

INVESTING WITH EBRD

1st of February 2017



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances



EBRD in support of your business – An overview

Philip ter Woort and Chris Hartung



European Bank
for Reconstruction and Development

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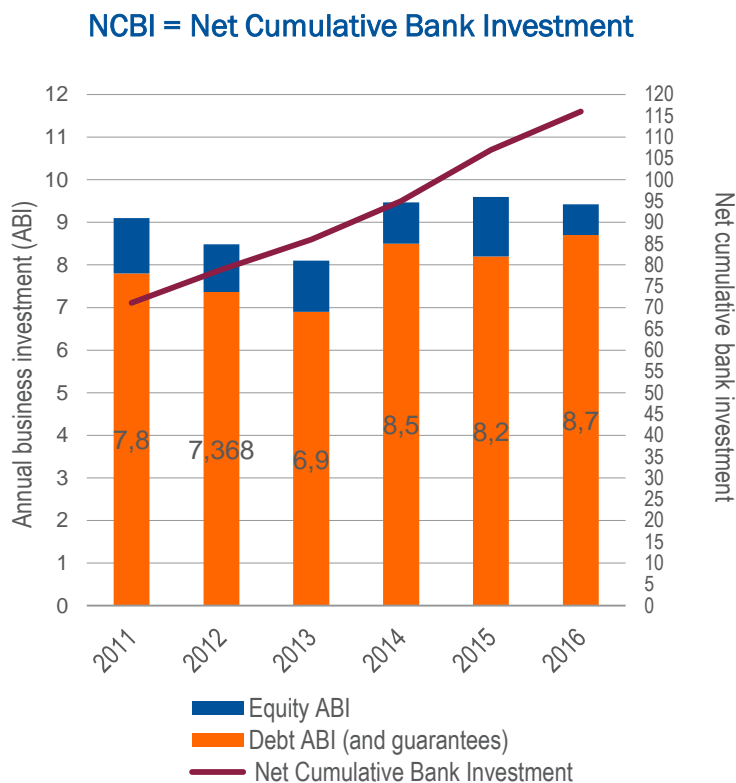
- General Overview EBRD
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EBRD largest investor in the region

Since 1991, EBRD invested over **€116 billion** in around **4,723** projects across private and public sectors in its countries of operations

In 2016: **€9.4 billion / 378 projects**

- Private sector accounted for 76% share
- Debt 87%, Equity 9% & Guarantee 4%

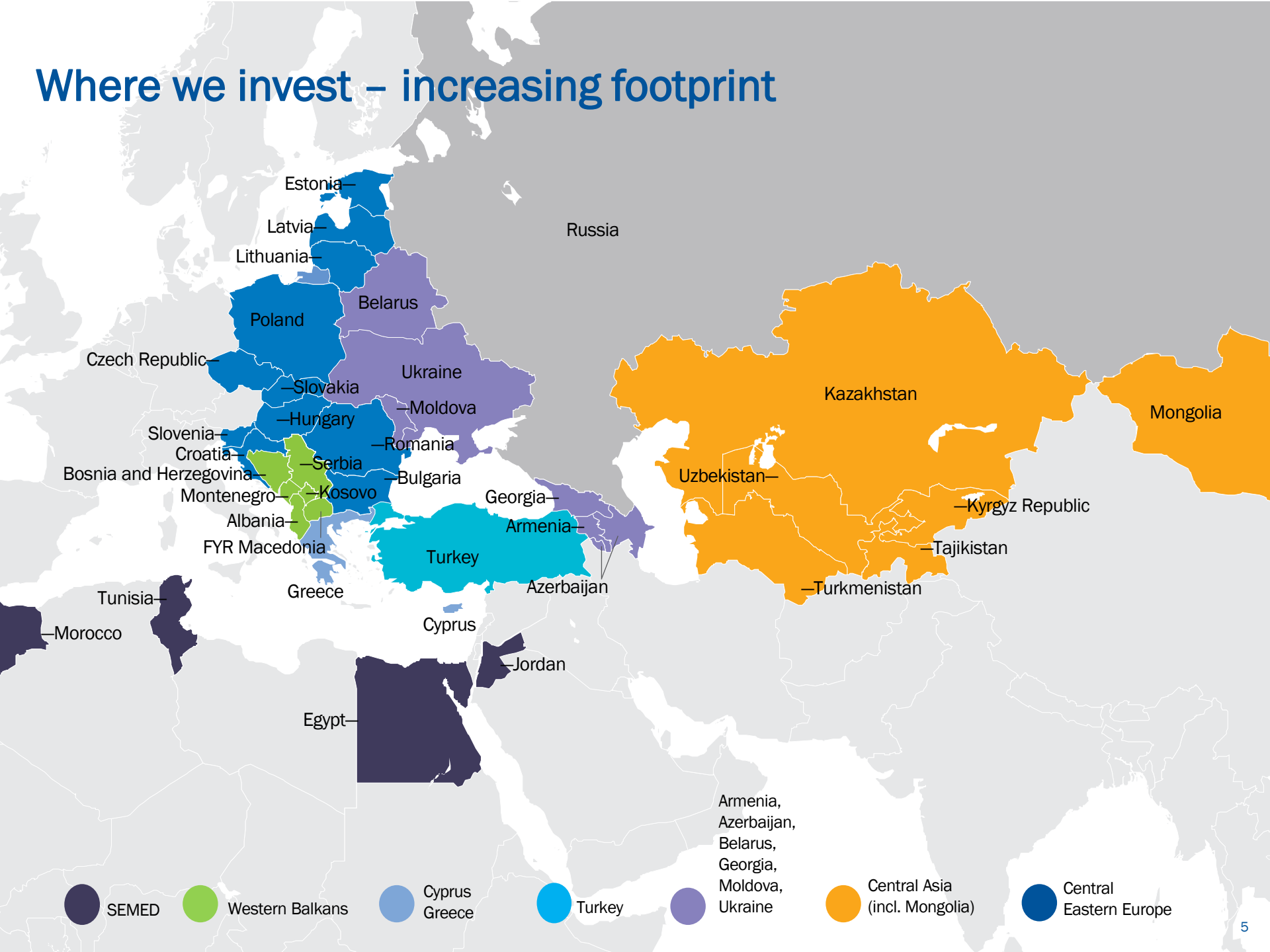


EBRD TOP 10 INVESTEE COUNTRIES IN 2016 (€, million)

