SACE – Official Export Credit Agency of Italy

SACE Mumbai Office – India & South Asia
SACE: the Internationalisation Partner of Italian Companies

- SACE is the official Export Credit Agency (ECA) of Italy, ultimately owned, through Cassa Depositi e Prestiti (CDP), by the Italian Ministry of Economy and Finance (MEF). From 2020, SACE has come under the direct control and co-ordination of the MEF.

- Offers insurance and financial services and integrated solutions to support Italian export and FDIs, including providing soft-loans to Italian companies through Simest.

- SACE medium-long term tied/multi-tied and untied facilities represent an innovative, flexible and competitive instrument of funds raising for foreign companies.

- Provides easy access to business opportunities activating strategic partnerships.

- Has a deep knowledge of Italian industries and supply chains.

Financial Soundness
- € 5.6 BILLION
- Shareholders’ equity
- BBB credit rating (Fitch)
SACE Global Network and Focus on APAC Region

Italian Network
- HQ in Rome
- 4 Branches and 12 Offices

International Network
- 13 Representative Office
  * o/w 2 opening in 2020

Note: Data, as of 1H19
ITALY is a leader in many industries

**Machinery and automation**
2nd country in the World for export value (after Germany)

**Ceramics industry**
First producer of ceramics tiles in Europe (85% of revenues from export)

**Aerospace and defence**
3rd country in the World for export of helicopters

**Fashion industry**
1/3 of all value added of the sector in the EU is Italian (4 times France and 3 times Germany)

**Agri-Food value added (€68.1bn)**
2 times automotive of Fr. & Sp. and double of Fr, Ger, UK aerospace sector

**Furnitures**
2nd globally as trade surplus and 1st in Europe as export value

**Cosmetics**
1st country in the World for make-up production (55% of global market)

**Yachts**
1st country in the World with over 40% of world orders

Source: The European House – Ambrosetti elaboration on various data, 2019
Supplier’s Credit

**HOW IT WORKS**

- Sace issues to the Italian Exporter an Insurance Policy covering up to 85% of the export contract value (min 15% down payment), from as low as € 50,000
- The policy covers up to 95-100% for non-payment, caused by political and commercial events
- Italian Supplier can obtain liquidity through discounting receivables without recourse upon assignment of them to the bank, together with the SACE insurance policy

**BENEFITS FOR BUYERS**

- A competitive financing solution that supports Indian buyers in getting access to deferred payment contracts when purchasing capital goods from Italy. Alternative option to the conventional L/C
- No impact on existing credit lines already available with banks
- Extended terms of payment up to 3 years with repayment by semi-annual regular instalments

**HOW TO ENGAGE**

- The buyer provides its latest financial statements together with some additional info (e.g. details on the transaction, company profile) for credit evaluation
- Subject to SACE credit approval, the buyer and the Italian exporter will negotiate deferred payment terms

*Policy assignment to bank and discounting of insured amount are NOT mandatory. Deferred payment can be made directly to Italian exporter*
(Multi-tied) Buyer’s Credit

**HOW IT WORKS**
- SACE facility amount can reach up to 85% of the Italian eligible Export Contract Value (plus an additional 30% of ECV for local costs). Mandatory 15% down payment of ECV.
- SACE guarantee covers up to 95-100% of the facility amount (and interests) against political and commercial risks
- SACE premium can be entirely financed
- Possible refinancing of export contracts (< 24 months old) which have been already completely executed and suppliers have been paid in full

**BENEFITS FOR BUYERS**
- Support Indian buyer in getting access to M/LT Financing of procurement of capital/semi-capital goods from Italian exporters/contractors
- Possible to include contracts still under negotiations
- Borrower may also benefit from fixed interest rate through an interest make up agreement (fixed CIRR rate)

**HOW TO ENGAGE**
- The buyer provides details of project / new contracts to be financed, and refinanced (if any) and latest financial statements
- SACE and the Bank coordinate to verify eligible contracts, local costs (if any) and structure the facility
- Buyer’s credit can also be arranged in simpler form, financing one (or more) contract with only one Italian exporter

**Subject to OECD Consensus for Export Credit**

**Commercial contracts**

**Payments / Disbursements (option)**

**BANK**

**Premium Payment**

**Loan**

**Loan repayment**

**Payments**

**Insurance Policy (or Financial Guarantee)**

**SACE Guarantee**

**Buyer/ Borrower**

**Italian Exporter**

**Italian**
Push Strategy

**HOW IT WORKS**

- **General purpose corporate loan (UNTIED)** aimed at encourage procurement from Italian suppliers

- Borrower will sign with SACE the Push Letter, an agreement regarding i) target amount of procurement from Italy to be reached, **on a best effort basis**, ii) possible economic incentive recognized by SACE to the Borrower in case the target amount is reached, iii) borrower’s commitment to take part to matchmaking events

**BENEFITS FOR BUYERS**

- Medium-long term financing not linked to specific contracts (**untied**), which may be utilized also for working capital, capex, etc.

