

# »» Port Financing

How to avail of export finance

**KFW** IPEX-Bank

## »» Overview of the presentation

- **Who is KfW IPEX Bank & what do we do?**
- **Port Financing and the various financing alternatives**
- **Introduction to export finance**
  - What is an Export Credit Agency?
  - How can it help you?
  - How does it work?
  - Some examples
  - Next steps

# »» KfW IPEX-Bank – International Project and Export Finance

KfW's Specialist Financier with tailor-made products

<b>KfW</b> Established in 1948 <b>Domestic Loan Programmes &amp; Development Aid</b>	
› Shareholder	Federal Republic: 80% Federal States: 20%
› Rating	AAA (S&P) Aaa (Moody's) AAA (Scope)
› Headquarter	Frankfurt am Main
› Offices	80 Countries
› Employees	6,113 *
› Volume of lending	EUR 472 billion *

<b>KfW IPEX-Bank</b> Spin-off in 2008 <b>Corporate, Project &amp; Export Finance</b>	
› Shareholder	100% KfW
› Rating	AA+ (S&P) A2 (Moody's)
› Headquarter	Frankfurt am Main
› Offices	11 (including HQ) in Europe, Asia, Africa, Americas, Middle East
› Employees	680 *
› Volume of lending	EUR 61,9 billion*



\* As of 31 December 2017

# »» Reliable partners for your project

## KfW

### World's top 50 safest banks



- › KfW tops the 2016 Ranking of the **World's 50 Safest Banks** for the 5<sup>th</sup> consecutive year.
- › Award issued by the US magazine Global Finance.
- › Winners were selected through a survey of 500 banks, with a specific focus on:
  - › Long-term credit **rating**
  - › Total **assets**