1	Turkey	1,925.2
2	Kazakhstan	1,051.1
3	Poland	776.2
4	Egypt	744.2
5	Bulgaria	620.9
6	Ukraine	581.2
7	Greece	484.9
8	Jordan	403.4
9	Croatia	311.2
10	Serbia	304.3

Note: unaudited as at 31 December 2016

Where we invest – increasing footprint



SEMED

Western Balkans

Cyprus
Greece

Turkey

Armenia,
Azerbaijan,
Belarus,
Georgia,
Moldova,
Ukraine

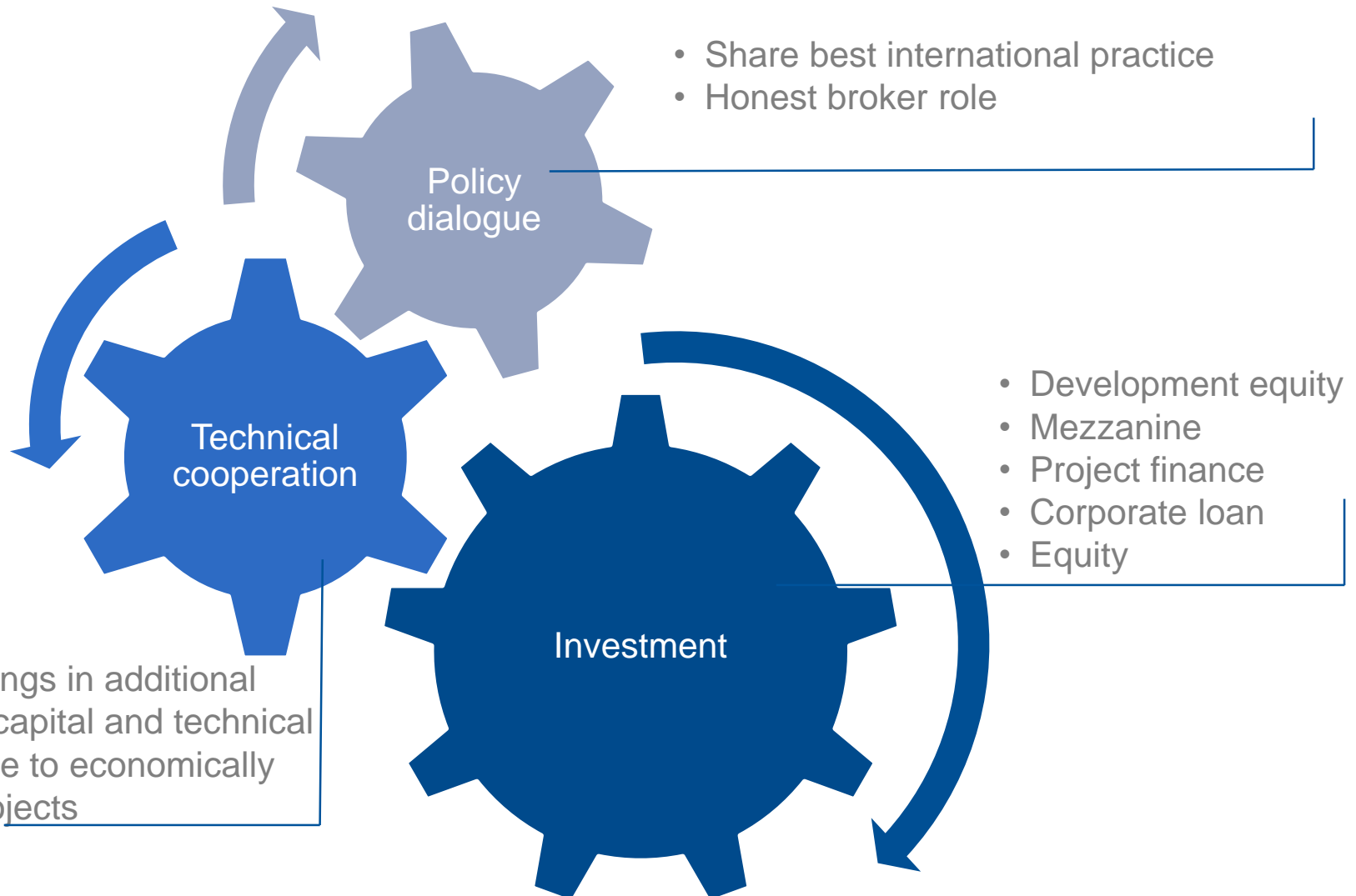
Central Asia
(incl. Mongolia)

Central
Eastern Europe

EBRD's operational approach



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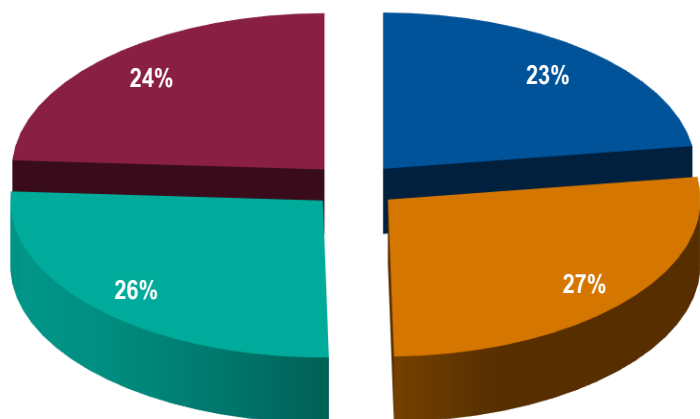


- EBRD brings in additional financial capital and technical assistance to economically viable projects

