



SACE Activity: Focus on Brazil

Milan, 20th November 2012
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The Group



Export credit, credit insurance, investment protection, sureties, reinsurance, financial guarantees, project & structured finance

100%



Short-term credit insurance, sureties and construction risks



Data acquisition and credit recovery

100%



Factoring and discounting of credit with the public sector

History

1977



Establishment of SACE as public entity under the surveillance of the Italian Ministry of Economy & Finance (MEF)

2004



SACE is transformed into a joint stock company, whose capital is wholly owned by MEF

SACE enters the short-term credit insurance market through the establishment of SACE BT

2005



SACE BT enters the surety market through the acquisition of ASSEBILE

2008



SACE BT creates SACE Servizi, specialized in business info and recovery solutions

2010



SACE enters the factoring market through SACE Fct subsidiary



- Cassa Depositi e Prestiti SpA (CDP) is a joint-stock company under public control, with the Italian Government holding 70% and a broad group of bank foundations holding the remaining 30%. CDP holds shares in several Italian companies operating in Italy and abroad, including ENI, Terna, Snam Rete Gas, Fintecna.
- In October, CDP exercised the option to purchase 100% of SACE's shares from the Italian Ministry of Economy and Finance (MEF).
- **In November, CDP finalised the acquisition of SACE through the payment to MEF of a first installment, corresponding to 60% of the book value of the company as at Year-end 2011.**

Role and Mission

CDP supports Italy's growth by use of its resources, mainly funded through the management of Italian postal savings. Its corporate objectives are:

- Financing of State, local authorities and public entities
- Support the internationalisation of Italian companies when such initiatives are secured by SACE or carried out in favour of SMEs for the purpose of supporting the Italian economy
- Acquiring equity investments in companies of major national interest, where these enjoy a solid financial position, performance and adequate profit-generating prospects
- Financing of projects, plants, networks and other infrastructure addressing public services

Key Financial Data (€ Bn)

	2011	2010
Reclassified balance sheet data		
Total assets	273,6	249,2
Cash and cash equivalents and interbank deposits	128,6	127,9
Postal funding	218,4	207,3
Shareholders' equity	14,5	13,7
Reclassified performance data		
Net interest income	2,3	1,7
Net income	1,6	2,7
Performance ratios(%)		
ROE	11,7	22,5

How does this affect SACE products (guarantees and insurance policies)

- Insured parties will continue to enjoy a two-tier protection scheme:
 - ✓ SACE stand alone Balance Sheet strength
 - ✓ Government of Italy full faith and credit guarantee
- Law Decree No. 95/2012 states that **there will be no changes in the way SACE conducts its business** ('continuity in the way the Company manages its activities')
- The same Law Decree confirms that **'the commitments undertaken by SACE in the conduct of its business will continue to benefit of the Italian State guarantee'**.





