SACE support to Italian Export
‘tied’ & ‘untied’ solutions to increase procurement from Italy

3rd June 2021
Confidential
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Who is SACE

SACE Supplier Credit

SACE Multi-tied Buyer Credit and Express Buyer Credit

SACE Push Strategy (untied facility)
SACE is the Export Credit Agency of Italy

SACE supports the export and internationalization activities of Italian companies

SACE’s role is becoming more and more important in supporting Italian companies in Italy and abroad:

- In 2017 the new *untied loan* ‘Push Strategy’ is introduced
- In 2020 the new Garanzia Italia is used to limit the effects of the pandemic
- In 2021 SACE adopts a ‘State Account’ approach: 90% of commitments directly booked on MEF balancesheet
SACE: The Internationalisation Partner of Italian Companies

- **SACE**, the Export Credit Agency (ECA) of Italy and it’s a pure insurance company
- 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 partnership
- Has a deep knowledge of the Italian industries and economic framework

**Positioning**

Assisting over 21,000 Italian SMEs and large corporations in 198 countries
SACE’s Global Portfolio: 75 bn € of Risks Insured

Main sectors for SACE:
- Oil&Gas and Petrochemical
- Shipping
- Infrastructure
- Power
- Steel

Target sectors for APAC Region: Fashion Food and Furniture, Automotive, AgriBusiness, Pharma&Health

Note: Data, as of 3Q20
SACE SIMEST 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

- Opening 2018
  - 1st Western ECA in China
  - 2nd worldwide, after South Korea
  - Focus: Mainland China, Mongolia and South Korea

- Opening 2011
  - Focus: South East Asia

- Opening 2006
  - Focus: India, Sri Lanka, Bangladesh

Note: Data, as of 1H19
SACE: Tailored insurance and financial solutions

- Tailored insurance
- Financial solutions

Export

- Sovereign & Corporate
- Project & Structured Finance

Confidential

- Export
- Financial Guarantees
- Investments
- Working Capital & Pre-shipment

- Factoring & Forfaiting
- Securities
- Construction Risks

- Political Risk Insurance

Investments & Internationalization

- Supplier Credit
- Buyer Credit
- General Purpose Corporate Loan
- Push

- Securities
- Tied & Multi-Tied
- Untied
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Focus on Export Credit – Typical scheme for the Supplier Credit

**Insurance Policy**

**Exporter**
- Export of (quasi/) capital goods and services
- Payment through promissory notes or bills of exchange

**Payment through**
- Deferred payments due under the notes/bills

**BANK**
- Payment of the discounted amount
- Assignment of Insurance Policy

**FOREIGN BUYER**

**MLT Deferred payment terms**
- Capital/Semi-Capital goods
- Size up to: ~10 mn USD
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Focus on MultiTied Buyer Credit - the scheme (1 of 2)

The facility amount is the sum of 2 tranches:
- one (backward-looking tranche or tranche A) based and disbursed on past contracts with italian suppliers;
- one (forward-looking tranche or tranche B) based and disbursed on new incoming contracts with italian suppliers.

Hence the first tranche represents free cash available to the foreign buyer.
Focus on MultiTied Buyer Credit: a 2-tranche structure (2 of 2)

**Tranche A**

Existing Export Transaction

- Re-Financing export contracts which have been already fully performed and paid

**Tranche B**

New Export Transaction

- Financing export contracts NOT yet executed or fully performed

- Amount up to MAX 70% of the overall Financing
- Eligible Export Contracts not older than 24 months
- Exporters not involved: documentations & declaration managed by the Borrower or its Bank
- New commercial contracts to be paid by 24 months from the signature of the Financing
- Exporter Declaration and the Exporter Certification are required
Focus on Express Buyer Credit - the scheme

- **Maximum Amount**: Eur 10mln (or USD equivalent);
- **Tenor**: maximum 5 years of reimbursement period (other than disbursement period)
- **Type of cover**: Insurance Policy
- **Cover percentage**: up to 95% subject to SACE risk appetite (uncovered portion qualified as Mandatory Uninsured Portion)

Insurance Policy → Repayments → Loan → Payments / Disbursements

Italian Exporter → Export of (quasi/) capital goods and services → FOREIGN BUYER → BANK
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Push Strategy Facility - the scheme

Finance up to 12 years
No limits regarding the nature of the goods
Minimum Size: 30 mn USD

Match-making events will help the buyer in increasing the procurement from Italy while getting in touch with new suppliers

*Push Letter is an agreement signed by SACE and the Buyer regarding:

a. the target amount of procurement from Italy to be reached, on a best effort basis, within the first 3-5 years from the signing of the facility;
b. the economic incentive SACE recognizes to the Buyer once the target amount is reached
c. local buyer’s commitment to take part to the match-making events (2 per year)
d. local buyer’s commitment to deliver a quarterly report on procurement volumes from Italy

Note: the Push Strategy is not subject to OECD Consensus rules for Export Credit loans. This gives much more flexibility to the product with respect to traditional loans offered by Export Credit Agencies.
Push Strategy Facility – main features

**Financial Loan**

- **Untied**
  - The facility can be drawn at any time with no direct link to a commercial contract with an Italian exporter and used for any kind of need.
- **Tailor made**
  - Availability period, grace period and repayment structure can be fully adapted to the borrower’s needs.
  - Maximum tenor door-to-door 12 years.
- **No limits**
  - No limitations on the typology of goods i.e. Capex, Opex and other potential uses.

**Increase of procurement from Italy**

- **Future**
  - The local buyer has a period of time (typically between 3 and 5 years) to increase its procurement from Italian companies.
- **Partial**
  - The expected increase in terms of Italian procurement corresponds to a portion of the overall amount of Push Facility.
- **Best effort**
  - The target amount - as increase of Italian procurement - is on a best effort basis.
  - If the target amount is reached within the agreed period (3-5 yrs), the local buyer gets an economic incentive (e.g. a partial rebate of the SACE premium).
### Push Strategy Facility: more than 2.3bn € deals finalized during 2017 and 2019

<table>
<thead>
<tr>
<th>Buyer</th>
<th>Country</th>
<th>Sector</th>
<th>SACE Commitment (M €)</th>
<th>Banks</th>
</tr>
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<tr>
<td>Kuwait National Petroleum Corporation</td>
<td>Kuwait</td>
<td>Oil &amp; Gas, Petrochemical</td>
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<td>HSBC, BNPP, BBVA, SG, MUFG, DZB, CA, Natixis, Santander</td>
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<tr>
<td>Istanbul Metropolitan Municipality</td>
<td>Turkey</td>
<td>Railway Infrastructure, Waste and water treatment</td>
<td>100</td>
<td>ING, Intesa SP</td>
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<td>SREI Infrastructure Finance Limited</td>
<td>India</td>
<td>Mining equipment, Infrastructure, Agricultural and medical equipment</td>
<td>25</td>
<td>ING</td>
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<tr>
<td>NEXA Resources</td>
<td>Brazil</td>
<td>Mining equipment</td>
<td>50</td>
<td>BBVA</td>
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<td>Reliance Holdings</td>
<td>India</td>
<td>Petrochemical, Retail</td>
<td>340</td>
<td>HSBC, BNPP, MUFG, DZB, First Abu Dhabi Bank</td>
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<td>Brazil</td>
<td>Petrochemical</td>
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<td>ABN AMRO, Santander</td>
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<td>UAE</td>
<td>Public services</td>
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<td>Oil &amp; Gas, Petrochemical</td>
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<td>HSBC, BNPP</td>
</tr>
</tbody>
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Thanks

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