Portfolio distribution by sector and region

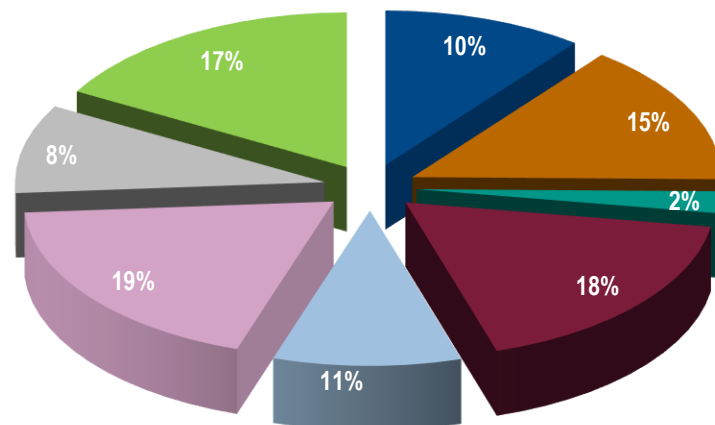
EBRD Portfolio (at 31 December 2016): € 41,750 million

Sector



- Financial Institutions 23% (Depository credit (banks), Leasing finance, non-depository credit (non-bank), Insurance, Pension, Mutual Funds)
- Corporate 27% (Manufacturing/Services, Agribusiness, Equity funds, Property & Tourism, Information & Communication technology)
- Infrastructure 26% (Municipal & Environmental infrastructure, Transport)
- Energy 24% (Power & Energy, natural resources)

Region



- Central Asia 10%
- Central Europe & Baltics 15%
- Cyprus & Greece 2%
- Eastern Europe & Caucasus 18%
- Russia 11%
- South-Eastern Europe 19%
- Southern Eastern Mediterranean 9%
- Turkey 17%

Note: unaudited as at 31 December 2016



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EBRD sectors



EBRD projects span every business sector



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Transport



Municipal & Environmental
Infrastructure



Property & Tourism



Financial Institutions



Natural Resources



Telecommunications,
Informatics & Media



Manufacturing &
Services



Power & Energy



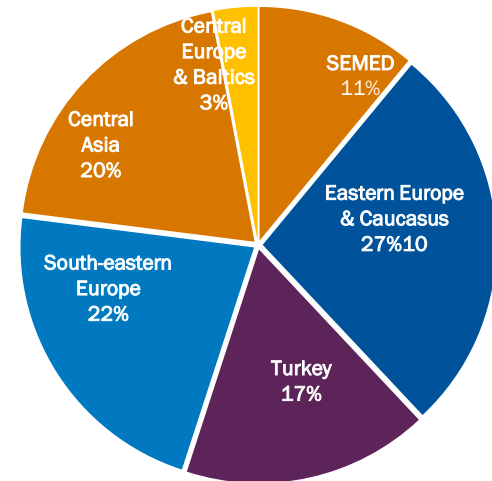
Industry, Commerce
& agribusiness

- Cumulative Investments: € 9.8 billion / 577 projects (since 1991)
- In 2015: €770 million / 51 projects in 24 countries
- Active portfolio: € 3.4 billion / 226 projects
- Equity share of active portfolio: 18%

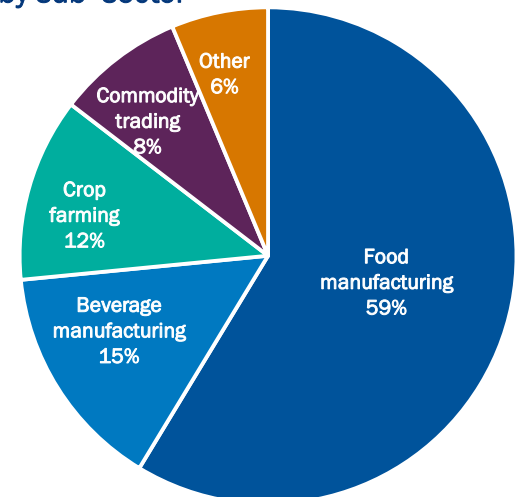
Strategic priorities/investment areas / opportunities

- Commodity trading
- Crop farming
- Food Manufacturing
- Beverage manufacturing (including bottle manufacturing)
- Support Activities for Crops (seeds, fertilizer manufacturing, distribution)
- Agricultural Implement (machinery)
- Crop Production
- Wholesale Trade - non-durable goods

Portfolio by region



Portfolio by sub sector



Note: as at 31 December 2015

Manufacturing and Services



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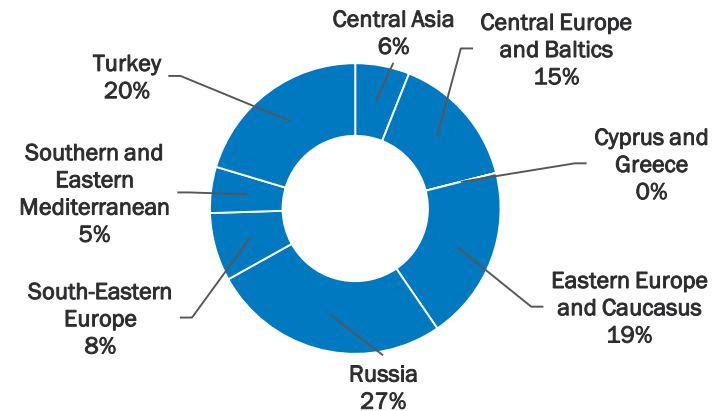
Significant experience with complex projects in various industries through project finance, restructurings and privatisations.