## KfW IPEX-Bank

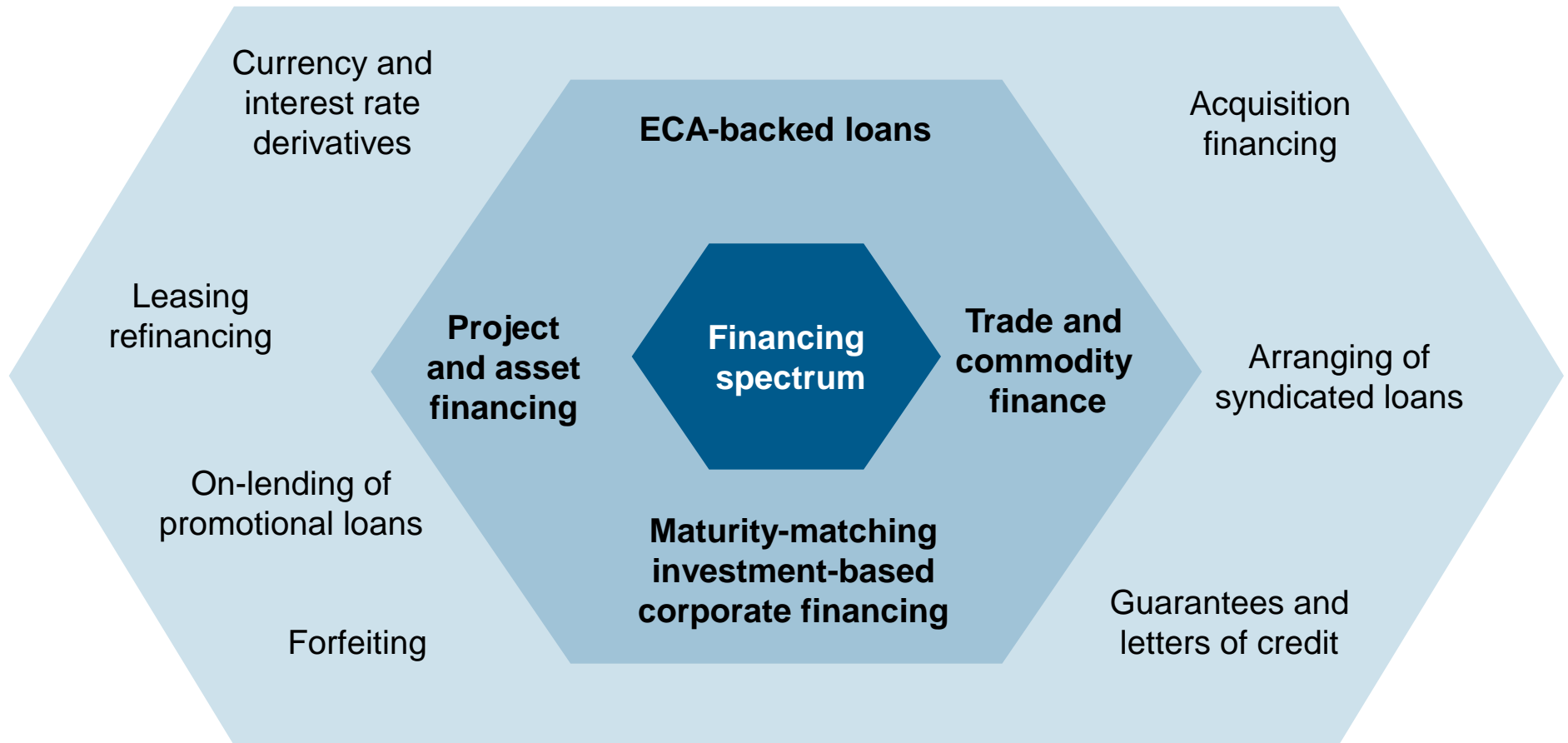
### Best performing export finance bank



- › **More than 100** leading global exporters chose KfW IPEX-Bank as the **best bank for export finance** in 2016.
- › KfW IPEX-Bank topped most of the 9 categories and achieved very good to excellent results in:
  - › **Flexibility & innovation**
  - › **Expertise & business understanding**
  - › **Speed & quality of execution**
  - › **Competitiveness on price**

## »» Wide array of financing products

From ECA-backed loans to tailored structured financing



**Leading specialist financier** for exports, investments and infrastructure globally – with individual advice, extensive structuring expertise and comprehensive market experience especially for medium to long-term products

# »» Our worldwide presence helps you stay competitive

Approx. 80 offices and representations with many years of regional experience



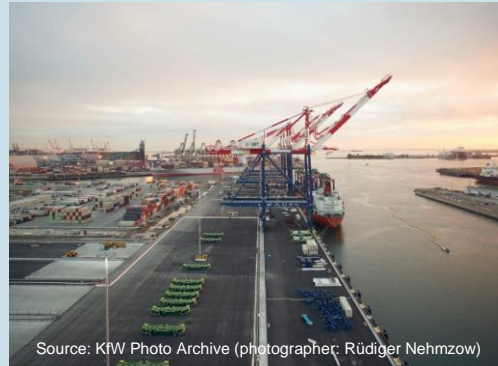
- Headquarters of KfW and KfW IPEX-Bank
- Branch of KfW IPEX-Bank
- Representative office of KfW IPEX-Bank
- Other foreign locations of the KfW Group