- Also non-capital / retail goods can be purchased through Push Strategy. Purchases from Italian suppliers outside Italy (Italian foreign subsidiaries) also eligible (Made IN Italy and Made BY Italy)

- Privileged access to potential new Italian suppliers through **matchmaking events** to meet the company’s procurement needs and facilitate reaching of procurement target. Events will be arranged with support of SACE

**HOW TO ENGAGE**

- The borrower provides its **latest financial statements** together with some additional documents (i.e. info on past procurement from Italian suppliers, capex plans)

- SACE and the Bank joint coordination to assess the feasibility and to structure the transaction in terms and conditions acceptable to the borrower
Push Strategy: key features

<p>| Product | Untied medium-long term financing provided by Italian, International and/or local banks to large foreign counterparts (public or private large corporates) under a SACE financial guarantee |
| Distinctive features | Financing through the Push Strategy will be untied (general corporate purposes loan), i.e. not linked to specific contracts, but can be utilized for Capex, Opex, Working Capital, etc. |
| Promotion of Italian procurement | Main objective is to encourage the Borrower to increase its procurement of Italian goods and services (either Made in Italy or Made by Italy), ultimately leading to a positive impact on the Italian economy. To such scope the Borrower will be required to sign a “Push Letter” |
| Single ticket size | From € 20-25 mln (or USD equivalent). SACE guaranteed amount up to € 300 mln (being max 80% of the Facility Amount) |
| Tenor | Up to 10 years, to be determined on the basis of the amount, counterparty rating, and country of destination |
| Borrower risk profile | Top tier company or entity. Borrower has to be able to sustain foreign currency financing (EUR or USD) and import, or willing to procure, significant amount of goods and services from Italian companies during the life of financing |</p>
<table>
<thead>
<tr>
<th></th>
<th>Supplier’s Credit</th>
<th>Buyer’s Credit (Corporate)</th>
<th>Push Strategy</th>
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</thead>
<tbody>
<tr>
<td><strong>Main advantages</strong></td>
<td>Obtain deferred payment terms at competitive rates, while preserving available bank credit lines</td>
<td>Receive medium-long term bank financing at competitive rates for large supply orders and construction projects (energy, infrastructure, etc.)</td>
<td>Access medium-long term bank financing at competitive rates to increase future procurement from Italy. Through dedicated B2Bs, meet top tier potential Italian suppliers for your business</td>
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<td></td>
<td>Traditional export credit in compliance with OECD regulations: contract-tied financing for capital and semi-capital goods</td>
<td></td>
<td>Untied financing also for non-capital and retail goods: Italian exporters and contracts not necessarily already identified</td>
</tr>
<tr>
<td><strong>Insured risks</strong></td>
<td>Non-payment risk, due to commercial or political events (+ production risks)</td>
<td></td>
<td>Non-payment risk, due to commercial or political events</td>
</tr>
<tr>
<td>(for exporter / financing bank)</td>
<td></td>
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<tr>
<td><strong>Eligible amounts</strong></td>
<td>Up to EUR 10 mln*</td>
<td>From EUR 10-15 mln*</td>
<td>From EUR 20-25 mln*</td>
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<td>(on average)</td>
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<td><strong>Level of cover</strong></td>
<td>Up to 85% of contract value (for &gt; 24 months deferred payment terms)</td>
<td>Up to 95% of financed amount (max 85% of total contract value)</td>
<td>Up to 80% of financed amount</td>
</tr>
<tr>
<td><strong>Tenor</strong></td>
<td>Up to 3 years</td>
<td>On average from 5 years</td>
<td>Medium-long term: up to 10 years</td>
</tr>
</tbody>
</table>

*Or USD countervalue
Deals Executed in India & South Asia - Highlights

- **EUR 125 Mn Guarantee**
  - Untied / Push Strategy
  - 2019 India

- **USD 97 Mn Guarantee**
  - Multi Tied Buyer’s Credit
  - 2018 India

- **USD 500 Mn Guarantee**
  - Untied / Push Strategy
  - 2018 India

- **EUR 53 Mn Guarantee**
  - Untied / Push Strategy
  - 2016 - 2018 India

- **EUR 4 Mn Insurance Policy**
  - Supplier’s Credit
  - 2018 Bangladesh

- **USD 250 Mn Guarantee**
  - Aircraft Financing
  - 2018 Bangladesh
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