- Total investments: € 11.0 billion / 596 projects
- In 2015: €785 million / 53 projects
- Active portfolio: €3.8 billion

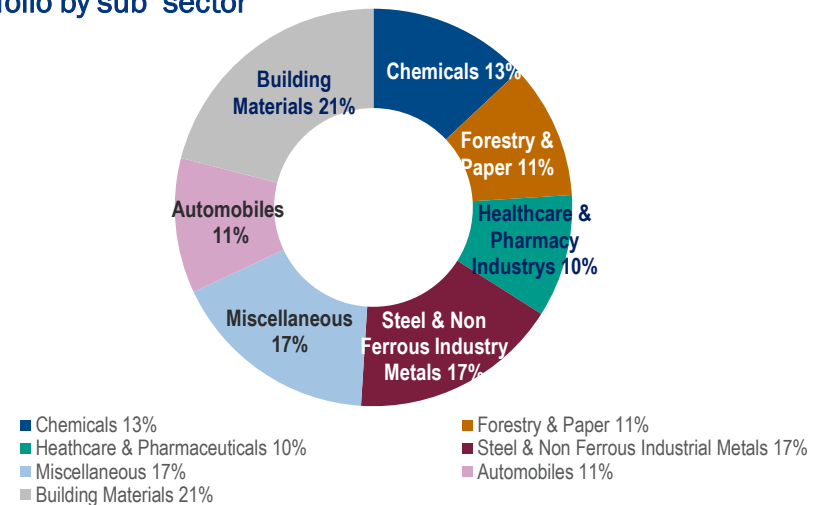
Strategic priorities/investment opportunities / areas:

- Automotive
- Chemicals
- Building Materials
- Forestry and Paper
- Steel and non-ferrous industrial metals
- Healthcare and Pharmaceuticals
- Aerospace
- Non-consumable goods and Retail

Portfolio by region



Portfolio by sub sector



Note: as at 31 December 2015

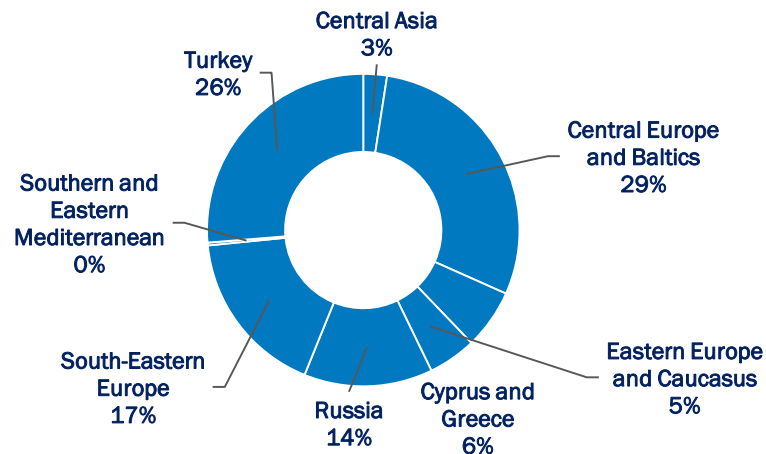
Information and Communication Technologies

- Cumulative financing to date: €3.8 billion / 169 projects / 34 countries
- In 2015 € 156 million / 14 projects
- Current portfolio: €0.8 billion

Strategic priorities/investment opportunities

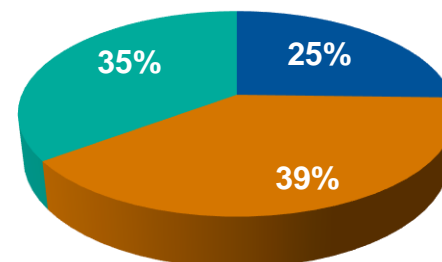
- | | |
|-----------------------|-----------------------|
| • Mobile & fixed line | • IT services |
| • ISPs | • Software developers |
| • Cable TV | • Systems integrators |
| • Towers | • Call centres |
| • MVNO | • Cinema chains |
| • Satellites | • Outdoor advertising |
| • Fibre | • Internet |
| • Wireless broadband | • Cleantech |
| • Data centers | • Semiconductors |
| • Pay-TV | |
| • Mobile payments | |

Portfolio by region



Portfolio by sub sector

■ Media/Other ■ Mobile ■ Fixed Line/Integrated Telcos



Note: as at 31 December 2015

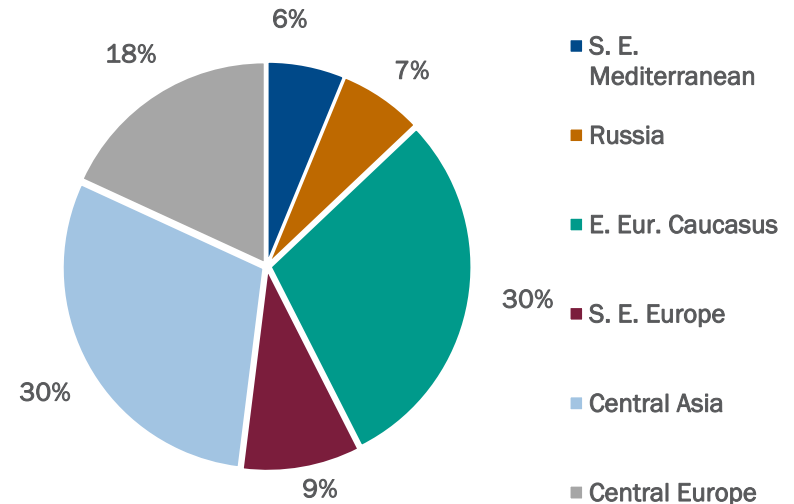
Natural Resources



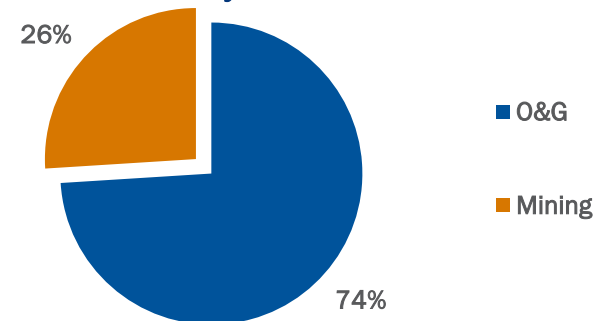
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- Cumulative investments: € 7.1 billion / 166 projects
(total value of projects: €31 billion)
- Debt: 91% / Equity 9 %
- In 2015: € 2.56 billion / 36 projects
- **Key sectors:**
 - Oil & Gas up-, mid-, and downstream.
 - Mining and services.
- **Flexible financing solutions:**
Reserve based lending, trade finance, convertible debt, early equity are some examples of the Bank`s wide product range.
- **Support across stages of development.**
The EBRD supports strong sponsors in pre-development stage financing, mine/field development, project expansion and services providers.