New Commitments
€ 4.8 Bn

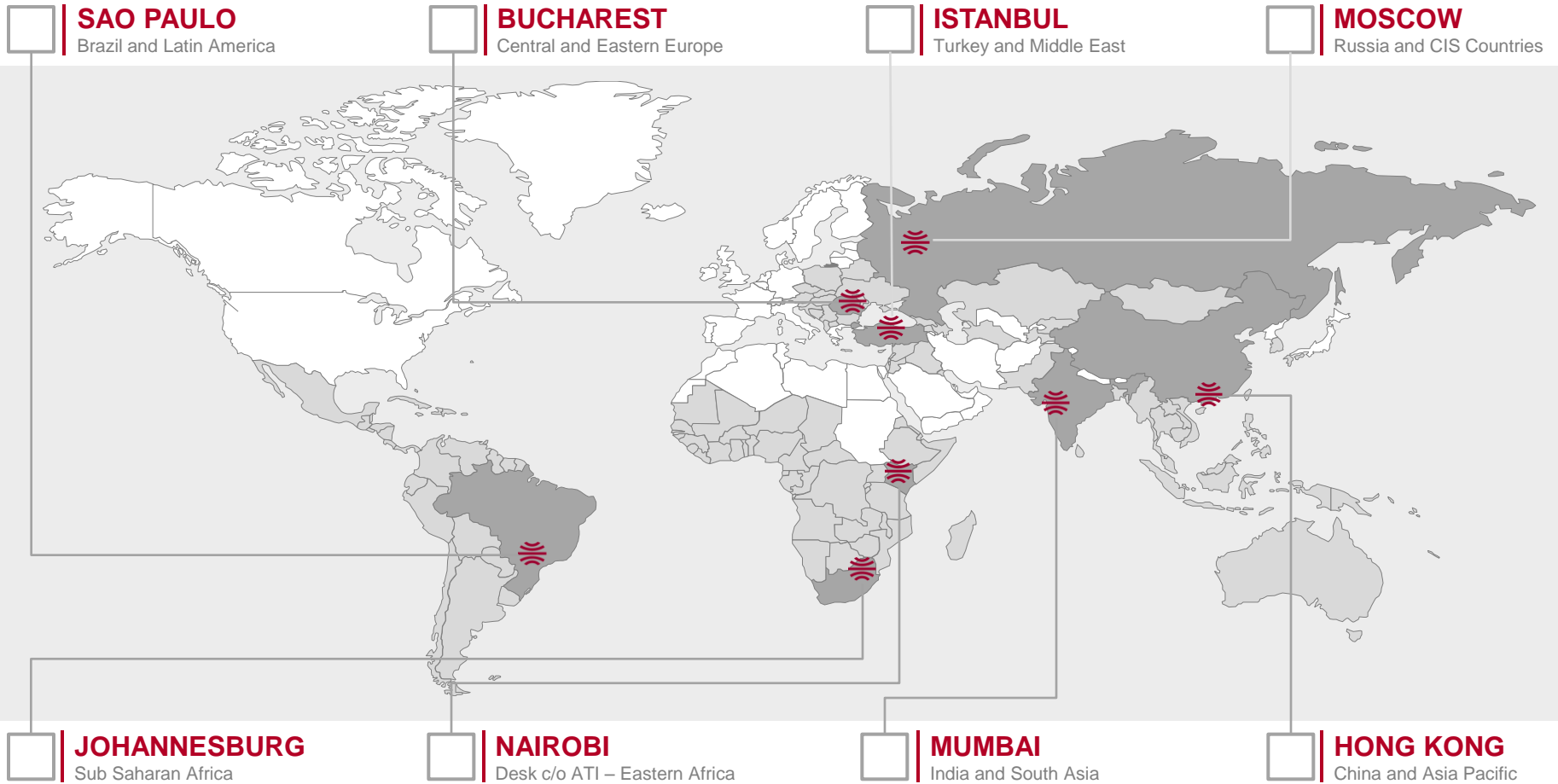
Outstanding Commitments
€ 34.4 Bn

Shareholders' equity*
€ 6.2 Bn

Net income
€ 124.8 Mn

Rating (Fitch)
A-

Customers
25.000



SACE Offices operate as local regional hubs for major emerging/industrialised markets



SACE AND ART - In 2011 SACE produced the catalogue of Brazilian artist Beatriz Milhazes

