

Press Release

SACE SIMEST 2017 Results: € 25 billion (+41%) for export and internationalization of Italian companies

The results confirm the economic-financial sustainability of the business model: balance sheet stronger with a solvency capital ratio of 177%

Focus on high-potential markets such as the United States, Turkey, Russia and the Gulf countries and the "frontier" markets of Sub-Saharan Africa

Rome, 23 April 2018 – The Board of Directors of SACE (GDP Group), chaired by Beniamino Quintieri, has approved the financial statements for the year ended 31 December 2017.

In 2017 Italian export recorded a growth of 7.4%, more than Germany or France, and confirmed its leading role for the country's development with a 30% contribution to GDP. In that context, the SACE SIMEST Hub significantly increased its support to the export and internationalization of the Italian companies by mobilizing € 25.3 billion in resources, the highest level reached in 40 years of activity and 41% higher than in 2016.

“The extraordinary growth recorded in 2017 is the result of all companies and people's commitment within the CDP Export and Internationalization Hub in pursuing greater support to Italian companies – declared Alessandro Decio, CEO of SACE –. We shall continue working with determination to consolidate these results and sustain the innovation capacity and international development of a growing number of firms, through the significant resources and solidity of the SACE SIMEST Hub”.

The export support loans—issued to foreign purchasers of Italian goods and service and insurance against default risk—generated 61% of the total resources mobilized (€ 15,4 billion), with 57% growth over 2016. This growth was particularly high in the traditional markets for Made in Italy products like the United States, emerging areas such as Qatar, Russia, Turkey, Saudi Arabia, and the United Arab Emirates, and “frontier” markets in Sub-Saharan Africa like Kenya, Angola, and Cameroon. The sectors most involved include the cruise industry and the large corps of SME subcontractors, and infrastructure and construction, electric, and capital machinery sectors (this last sector with the highest number of transactions, 31% of the total).



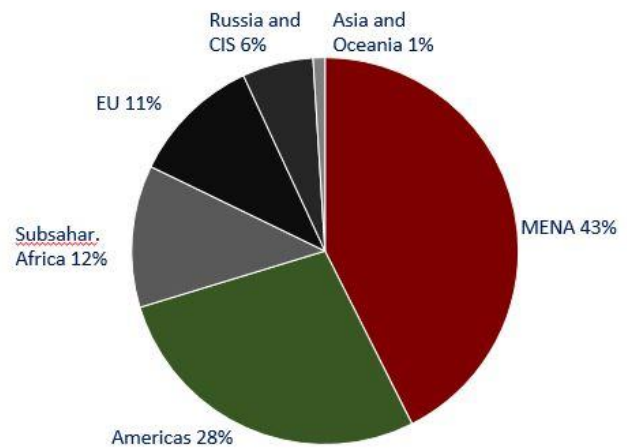
Mobilized resources for business area (€ billion)			
Business area	2017	2016	Var%
Export	15.4	9.8	+57%
Internationalization	3.0	1.3	+130%
Other financial-insurance services	6.9	6.8	+2%
Total	25.3	17.9	+41%

The activities to support internationalization amounted at € 3 billion (+ 130%). Of that amount, 48% refers to guarantees on bank loans to Italian companies for international development and protection of investments abroad, 20% for bonds in international tenders and contracts, 19% in the new Push Strategy project, and the remaining 13% in low-interest loans and equity investments managed by SIMEST.

The resources mobilized also grew through the other activities of the Hub--credit insurance, bonds and construction risks managed by SACE BT, and the factoring services of SACE FCT—which generated a total of € 6.9 billion (+ 2%). Particularly positive was the performance of the factoring activity, which grew by 36% versus 2016. SACE SRV, the Hub company specialized in credit recoveries, also contributed to the support to companies, recovering € 36 million in foreign credits in favor of over a thousand SMEs.

The portfolio of SACE SIMEST Hub initiatives reached a record level of € 94 billion, +9,1% as at 31 December 2016.

Mobilized resources per geo-economic area (2017)



SUSTAINABLE GROWTH: A STRONGER BALANCE SHEET

With this strong increase in volume, SACE confirmed the economic and financial sustainability of its business model, strengthening the balance sheet (SCR +23 points up to 177%) and efficiency ratios (cost/income down from 14% to 10%), and profitability in line with the objectives of the business plan (ROE equal to 5.9%).