Portfolio by region



Portfolio by sub-sector



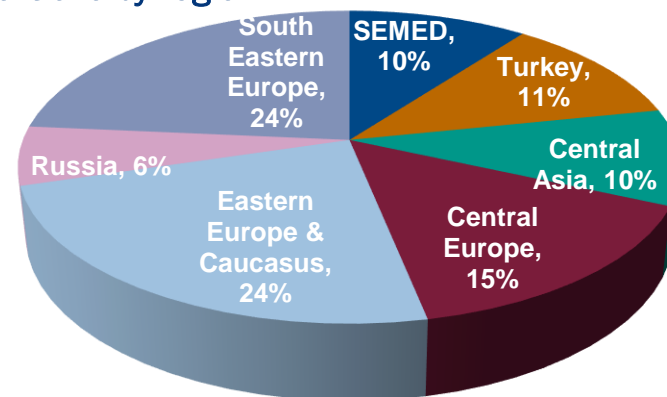
Power and Energy

- Total investments: € 11 billion / 228 projects
- In 2015: €1.2 billion / 20 projects in the power sector (13% of total EBRD 2015 investments).
- Since 2010, annual PEU investments have exceeded EUR 1bn and at least 20% of those funds went towards renewable energy generation projects.
- Active portfolio: €6.3 billion

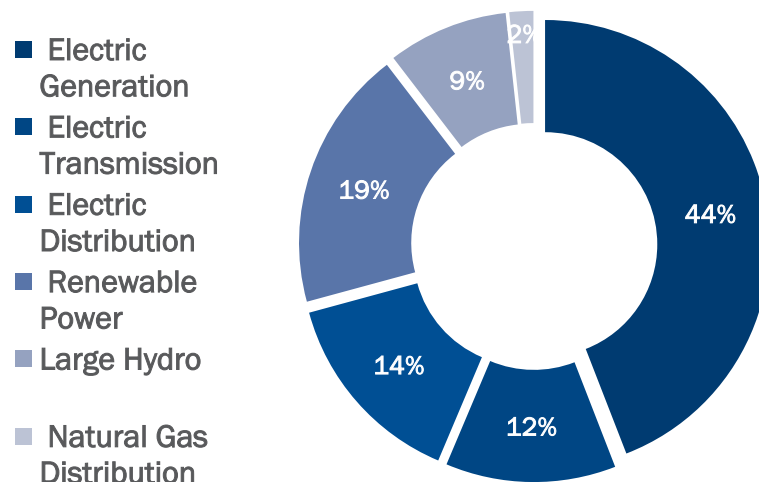
Strategic priorities/investment areas / opportunities

- Privatisations: advisory (through TC funds); pre-privatisation and at privatisation equity financing, incl. investor at IPO; debt financing pre-privatisation and at privatisation (part of debt financing linked to capital investments).
- Investments in Independent Power Producers
- Conventional power generation projects (mainly natural gas fired)
- Investments in the power transmission lines, including trans-border transmission lines, and energy trading.
- Renewable energy: at least a fifth of annual financing has been for renewable energy generation. Renewable energy technologies financed include primarily onshore wind, small hydro, biomass, and solar.

Portfolio by region



Portfolio by sub sector



Each operation is individually designed to meet the needs of Financial Institutions' clients across the region.

- Cumulative Investments: € 39.2 billion / 1,770 projects (since 1991), including Debt: € 35 billion; Equity: € 4 billion
- In 2015: €2.95 billion / 133 projects
- Equity investments: € 1.96 billion / 66 projects
- Active portfolio: € 9.61 billion / 313 clients / 675 projects

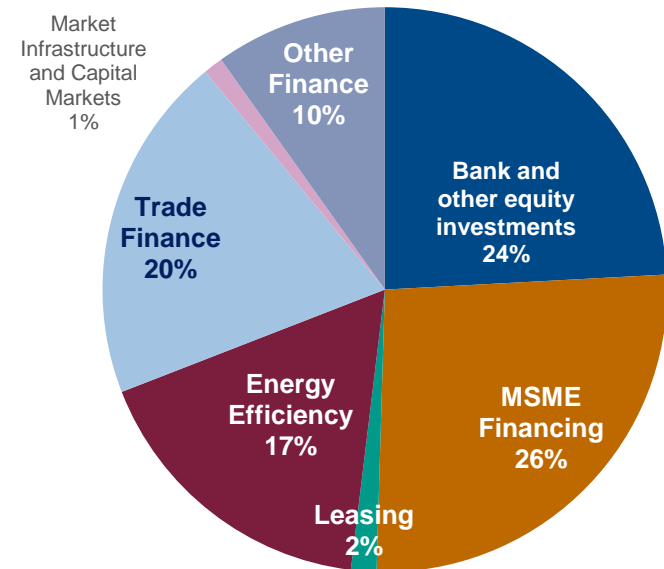
Equity investments:

- Banks: €1.5 billion / 51 projects
- Non-bank institutions (stock exchanges, insurance companies, asset management companies): €0.46 billion / 15 projects

Debt financing to support:

- On-lending to corporate, SME and retail business
- Sustainable energy financing
- Trade finance
- Capital market development
- Mortgage lending

2015 ABI by product



Municipal & Environmental Infrastructure

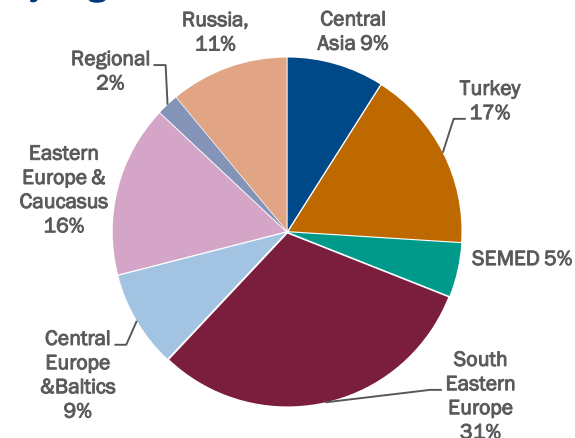
EBRD helps local authorities meet their infrastructure needs

- Total investments: € 5.8billion / 360 projects / 27 countries
- In 2015: € 713 million / 45 projects
- Portfolio: € 3.2 billion