# »» Diverse financing competence in our team

## Transport & Social Infrastructure



Airports












Ports



Social Infrastructure,  
Road & Rail Infrastructure

# »» Have a look at some of our references

## Ports

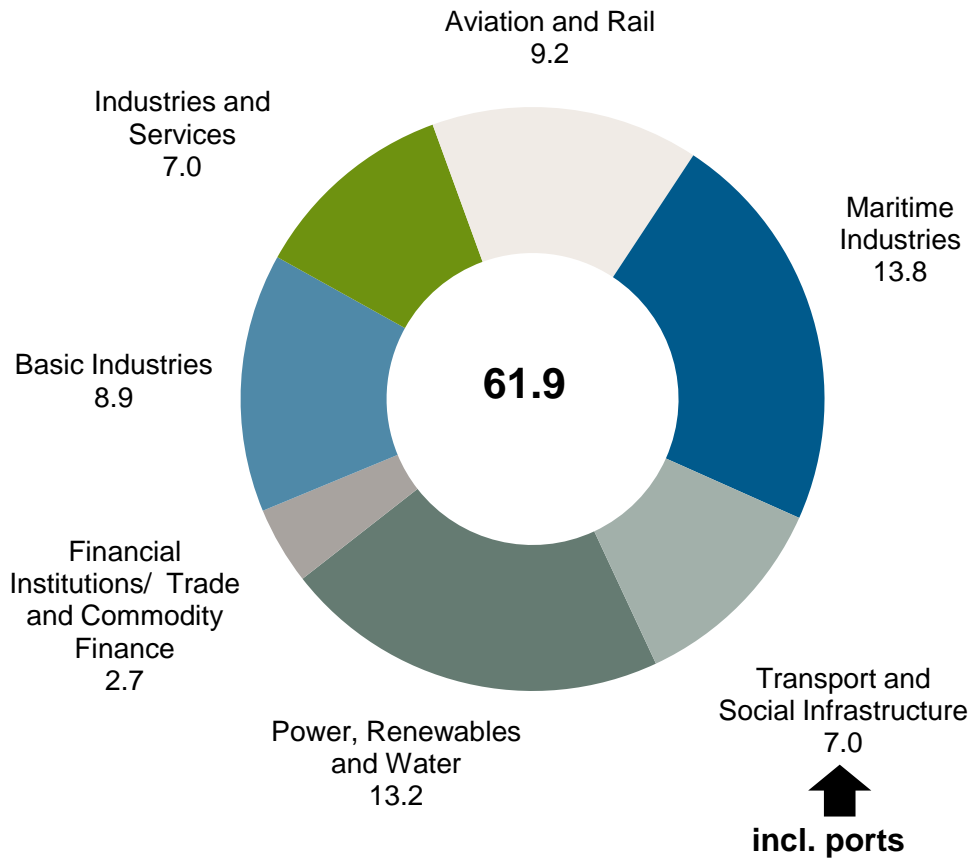
<p>United Kingdom</p>   <p><b>London Gateway Project Finance</b></p> <p>Overall refinancing volume GBP 650,000,000</p> <p><b>KFW</b> IPEX-Bank Participant</p>	<p>Australia</p>  <p><b>Melbourne Webb Dock Containerterminal</b></p> <p>Overall financing volume AUD 398,000,000</p> <p><b>KFW</b> IPEX-Bank Mandated Lead Arranger</p>	<p>Mexico</p>  <p><b>Container Port Manzanillo Project Finance</b></p> <p>Overall financing volume USD 260,000,000</p> <p><b>KFW</b> IPEX-Bank IFC B-Loan Participant</p>	<p>Belgium</p>  <p><b>Antwerp Gateway NV Brownfield Project Finance</b></p> <p>Overall financing volume EUR 125,000,000</p> <p><b>KFW</b> IPEX-Bank Mandated Lead Arranger</p>
 <p><b>Maasflakte II Terminal Corporate Finance</b></p> <p>Overall financing volume USD 100,000,000</p> <p><b>KFW</b> IPEX-Bank Bilateral Lender</p>	<p>USA</p>  <p><b>Longbeach Container Terminal Structured Finance</b></p> <p>Overall financing volume USD 81,000,000</p> <p><b>KFW</b> IPEX-Bank Mandated Lead Arranger</p>	<p>Peru</p>  <p><b>APM Terminals Callao S.A. Multi – Purpose Terminal Brownfield Project Finance</b></p> <p>Overall financing volume USD 217,000,000</p> <p><b>KFW</b> IPEX-Bank IFC B-Loan Participant</p>	<p>India</p>  <p><b>DP World Nhava Sheva Structured Finance</b></p> <p>Overall financing volume USD 160,000,000</p> <p><b>KFW</b> IPEX-Bank Mandated Lead Arranger</p>