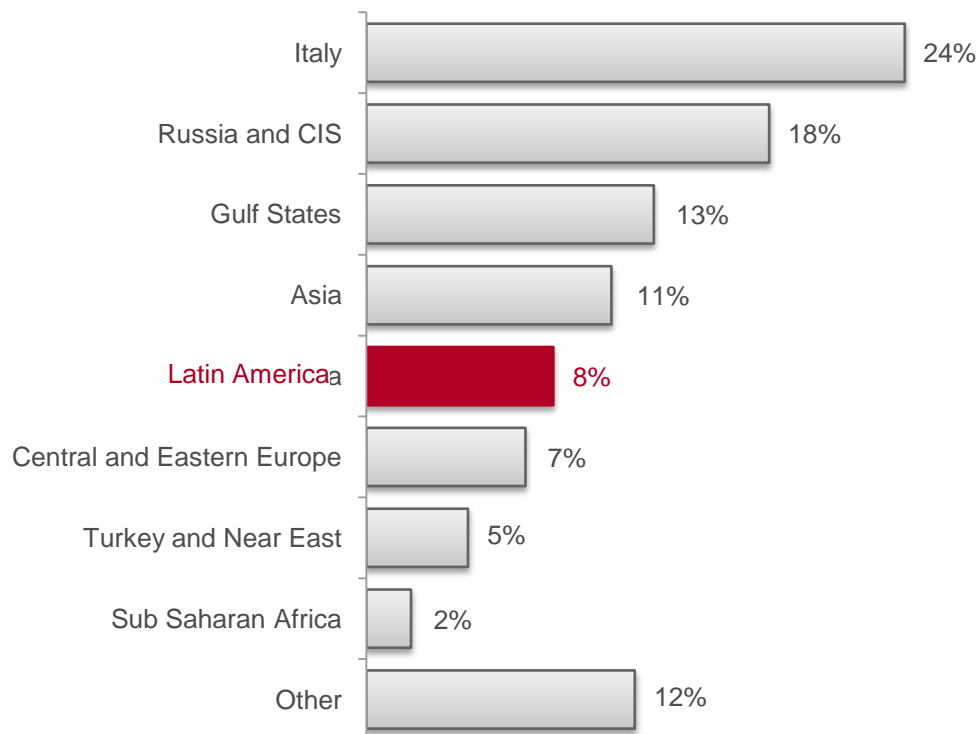
The last decade in Brazil has been truly remarkable. The economy experienced a period of rapid growth and job creation as a result of disciplined economic policies .

Will the pace of growth pick up again?

- In 2012 government stimulus measures help offset the impact of the global crisis. In the second quarter GDP expanded by 0.4% compared to the previous three months.
- The core scenario is for the Brazilian economy to reaccelerate, though some concerns arise from the level of prices for raw materials and commodities which remain under pressure from slow growth in China.
- As host nation of the FIFA World Cup in 2014 and the Olympics in 2016, Brazil announced substantial investment plans in infrastructure for the next 5 to 7 years. Another major area of investment will be the Energy sector. Brazil discovered significant reserves of oil and local corporates are seen to engage in considerable capital spending over the coming decade.

SACE's Portfolio

(Half Year 2012)



Top Five Countries

(Excluding Italy)