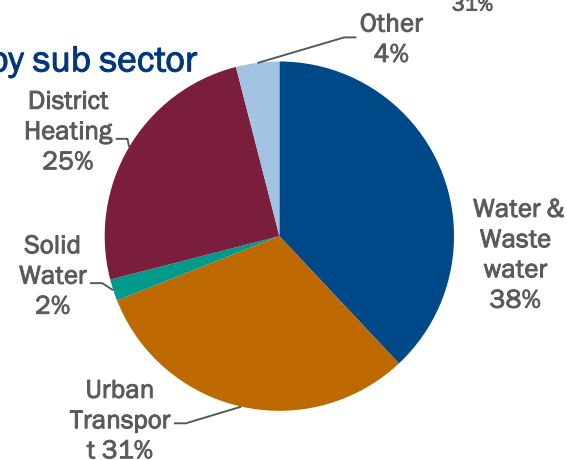
Strategic priorities/investment areas / opportunities

- Structuring the financing of municipal infrastructure, equipment and services to improve service levels
- Promoting the commercialisation and corporatisation of services
- Developing sound regulatory structures
- Promoting private sector involvement, where appropriate
- Supporting environmental, social, health and safety improvement
- Facilitating donor grant and commercial loan co-financing
- Providing comprehensive support for project preparation, using new Infrastructure Project Preparation Facility (IPPF) – a dedicated €40 million Facility to improve efficiency, focus and quality of project readiness for both public sector and PPPs

Portfolio by region



Portfolio by sub sector



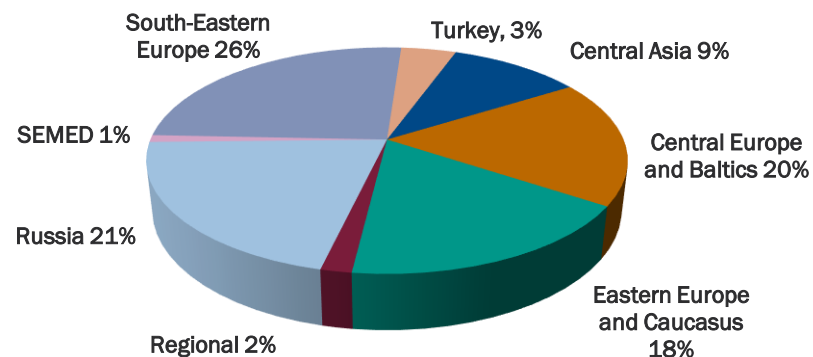
The Bank supports the development of efficient multimodal networks.

- Total investments: € 13.9 billion / 276 projects
- In 2015: €1.05 billion / 27 projects
- Active portfolio: €7.76 billion

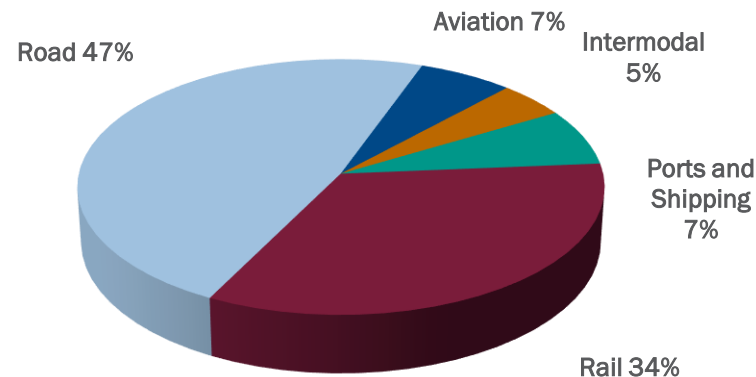
Strategic priorities/investment areas / opportunities

- Focus on Green Economy and Sustainable Transport to develop efficient Transport Systems using BAT: Green Logistics, Climate Resilience, Road Safety, etc.
- Encouraging Private Sector participation to speed up the modernisation of transport systems: fleet modernisation, port and airport terminals, intermodal and logistics chains
- Supporting PPPs across the region: IPPF support in Belarus and Egypt
- Promoting Regional Connectivity to strengthen trade links: Western Balkans, Caucasus and Central Asia.

Portfolio by region



Portfolio by sub sector



Note: as at 31 December 2015

EBRD's approach to direct Equity:

- We are always a minority investor;
- We work with proven local entrepreneurs or with multinational companies expanding into our countries of operation; and
- We co-invest with private Equity Funds.

What we bring

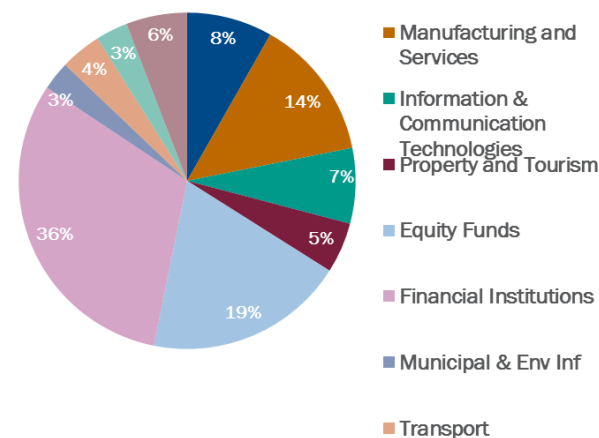
- 20+ years of experience investing in most of our Countries of Operation;
- Able to assist in the resolution of issues involving the government and/or regional administrations;
- Working to improve corporate governance standards through active participation in the Board of the Company; and
- Ability to provide debt financing.