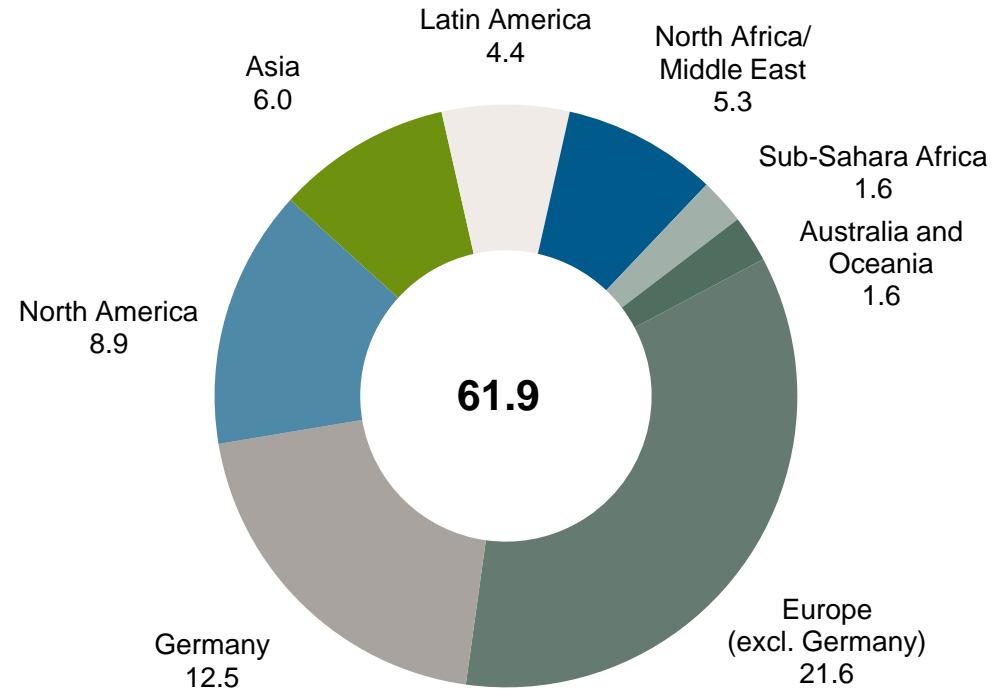
# »» Our loan portfolio of EUR 61.9 billion

