

2011-2013 INDUSTRIAL PLAN APPROVED

NET PROFIT AT 30 SEPTEMBER 2010: € 255.3 MILLION (-34%)

- Continued support for exports and strategic projects, development of credit and surety bond and factoring business
- Transactions insured rose to € 32 billion (+19%), with significant increases in insurance of exports and investments in emerging countries, especially Asia and Eastern Europe

Rome, 30 November 2010 – Today the Board of Directors of SACE, chaired by Giovanni Castellaneta, examined the quarterly report and accounts at 30 September 2010 and approved the 2011-2013 industrial plan.

RESULTS AT 30 SEPTEMBER 2010

The highlights of the results at 30 September 2010, attesting to the company's financial solidity and an increase in core business, are set out below:

SACE SpA: MAIN HIGHLIGHTS			
€ million	30/9/2010	30/9/2009	Change
Outstanding commitments	31,948	26,741	+19.5%
Gross premiums	386.7	197.5	+96%
Charges for claims	92.0	37.2	>100%
Balance on the technical account	360.4	175.2	>100%
Gross profit	370.1	599.4	-38.3%
Net profit	255.3	389.6	-34.5%
Shareholders' equity	5,719.6	5,824.1	-1.8%
Technical provisions	2,543.9	2,320.8	+9.6%

- **gross premiums** rose to € 386.8 million, compared to € 197.5 posted for the same period in 2009.
- **charges for claims** rose to € 92 million, compared to € 37.2 million at 30 September 2009
- credit **restructuring and recovery** business generated € 195 million compared to € 55.6 million at 30 September 2009
- the **result on the technical account** rose to € 360.4 million from € 175.2 million in September 2009, due to the good performance of premiums and credit recovery, which attenuated the impact of the rise in claims
- **net profit**, at € 255.3 million, fell by 34% due to the shortfall in the contribution of financial activities, in line with market trends.

Alessandro Castellano, CEO of SACE, pointed out that the results for the first nine months confirm the company's counter-cyclical role of supporting the economy. There was a significant rise in transactions insured, with outstanding commitments for around € 32 billion and an increase in profit compared to the previous quarter. Mr. Castellano declared: "We expect to confirm our growth trend for 2010. SACE has adjusted its business model in the light of substantial transformations in the structure of Italian exports

and profound changes in the international economy and financial markets. Of equal importance is the need to consider the uncertainties associated with assessing counterparty risk and the increasing lack of liquidity. In this context, SACE has demonstrated its role in supporting companies and, in particular, sustaining the internationalisation projects of SMEs, one of the main driving forces of the Italian economy. Despite obvious doubts about the economy in general, the industrial plan for 2011-2013 focuses on consolidating the growth achieved over the last three years, extending our customer base and a more diversified offering”.

At 30 September 2010 transactions insured¹ amount to € 31.9 billion, a year-over-year increase of 19.5%. There was a particularly significant increase in commitments in Asia (+54%), Eastern Europe and CIS countries (+45%) and the EU (+24%), where Italian exports reacted positively to demand. The EU accounts for 31.5% of total commitments, followed by East European and CIS countries (26.7%), the Middle East and North Africa (20.3%), the Americas (9.9%), Eastern Asia (9.5%) and Sub-Saharan Africa (2.1%).

THE INDUSTRIAL PLAN FOR 2011-2013

Italian exports are expected to return to pre-crisis levels in 2012, according to the SACE Export Forecast Report, to be released shortly. However, their structure, in terms of sectors and geographical spread, will gradually change over the next few years. Capital goods (mainly mechanical engineering, means of transport and electrical equipment) will continue to account for an increasingly large proportion of Italian exports, compared to consumer goods (fashion products, furnishing, etc.). Italian exporters will also become more established and increase their geographical diversification in markets with high growth rates, especially in Asia.

The structure of Italian exports will increasingly reflect demand from markets that carry new risks and are more complex to assess. It will also be conditioned by the need to grant more extended terms of payment to foreign buyers – and, more generally, the effectiveness of the financing packages that accompany the commercial offering. The products supplied by SACE can help to give added value in this direction. They can also make it easier for companies to get access to credit, especially smaller companies whose internationalisation projects are limited by their financial obligations.

Within this context, the guidelines of the **Industrial Plan for 2011-2013** reflect the uncertain outlook for the global economy, a continuing liquidity crisis and high default rates. The aim is to consolidate business by extending the customer base, which currently consists of around 28,000 insured companies, including many small and medium-sized enterprises.

The plan confirms SACE’s support for Italian exports of goods and services and projects of strategic importance for the Italian economy, such as infrastructure and renewable energy. This will be borne out by upgrading the network in Italy and in the main foreign markets for Italian exports. In particular, SACE intends to strengthen its presence in Africa and Asia with new offices in Nairobi and Mumbai.

In Italy, the ceiling of loans available through banks to SMEs for funding internationalisation projects now amounts to € 1.8 billion. These loans have been particularly effective in mitigating the lack of liquidity during the crisis. The industrial plan confirms SACE’s commitment to continue along these lines.

¹ Outstanding commitments in principal and interest

Credit and surety bond insurance

The results for the first nine months of 2010 of the **SACE BT** subsidiary, which operates in the sector of credit, surety bond and construction risk insurance, show a considerable year-over-year improvement in economic and financial performance as premium income held up and there was a drop in the claims rate, responsible for negative underwriting trends during the previous year.

Having adopted active risk management policies in recent months, SACE BT expects to break even as soon as 2011 and see an increase in profit in 2012-2013. This will enable the company to consolidate its competitive position. In 2009, with a 9% market share, SACE BT ranked fourth in the Italian credit and surety bond market in terms of premium income (sixth in 2008).

Factoring

Factoring is an area of business with high potential for growth. **SACE Fct**, which started operations on 1 April this year, was set up under the Government's anti-crisis measures and to complete the group's product offering.

In its first six months of business the company managed factoring arrangements for more than € 1.5 billion between suppliers and public sector customers. € 350 million have already been paid (turnover). This result was achieved thanks to numerous agreements signed by SACE Fct, many with public sector bodies, to guarantee payments of suppliers' invoices within the agreed term.

There is expected to be a gradual increase in turnover in the three years from 2011 to 2013. A target of € 3.4 billion has been set for the end of that period. Business in this sector is expected to grow to reflect an increased focus on SMEs and corporate debtors.

SACE is an insurance and financial group that operates in the field of export credit, credit insurance, investment protection, financial guarantees, surety bonds and factoring. The group assists its clients in more than 180 countries, ensuring more stable cash flows and transforming companies' risks of insolvency into development opportunities. SACE has been assigned an Aa2 rating by Moody's.

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