

Meeting with the Business Delegation from Taiwan
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A brief outlook on Italy's Investment Environment

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FOREIGN DIRECT INVESTMENT UNIT

FDI Partnerships and Sector-based Analyses

ITALIAN WORLD RANKINGS

- 3° in international scientific publications
- 4° in value added originated by manufacturing
- 7° in export originated by manufacturing
- 8° in GDP
- 9° in export
- 13° in gross fixed capital formation

Business Environment

Slow but steady recovery

- In 2015 GDP growth in the Euro area averaged 1,6%
- In 2015 Italian GDP growth, after a three year recession, totaled a 0,7% rate, which has remained stable throughout 2016, fueled mainly by a recovery in internal demand, which is still 6% below its 2007 pre-crisis peak
- Yearly investment growth in 2015 has reached 0,8%, spurred by a recovery in capital goods (+3.5%) and energy (+1,2%).
- Investment is still 30% below its pre-crisis peak in 2007 with consistent idle capacity in production

Business Environment

Slow but steady recovery

PROCYCLICAL INDICATORS

- Confidence index (IESI-Istat Economic Sentiment Indicator) has sharply risen through 2015 from a 93 low in december 2014 to a 105 peak in november 2015, equaling the highest pre-crisis confidence levels in 2007
- 371.000 new companies were established, 326.500 closed with a positive net balance of 45.181
- In 2015 Leasing totaled € 17 billion with a +5,5% increase in value over the previous year (mainly capital goods and transportation)

Business Environment

Slow but steady recovery

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- International confidence in the Italian economy is recovering as witnessed by the inward flow of FDIs, which is strongly and rapidly rebounding:
- In 2015 inward FDI's totaled a low of 20,2 billion USD, or 0,7% of GDP, well below the 2007 pre-crises level of 1,8% of GDP
- The 2016 data show that in July FDIs had already totaled 22,7 billion USD, and estimates place the yearly results very close to pre-crisis levels
- Inward FDI stock stands at 357 billion USD

NEW INCENTIVES TO PROMOTE INVESTMENT IN CAPITAL GOODS AND INNOVATION

- Increased fiscal allowances for corporate equity
- Reduction on corporate income tax from 27,5% to 24%
- Extensive tax credits on R&D (25% to 50%)
- Increased tax benefits to develop intellectual property
- 15% tax credit on additional investment in machinery and capital goods over the € 10.000 threshold
- Introduction of the “Innovative SMEs” which can benefit of the same fiscal incentives of the Innovative Start-Ups
- Access to equity crowdfunding extended to innovative SMEs

INDUSTRY 4.0 The Italian Government Innovation Support Plan 2017-2020

€ 2 billion in financial support to investment through:

- increase of the depreciation rate from 140% to 250%
- up to 30% fiscal deduction for investments in start-ups and innovative SMEs
- tax rebate on capital gains for medium/long term investments
- a Fund investing in innovative technologies and start-ups run by CDP, the Italian long term State financing bank

The italian IoT market

(estimates, source Osservatorio Internet of Things – Politecnico di Milano)

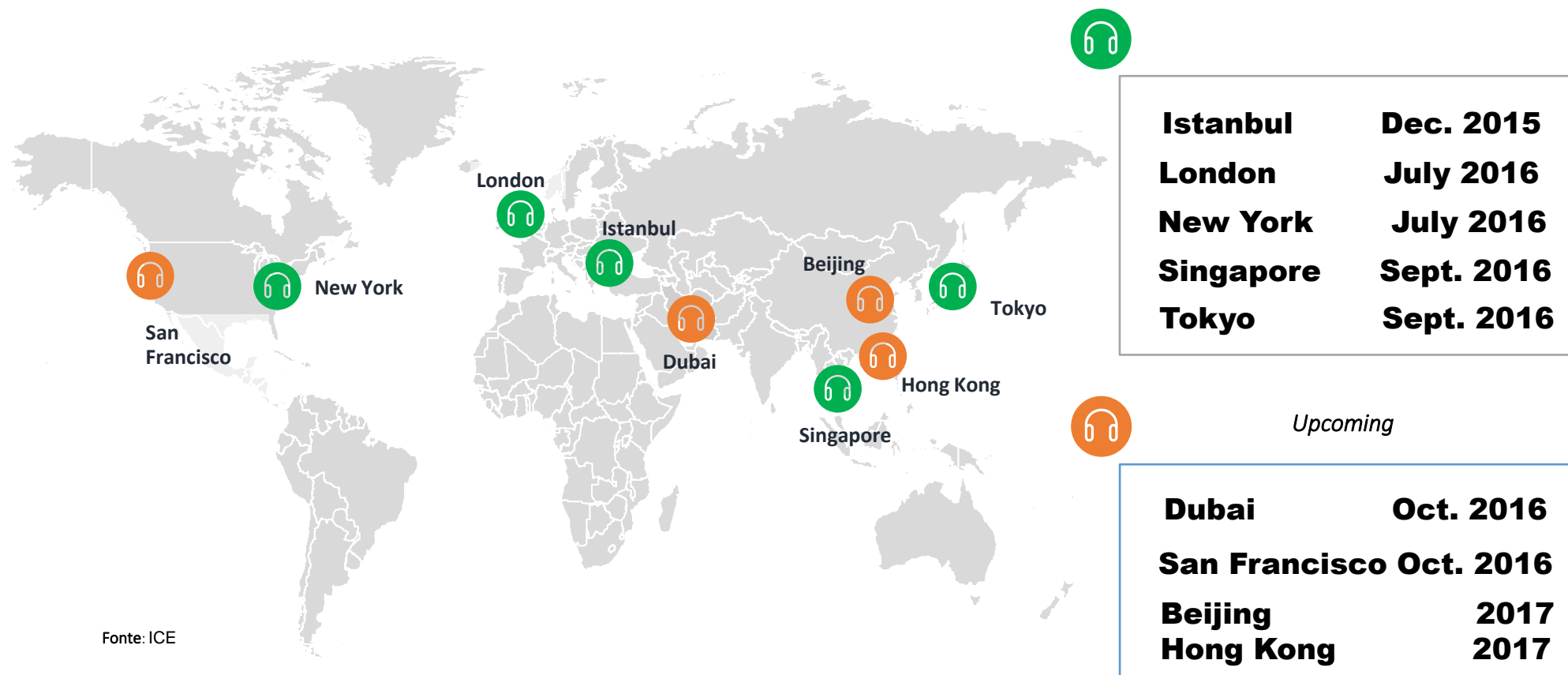
- Total market value in 2015 has reached € 2 billion.
- 30% growth on 2014
- 27% average yearly growth in the last four years
- Aprox. 75% of the market comprises mobile phone network solutions
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Total market breakdown:

- | | |
|----------------------------------|-----|
| • Smart home /Smart Building | 30% |
| • Smart Car | 28% |
| • Smart metering/Smart utilities | 18% |
| • Smart Logistics | 13% |
| • Smart City/Smart Environment | 6% |
| • Smart Asset Management | 4% |
| • Others | 1% |

ICE-AGENZIA - FDI DESKS IN THE WORLD

- GATHER INFORMATION ON FOREIGN INVESTORS
- ANALYSIS OF OPPORTUNITIES TO INVEST IN ITALY
- DUE-DILIGENCE AND SUPPORT TO FOREIGN INVESTORS
- PROMOTIONAL ACTIVITIES FOR THE ATTRACTION OF FOREIGN INVESTMENTS TO ITALY



Fonte: ICE

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Thank you!