Russia
€ 5.3 Bn

Qatar
€ 1.7 Bn

Saudi Arabia
€ 1.6 Bn

Turkey
€ 1.5 Bn

Brazil
€ 1.3 Bn

SACE's Outstanding Commitments: € 34.4 Bn



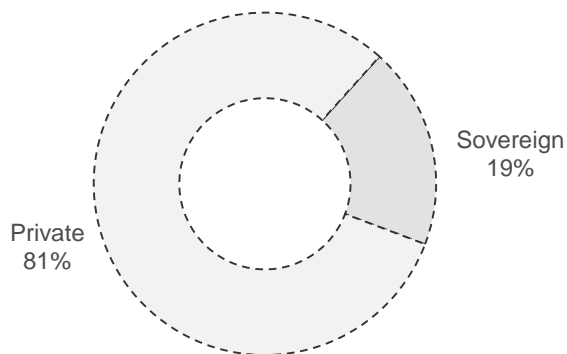
Outstanding Commitments ⁽¹⁾
€ 1.3 Bn

New Commitments in 2012 ⁽²⁾
€ 145 Mn

Current Pipeline
€ 1.2 Bn

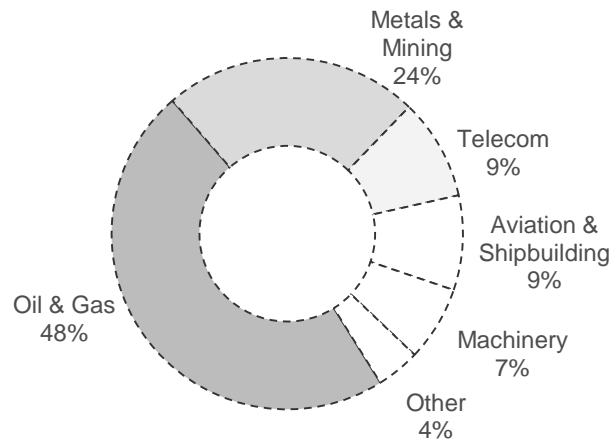
Outstanding by Risk

(% on Capital)



Outstanding by Sector

(% on Capital, Private Risk only)



(1) 2012 Half Year Figures
 (2) Data as at August 2012



Latin America

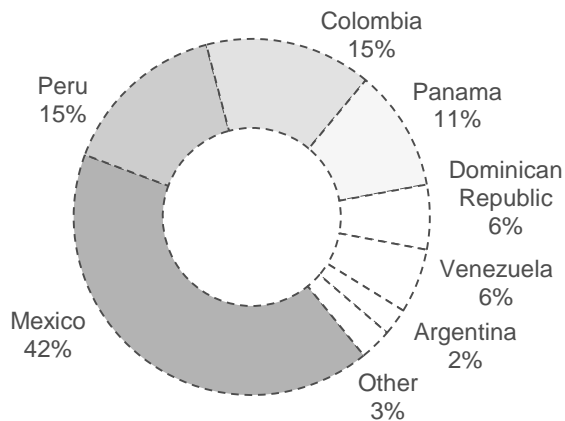
Outstanding Commitments ⁽¹⁾
€ 1.5 Bn

New Commitments in 2012 ⁽²⁾
€ 885 Mn

Current Pipeline
€ 1.3 Mn

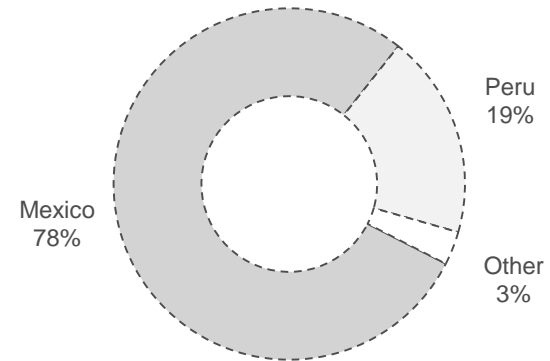
Outstanding by Country

(% on Total)

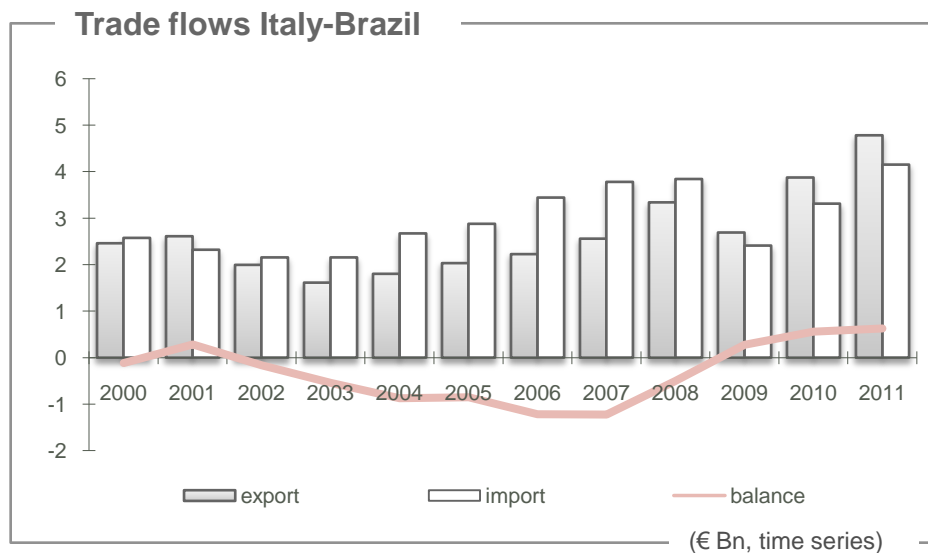


New Commitments by Country













(% on Total)

