Structuring

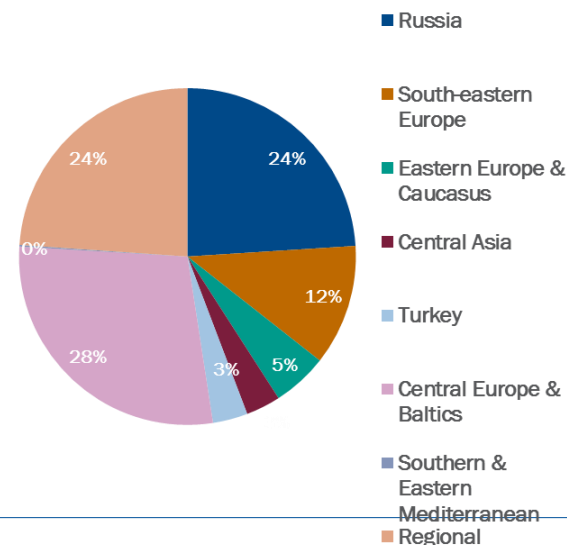
We can tailor make the financing to suit the needs of our partners:

- We provide straight equity where we take the full risk;
- Mezzanine financing where we may have a floor and a cap; and
- Equity with fixed return which is more akin to a repo transaction.

Portfolio by sector



Portfolio by region



Largest private equity fund investor in the CSEE and CIS regions

- Covers a wide spectrum of fund sizes and investment strategies; regional and country-specific funds, generalist and sector-specific funds.
- Aims to make new commitments of EUR 150-250m per year

Historic activity

- 20+** years of experience investing in funds
- EUR 3.9 billion** of capital commitments
- ~100** fund managers backed across **165+** funds
- 60%** of these funds were raised by first time fund managers
- Over **970** exits from portfolio companies

Current portfolio

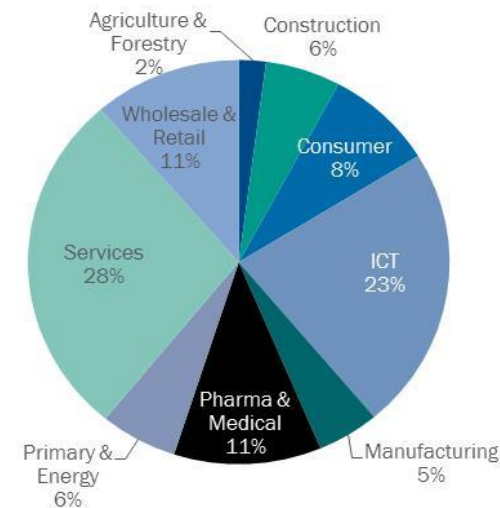
- 113** active funds managed by over **70** fund managers
- Around **45%** of active funds were raised by first time fund managers
- Over **440** unrealised portfolio companies
- EUR 3.1 billion** in EBRD commitments, with fund capital of **EUR 18.3 billion***

**Where funds are still fundraising, targets have been used
All figures as at June 2015*

Underlying portfolio by region



Underlying portfolio by sub-sector





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EBRD products and project cycle



EBRD Product Range



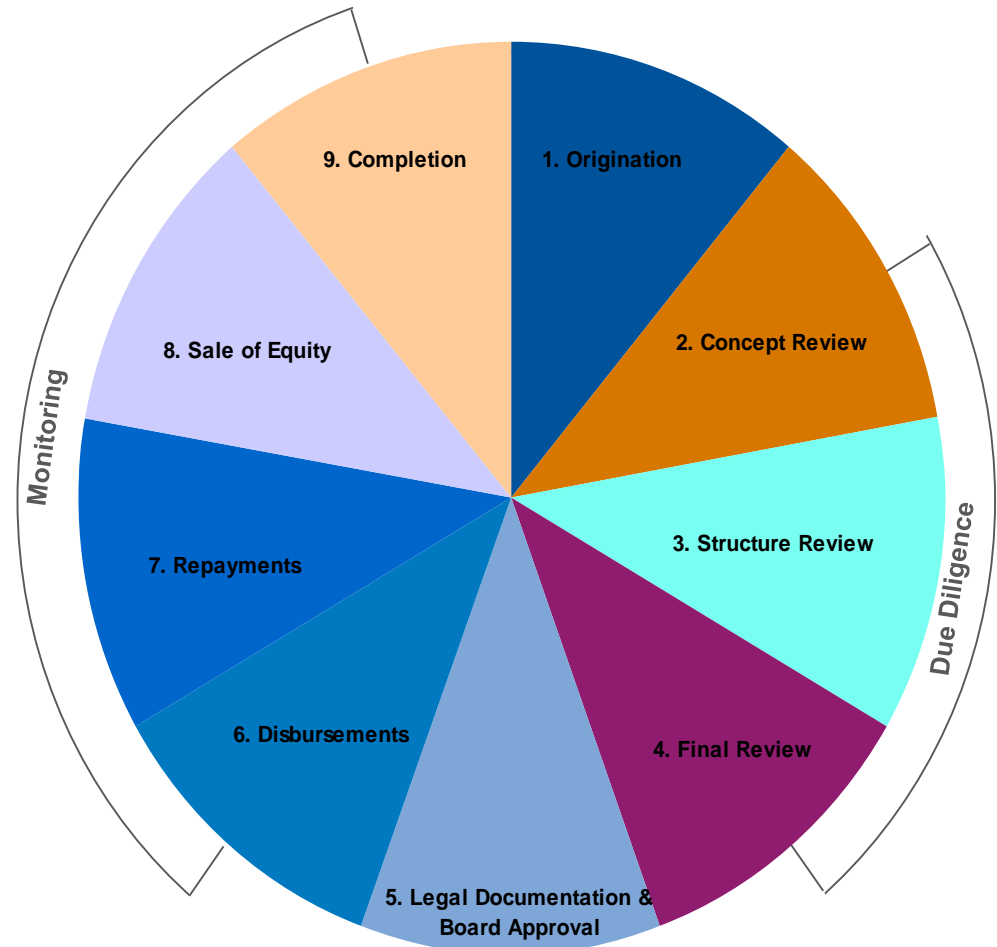
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	Debt	Equity	Guarantees
Typical size	€10mln + (less in less advanced countries)	€5-7mln + (less in less advanced countries)	Typically €50 ths – €50mln
Term	5-7 years (up to 10-15 years in case of infrastructure investments)	Typically from 3-7 years	1.5-2 (up to 3) years
Currency	Major foreign currencies as well as local currency		
Approach	Finance up to 35% of the project (60% with syndication)	Minority stake	Mainly through Trade Facilitation Programme
Structures	<ul style="list-style-type: none"> • Senior, subordinated or convertible, • Project finance • Floating or fixed rates 	<ul style="list-style-type: none"> • Portage equity finance • Risk equity 	<ul style="list-style-type: none"> • Import/export operations • Pure guarantees, cash advance trade finance
Applications	<ul style="list-style-type: none"> • Greenfield/Brownfield, JVs, • Capex for expansion/modernization, including resource efficiency improvements • Ownership change: acquisition, consolidation, privatisation • PPPs, etc. 		<ul style="list-style-type: none"> • Issues to international banks • Takes the risk of transactions of the banks in the EBRD's countries of operations

