euro.



(30.10%)(\*)

SNAM is an integrated group that oversees regulated activities linked to gas transportation, re-gasification and storage. With around 3,000 employees, SNAM's strategic aim is to increase the security and flexibility of the system and to meet the needs linked to the development in gas demand.

(Mn euro)	2017 <sup>(5)</sup>	2016 <sup>(5)</sup>
Revenues	2,533	2,501
EBITDA	2,007	1,944
Net result (Group)	897	861
Net equity (Group)	6,188	6,497
Net financial position	11,550	11,056
Headcount (no.)	2,919	2,883

(5) Consolidated figures publicly available.

#### 2017 key facts

- acquisition of a 100% stake in Infrastruttura Trasporto Gas S.p.A. and a 7.3% interest in Terminale GNL Adriatico S.r.l., which operates the biggest LNG terminal in Italy;
- placement of an equity-linked bond for a nominal value of 400 million euro;
- EMTN programme renewed;
- share buyback plan approved up to a maximum of 3.5% of the share capital;
- 2017-2019 long-term performance share plan approved;
- implementation agreement signed for the early retirement of 100 employees (isopensione plan);
- completion of the bond buyback programme for a total nominal value of 607 million euro.

(\*) Held through CDP Reti, controlled by CDP at 59.10%.



(26.04%)(\*)

Italgas is the leading natural gas distributor in Italy and the third largest in Europe. It manages local gas transportation networks, from delivery to the pressure reduction and metering stations connected to the city-gates up to the end-user delivery points (families, businesses, etc.). Italgas also conducts metering activities (measurement, detection, reporting and filing of data on natural gas drawn from the distribution networks).

In 2017, Italgas celebrated 180 of history.

(Mn euro)	2017 <sup>(5)</sup>	2016 <sup>(5)</sup>
Revenues	1,621	274
EBITDA	776	106
Operating result	418	29
Net result (Group)	293	(72)
Net equity (Group)	1,186	1,063
Net financial position	3,720	3,617
Headcount (no.)	3,584	3,570

(5) Consolidated figures publicly available.

#### 2017 key facts

- acquisition of Enerco;
- 975 km expansion of the distribution network (838 km from Enerco);
- increase in gas distribution concessions to 1,500 municipalities (1,472 in 2016), of which 1,484 already in operation (1,422 in 2016) and entry into operation of new networks in 34 municipalities in Campania, Calabria and Sicily;
- 1.66 million traditional meters replaced with electronic meters;
- re-organisation of Operations into 14 territorial hubs and launch of the continuous improvement programme "Migliora";
- incorporation of Italgas Acqua S.p.A. in January 2018 and transfer to it of the former Napoletanagas water BU.

(\*) Held directly through CDP Reti, controlled by CDP at 59.10%, and indirectly through SNAM.



(12.55%)

Saipem is one of the major global players in the onshore and offshore oil industry services sector. Established in the 1950's as a division of ENI dedicated to laying pipelines, building plants and conducting drilling operations, Saipem began offering services outside the ENI group in the early 1960's and became independent in 1969. At the end of the 90's, the focus shifted to deep-water projects and developing countries, with Saipem thereby increasing the capacity of its own vessels in relation to drilling operations, developing deep-water oil fields, laying pipelines and underwater robotics. Today, Saipem's customer base includes most of the biggest private and state-owned oil companies worldwide.

(Mn euro)	2017 <sup>(5)</sup>	2016 <sup>(5)</sup>
Revenues	8,999	9,976
EBITDA	862	909
Operating result	126	(1,499)
Net result (Group)	(328)	(2,087)
Net equity (Group)	4,558	4,866
Net financial position	1,296	1,450
Headcount (no. x 000)	36	40

(5) Consolidated figures publicly available.

#### 2017 key facts

- reorganisation completed to create five core business divisions with a view to optimising flexibility in assessing strategic options by individual business line;
- share consolidation of ordinary and savings shares with a ratio of one new share for every 10 outstanding shares;
- two fixed-rate bond issues for a total value of 1 billion euro;
- new orders worth 7.4 billion euro.

## **Cassa depositi e prestiti S.p.A.**

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