(1) 2012 Half Year Figures
 (2) Data as at August 2012



- In 2011, Italian exports to Brazil amounted € 4.8 Bn, +23% compared to previous year. Supplies are mainly concentrated in Machinery (37% of total), Automotive (17%) and Metal (8%) sectors.
- In 2011, Italian imports from Brazil increased by 25% yoy at € 4.2 Bn. Purchases largely relate to mining products and food/alimentary.
- Italy is one of the leading investors in the Country. Over 500 subsidiaries of Italian companies are currently present in Brazil, of which more than 50% active in Manufacturing.

 <p>Você, sem fronteiras.</p> <p>€ 100 mln Guarantee</p> <p>Increase of broadband network and GSM/UMTS transmission capacity</p> <p>2012 Brazil</p>	 <p>USD 210 mln Guarantee</p> <p>Refinery modernization and expansion with Italian supplies, among others</p> <p>2011 Colombia</p>	 <p>€ 14 mln Guarantee</p> <p>Earth moving works, paving and bridges construction</p> <p>2011 Brazil</p>	 <p>USD 35 mln Guarantee</p> <p>Steelworks supplies</p> <p>2011 Mexico</p>
 <p>€ 0.8 mln Surety Bond</p> <p>Electric material for Ferrero production plant</p> <p>2012 Mexico</p>	 <p>€ 1.6 mln Guarantee</p> <p>Converting line for paper production</p> <p>2011 Argentina</p>	 <p>USD 1.2 mln Guarantee</p> <p>Fitness and wellness machines</p> <p>2011 Argentina</p>	 <p>€ 0.6 mln Guarantee</p> <p>PVC pipes production line</p> <p>2011 Ecuador</p>
 <p>€ 0.8 mln Guarantee</p> <p>Ceramics production plant</p> <p>2011 Brazil</p>	 <p>€ 19 mln Surety Bond</p> <p>Oil&Gas plants machinery</p> <p>2011 Brasil</p>	 <p>€ 0.6 mln Guarantee</p> <p>Artificial rain sprinkler systems</p> <p>2012 Mexico</p>	 <p>USD 2.6 mln Guarantee</p> <p>Drilling plant</p> <p>2010 Colombia</p>

 <p>USD 624.3 mln Guarantee</p> <p>Izmit refinery fuel oil conversion project involving Italian exporters</p> <p>2011 Turkey </p>	 <p>We have the energy.</p> <p>USD 280 mln Guarantee</p> <p>On and off-shore pipeline realized by Saipem</p> <p>2011 Australia </p>	 <p>€ 225 mln Guarantee</p> <p>Expansion and modernization of Pulkovo airport</p> <p>2012 Russia</p>	 <p>RON 158.8 mln Surety bond</p> <p>Highway section</p> <p>2011 Romania</p>
 <p>€ 10.2 mln Guarantee</p> <p>Battery recycling plant</p> <p>2012 Russia</p>	 <p>€ 190 mln Guarantee</p> <p>Livorno regasification unit</p> <p>2011 Italy</p>	 <p>€ 15 mln Surety Bond</p> <p>Offshore windpower plants</p> <p>2011 Germany</p>	 <p>JPY 3.3 mld Guarantee</p> <p>Acquisition abroad</p> <p>2011 Japan</p>
 <p>USD 355 mln Guarantee</p> <p>Gas extraction, processing and retail by Italian suppliers</p> <p>2011 Qatar</p>	 <p>€ 5 mln Guarantee</p> <p>Reinstatement of Eldoret Kebuje road section</p> <p>2011 Kenya</p>	 <p>€ 5 mln Surety Bond</p> <p>Hydraulic tunel</p> <p>2011 China</p>	 <p>Member of </p> <p>USD 260 mln Political Risk Insurance</p> <p>Intercompany loans</p> <p>2011 Ukraine</p>

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Products

Exporting at favourable payment terms?