Exact terms depend on specific needs and market conditions

Stages of Project Cycle

- Provided all necessary information is available, a project from Origination to Board Approval typically takes **3 to 6 months**, depending on the complexity, length of negotiations and other factors
- The total project cycle from origination to final repayment can range from **1 year**, for working capital or trade financing projects, to **10 years** for long term investments
- EBRD financing in individual projects has ranged from less than **€1 million** to more than **€150 million**



EBRD – Open for business!



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Contacts



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For all further enquiries, please contact:

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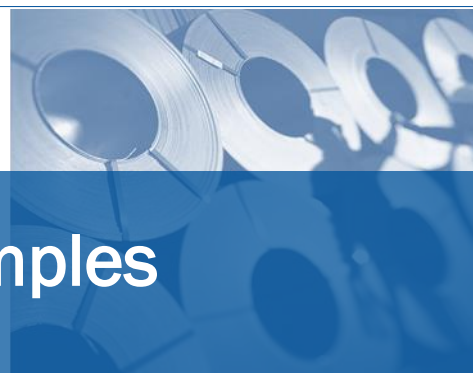
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Annex: EBRD Projects - Examples



Tauron ArcelorMittal Energy Group Poland



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Client

Tameh Polska is a Polish operating subsidiary of TAMEH Holding, a 50/50 joint venture between ArcelorMittal and Tauron Group in 2014. EBRD supported ArcelorMittal's expansion in its countries of operations since 1997.

EBRD finance

Senior secured PLN 320m loan (EUR 75m equivalent) with a tenor of 9 years

Use of proceeds and EBRD value added / impact

The loan proceeds will be used for conversion of the existing mixed fuel (coal/gas) combined heat and power plant in Krakow into fully gas fired unit. Also, switching away from coal and reaching compliance with the EU environmental requirements under the Industrial Emissions Directive.

The Project is expected to reduce GHG emissions by 200,000 tonnes of CO2 per annum and result in significant reduction in dust, SOx, and NOx by up to 80%. Moreover, it will set standards of corporate governance and business conduct, specifically in the area of energy sustainability and air emissions reduction.



Signed in 2016

Arcelor Mittal Steel Temirtau – Coal Mine Modernisation Kazakhstan



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Client

ArcelorMittal Temirtau (AMT), largest steelworks in Kazakhstan, wholly owned by ArcelorMittal, largest steel company in the world. AMT's operations comprise the steel works as well as 8 coal mines

EBRD finance

Loan for USD 100 million. Total Project Cost: USD 500 million

Use of proceeds

Improvements to AMT's health and safety practices at its coal mines in Karaganda. Gas monitoring and management systems; degassing, ventilation and electrical equipment upgrades; prevention of coal face collapses

EBRD value added / impact

Setting standards of corporate governance and business conduct; best practice into coal mining operations in Kazakhstan; knowledge and specific industry expertise transfer; demonstration effect and institutional strengthening



Signed in 2007

ArcelorMittal Kriviy Rih Ukraine



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Client

ArcelorMittal Kriviy Rih, the largest Ukrainian steelworks (formerly “Krivorizhstal”). The Company is controlled by ArcelorMittal S.A., the largest steel company in the world. Mittal Steel acquired for a price of USD 4.8 billion, 93% of the shares in Krivorozhstal.

EBRD finance

USD 200 million loan

Use of proceeds and EBRD value added / impact

To optimise the use of its production capacity and increase the productivity and energy efficiency at the company. The proceeds of the Loan were used for targeted capital expenditures to achieve the above aims and on an ongoing basis, the company is upgrading its technologies. This investment in the Company was a landmark transaction for Ukraine and its transition to a market economy.

It demonstrates to other foreign investors the benefits that can arise from a transparent privatisation, successful restructuring and the introduction of international business management practices.

Signed in 2006





Client:

S.C.Donasid Calarasi, subsidiary of Tenaris Group.

EBRD finance

€10 million senior loan with a tenor of 9 years.

Use of proceeds and EBRD value added / impact

Financing technology upgrades and an increase in production of round billets in the steel plant located in Calarasi, Romania.

Demonstration effects on transforming a formerly state-owned company.



Signed in 2006

Al Rajef Wind Farm Jordan



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Power & Energy

Client

Green Watts Renewable Energy LLC is a special purpose vehicle incorporated in Jordan for the sole purpose of developing, constructing and operating the Project. It is 100% owned by Alcazar Energy Partners, a Dubai-based independent developer and power producer active in the Middle East, Africa and Turkey.

EBRD finance

A loan of up to US\$ 70 million

Use of proceeds and EBRD value added / impact

The loan will be used for the construction of an 82 MW wind power plant in the Ma'an governorate of southern Jordan. The project will support Jordan in increasing its electricity generation capacity from clean, renewable sources.

The plant is the first wind project developed under Jordan's renewable energy feed-in-tariff programme and will increase the country's installed wind capacity by around 40 per cent.

Signed in 2016





Client snapshot

- The largest cable and wire producer in Central and Eastern Europe
- 10% market share in Europe
- founded in 1992 and has grown from a local to an international player present in over 80 countries.
- 100% owned by its founder Mr B. Cupial

EBRD finance

EUR 8.5 senior long term debt

EBRD transaction

- The EBRD facility consists of a senior term loan in the amount of up to PLN 250m (EUR 62.5m) as part of the PLN 1.34bn total financing package.
- EBRD has supported successful restructuring of the company as well as contributed to setting standards of corporate governance and business conduct.
- The Bank's loan has been used for refinancing of the existing debts and funding the R&D works on innovative solutions for extra-high voltage investments.
- local commercial banks provided the remaining financing.

