

## BRAZIL: € 300 MILLION'S WORTH OF NEW PROJECTS IN THE PIPELINE FOR SACE

São Paulo, 19 September 2012 – SACE has € 300 million's worth of new operations in the pipeline for Brazil and with an exposure of € 1.3 billion, the country became the fifth largest market in the company's portfolio. The best opportunities for Italian companies will come from mechanical engineering and construction sectors where SACE is currently concentrate its activities.

“Although the downsizing of the prospects for growth imposed by the austerity measures introduced in 2010, Brazil will maintain a positive outlook for the next two years thanks to a growing domestic demand and a favourable business climate – declared Giovanni Castellaneta, President of SACE, during the last mission of Italian Ministry of Economic Development in Brazil –. SACE is ready to strengthen its commitment to facilitate Italian companies enter this high potential market through its wide range of insurance and financial products and services, including guarantees on loans in local currency”.

### Country risk analysis

In spite of the downsizing of the prospects for growth imposed by the fiscal and monetary austerity measures introduced in 2010, Brazil maintains a positive outlook (with GDP growth rates of 3% and 4.2% expected in the next 2 years), but there are some critical elements.

Brazil's development model is strongly focused on consumption and characterized by low levels of investments and savings (about 20% of GDP). In the medium run this could represent a constraint to productivity and competitiveness for Brazilian industry.

**SACE Risk Index: Brazil best performer out of BRIC countries for non-payment risks**



Source: SACE

From 2007 to the present day, Brazil has decidedly improved the reliability of local businesses, in spite of the recent difficulties related to the appreciation of the *real*. The **SACE risk index** ([www.sace.it/riskmap](http://www.sace.it/riskmap)) shows a *marked lessening of the risks of non-payment* over the last five years, both for large businesses (SACE risk index = 40, -12%) and for SMEs (41, -29%). A very positive result, not only at regional level (with a risk of less than approximately 40% of the average for Latin America), but also with regard to the performance of other leading emerging markets, such as other BRIC countries.

As proof of the growing economic openness of the country and the consolidation of a positive business climate, **political-legislation instability risks** (which are rather high in Latin America) have also decreased. Risks of expropriation (SACE risk index = 49, -20%), breach of contract (56, -20%) and restriction on the transfer of capital (32, -12%) have all fallen. The fall in the **risk of political violence** is also significant (SACE risk index = 51, -8%).

*SACE is an insurance and financial group that operates in the field of export credit, credit insurance, investment protection, financial guarantees, sureties and factoring. The group assists its 25.000 clients in more than 180 countries, ensuring more stable cash flows and transforming companies' risks of insolvency into development opportunities.*

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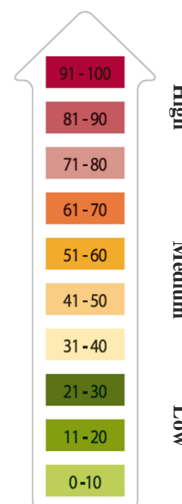
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The concerns of businesses	BRAZIL - SACE Country risk index	2007	2012	% change
	<b>Risk of non-payment by:</b>			
Is my counterparty reliable? Will they be capable of meeting the payments set out in the contract?	Sovereign counterparty	40	40	0
	Bank	44	41	-7%
	Large business	45	40	-12%
	SME	53	41	-29%
	<b>Political-legislative risk</b>			
Is the context I am going to work in safe?	Restrictions on the transfer of capital	36	32	-12%
Is it possible that external events (of a legislative or political nature) will have repercussions on my business?	Expropriation	59	49	-20%
	Breach of contract	67	56	-20%
	<b>Risk of political violence</b>	57	51	-8%



### Principal SACE operations

**Vale:** a guarantee on a USD 300 million loan to the Brazilian company Vale to promote commercial relations between the company and Italian businesses, specifically the extensive activities of small and medium businesses which operate in the country.

**Braskem:** a guarantee on a USD 600 million loan granted to Braskem Idesa, the Brazilian-Mexican joint venture, for the construction of the largest petrochemical project in progress in the Americas, Etileno XXI.

**Illy Caffè:** a € 7.3 million guarantee on a loan to Illy Caffè to consolidate its presence in Brazil, China and Europe and to support expenditure in research and development.

**Rivoli:** a guarantee for USD 20 million for the implementation of earth moving work, laying asphalt and building bridges in the State of Tocantins in Brazil, with the contract awarded to the firm of Rivoli from Verona.

**Petrobras:** a guarantee for USD 500 million supporting the competitiveness of Italian businesses involved in projects exploiting the new deposits off the Atlantic coast.

**Ghella:** a guarantee for the R\$ 25 million loan (approximately USD 14 million) granted by the Itaú BBA Bank to the Ghella Group for the construction of the Caraguatatuba-Taubaté (Gastau) pipeline. This transaction was the first one to be concluded by SACE in Brazil in local currency.

**Itaú BBA:** a guarantee for the USD 400 million loan to Itaú BBA in the light of the high volume of business between Brazil and Italy brokered by the bank.

**Interamerican Development Bank (IADB):** a cooperation agreement which includes a SACE guarantee for the loans granted by the IADB for investment projects, mainly in infrastructures, in Latin America and the Caribbean.

SACE is presenting Brazil with its own representative office in São Paulo, a hub for Latin American markets.

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