Export credit and project finance

Looking to invest in high-risk countries?

Protection of foreign investment

Difficulty getting access to domestic credit?

Financial guarantees

Need to grant extended payment terms?

Credit insurance

Bidding for contracts in Italy and abroad?

Sureties and construction risks

Need to unfreeze credits?

Factoring

Offer competitive terms of payment

Export credit for supplies and projects using credit lines granted at competitive rates, also for project & structured finance transactions

Advantages for exporters

- Longer repayment schedules
- Credit is protected, even in emerging countries
- Help with finding the best financial structure

We insure against the risk of non-payment of loans

Invest abroad with confidence

Insurance cover for the value of the investment against loss or non-payment of amounts due in connection with the investment as a result of political events (war, civil unrest, currency restrictions, expropriation, etc.)

Advantages for companies investing overseas

- Possibility of expanding abroad in countries with a high growth potential but where there are political problems or an uncertain legal framework
- Flexible insurance cover (possibility of selecting the individual risks to be insured)
- Better credit terms, as policy rights can be transferred to the lending bank

We insure foreign investments against political risk

Easier access to credit

- For **SMEs**: insurance cover for funding of activities to promote growth in international markets granted under framework agreements with leading financial intermediaries
- For **Large Corporations**: insurance cover for loans earmarked for specific investments abroad or to cover requirements for working capital in connection with international contracts

Advantages for the company that receives the loan

- Availability of favourable credit terms
- Access to loans with longer payment schedules

We facilitate access to credit by guaranteeing bank loans to companies

Funding for investment projects

- Insurance cover for funding to develop **infrastructure** to expand the national transport system, improve telecommunications networks or promote the diversification of energy sources
- Insurance cover for funding of projects in each stage of the **renewable energy** chain: from research and development to the production of raw materials and machinery and building of power production plants

Advantages for the company that receives the loan

- Availability of favourable credit terms
- Access to loans with longer payment schedules

We foster the development of projects of strategic importance for the Italian economy

Insurance of turnover in Italy and abroad

- **Total** cover: insures the company's entire turnover with Italian and foreign buyers, or uniform segments of that turnover
- **Partial** cover: insures turnover relating to recurrent transactions with a particular foreign customer or group of selected customers

Advantages for the policyholder

- Improvement of overall credit management
- Prior assessment of customers' solvency
- Active risk management

We insure companies against the risk of non-payment

Peace of mind when executing large or small works

- **Surety**: guarantees to cover contractual obligations (bid bonds, performance bonds, advance payment bonds, etc.) and performance of legal obligations (tax bonds, custom bonds, etc.), in connection with contracts undertaken in Italy and abroad
- **Construction risk**: insurance against risks associated with the construction of plant and civil works for companies carrying out civil, industrial or infrastructure works in Italy or abroad under public or private contracts

Advantages for the policyholder

- More efficient financial management
- No need to use bank credit facilities

**We boost the competitiveness of companies bidding
for tenders in Italy and abroad**

Advisory

Advisory services and assistance to help companies identify opportunities for growth and develop new investment activities abroad

Africa Programme

Through its Africa Programme, SACE has launched a series of action plans designed to meet the growing demand for support of exports and investments in an area with relative economic stability though still characterized by high-risk.

In particular, SACE can provide guarantees for transactions carried out in countries that have made significant progress in terms of growth, per capital income and debt reduction, and are able to take on foreign debt without creating excessive macroeconomic imbalances.

Training and technical assistance

Training schemes for international organisations involved in the internationalisation development process: companies, banks, professional business firms, industrial and trade associations, universities, export credit agencies

**Over 30 years of experience at the service of companies,
financial institutions and universities**