The following are the highlights of the income statement for 2017 and the balance sheet at 31 December 2017:

- **Premiums.** The premiums generated by SACE activity amounted to € 804.4 million, 506% more than the previous year due to a significant increase in volume insured.
- **Claims.** Claims of € 369.8 million were liquidated (+ 5.9%), referring primarily to transactions with counterparties in Germany, Russia, Ukraine, and Poland. The sectors most involved were shipbuilding, metallurgy, and aeronautics.
- **Recoveries.** During the year, € 153.3 million in credits were recovered from foreign counterparties, related primarily to bilateral agreements with Iraq, Ecuador, Argentina, and Cuba, plus € 221.1 million recovered from private counterparties.
- **Profitability.** Net earnings totaled € 274.9 million, down 9.4% from 2016, while ROE was 5.9%, in line with the objectives of business plan.
- **Costs.** With a 41% growth in volume, costs increased by only 5% due to focus on efficiency. This helped improve the cost/income ratio, which dropped from 14% to 10%.
- **Balance sheet.** SACE equity equals € 4.7 billion (+ 2.7%), while technical reserves totaled € 3.5 billion, in line with the previous year. The **solvency capital ratio** reached 177%, with a 23% increase over the 154% of the past year.

The shareholders meeting approved the distribution of a dividend of € 150 million and the allocation of € 124.9 million to reserves.

Economic-financial highlights of SACE			
<i>(amounts in € millions)</i>	2017	2016	Chg.
Gross Premiums	804.4	534.2	50.6%
Claims net of recoveries	86.3	- 17.3	<i>n.a.</i>
Result of the technical account	503.7	131.1	284.2%
Result of the non-technical account	- 145.0	281.1	<i>n.a.</i>
Pre-tax result	360.1	413.3	- 12.9%
Net profit	274.9	303.5	- 9.4%
Equity	4,671.7	4,546.9	2.7%
Technical reserves	3,461.9	3,449.6	0.4%
<i>Solvency capital ratio</i>	<i>177%</i>	<i>154%</i>	<i>23pp</i>

A BANNER YEAR FOR COMPANY SUPPORT

Focus on the SMEs. An additional 21% of mid-cap companies were served during the year involved in export and internationalization. The commitment to the principal Italian supply chains was also renewed together with new agreements with 5,000 SMEs of the supply chains of oil & gas, automotive, aeronautical and shipbuilding.

Simplification and digitization of the range. A new website dedicated to SMEs, sacesimest.it, was made available to Italian companies, providing access to low-interest financing, credit insurance, rating of foreign customer creditworthiness, factoring, and credit recovery. The new website is part of a broader strategy to simplify and digitize products and services.

Increased collaboration with the banking system. SACE conducts its activity in partnership with the banking system, associations, and institutions of the country system. There are 18 agreements in place with national and local banks to facilitate company access to credit. In 2017, thanks to SACE guarantees, the banking system issued loans for € 7.5 billion (44% more than in 2016) in support of Italian exports.

Push Strategy to generate new exports. An innovative product was launched in 2017 in support of economic diplomacy and an increase in export shares in high-potential markets. With this Push Strategy, SACE is offering lines of credit to major foreign buyers to promote Italian exports and business deals. In 2017, € 650 million were made available in Kuwait and Turkey.

First communication campaign. The first communication campaign of the SACE SIMEST Hub was launched in 2017 with the objective of increasing awareness of the instruments available to SMEs and generating new contacts by promoting among companies the culture of internationalization and the specific advantages of Hub instruments.

POSITIVE PERFORMANCE OF ALL THE OPERATING COMPANIES

All the activities managed by the operating companies contributed to the reaching of the Business Plan objectives, with a sharp increase in resources mobilized and an overall improvement in profitability.

SIMEST. The activities in support of internationalization (low-interest loans and equity investments) and of export credit (grants in interest) managed by SIMEST generated an intermediation margin of € 45.3 million and a net profit of € 3.6 million.

SACE FCT. The factoring activity managed by SACE FCT registered in intermediation margin of € 30.5 million and net profit of € 3.2 million.



SACE BT. The credit insurance, bonding and construction risk business managed by SACE BT generated € 76.3 million in gross premiums and net profit of € 1,6 million.

SACE SRV. The commercial information and credit recovery services of SACE SRV generated revenues of € 9.9 million and profit of € 780,000.



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SACE, a wholly-owned subsidiary of Cassa depositi e prestiti, offer export credit services, credit insurance, protection of foreign investments, financial guarantees, bonding, and factoring. With € 87 billion in transaction insured in 198 countries, it supports the competitiveness of companies in Italy and abroad, ensuring more stable cash flows and transforming the default risk of companies into development opportunities. With SIMEST, of which it owns 76%, it forms the export and internationalization hub: a single point of reference for access to all the insurance-financial instruments of the CDP Group designed to support the competitiveness and foreign growth of Italian companies worldwide.