## Broad sector and regional diversification

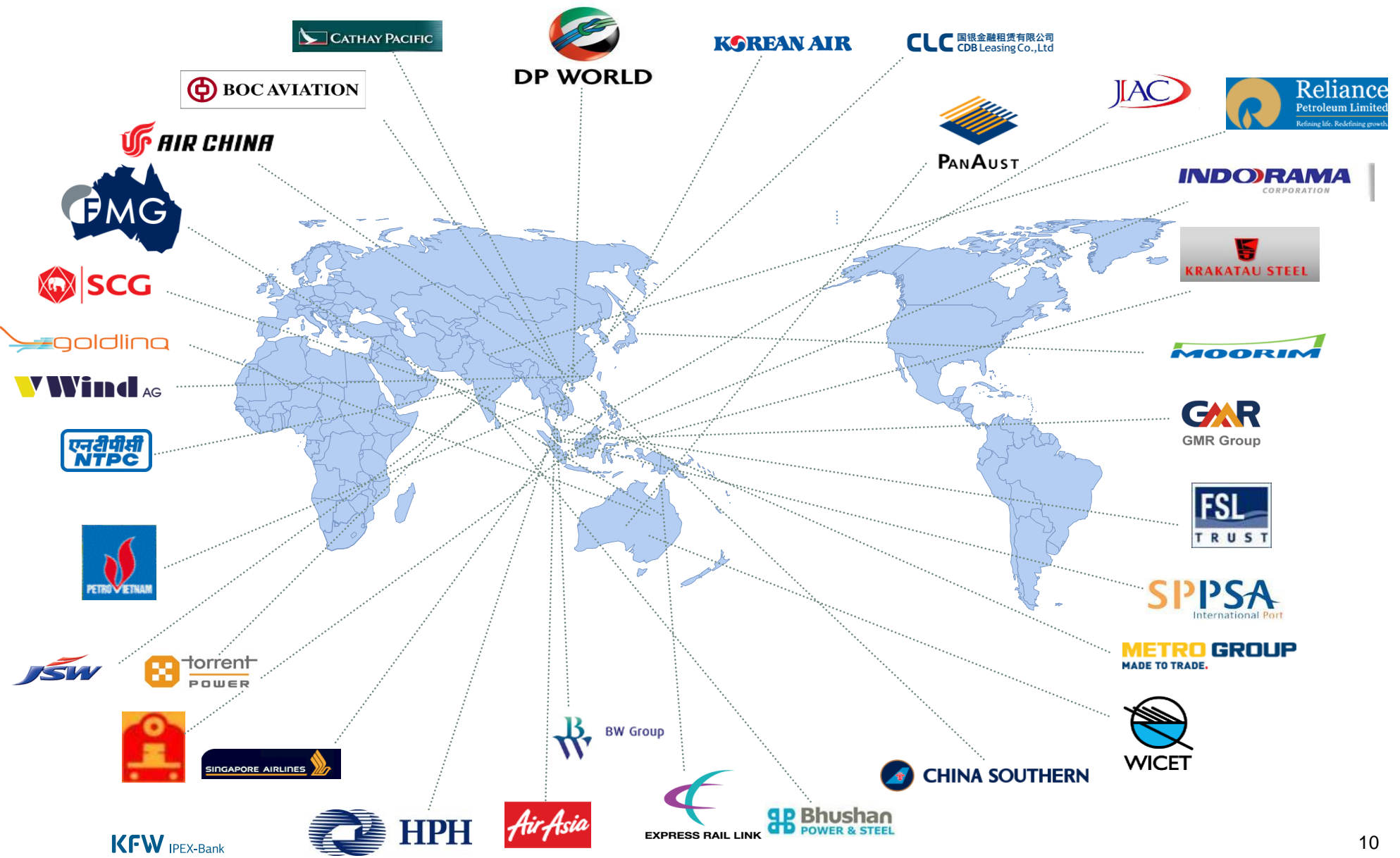
Distribution by sector department (in EUR billion):



Distribution by region (in EUR billion):



# »» Our bank is active for our customers in APAC





## »» Port Financing

## »» Debt Financing Options

- › Corporate loan
  - › Corporate bond or sukuk
  - › Export Finance
  - › Project finance loan (or bond)
  - › Multilateral financing
- › Key factors that may influence the financing decision:
    - › Purpose
    - › Financing size
    - › Tenor
    - › Timing
    - › Currency

## »» Some pros & cons of various financing options

### Bond Market

*“Large market-driven pool of liquidity”*

- ✓ Can provide significant commitment levels
- ✓ Good pricing for strong credits
- ✓ Ability to provide long tenor debt
- ✗ Inflexible structures
- ✗ Timing sensitivity
- ✗ Negative carry

### Export Credit Agencies (ECAs)

*“Motivated to support exports of goods and services of their host nations.”*

- ✓ Can provide significant commitment levels
- ✓ Attractive pricing, often better than commercial loan terms
- ✓ Ability to provide long tenor debt
- ✗ Less flexible structures
- ✗ Strict eligibility requirements

### Commercial Banks

*“Relationship and commercially driven.”*

- ✓ Typically more flexibility with respect to the financing structure
- ✓ Quick approval process
- ✗ Reduced liquidity for longer tenor deals
- ✗ Only moderate pricing and commitment levels achievable

### Multilateral / Development Banks

*“Promoting economic development and social progress in its respective member regions.”*

- ✓ More appetite regarding certain developing countries
- ✗ Internal approvals/ due diligence tends to take longer
- ✗ Strict eligibility requirements



## »» Introduction to Export Finance

## »» What is an ECA and how can it help you?

### What is an ECA?

- ECA = Export Credit Agency
- Promotes exports and jobs
- Supports its national exporters
- Provides insurance policies or guarantees to lender(s)
- Covers commercial & political risks
- Not an aid agency
- Strict guidelines (OECD Consensus)

### How can it help?

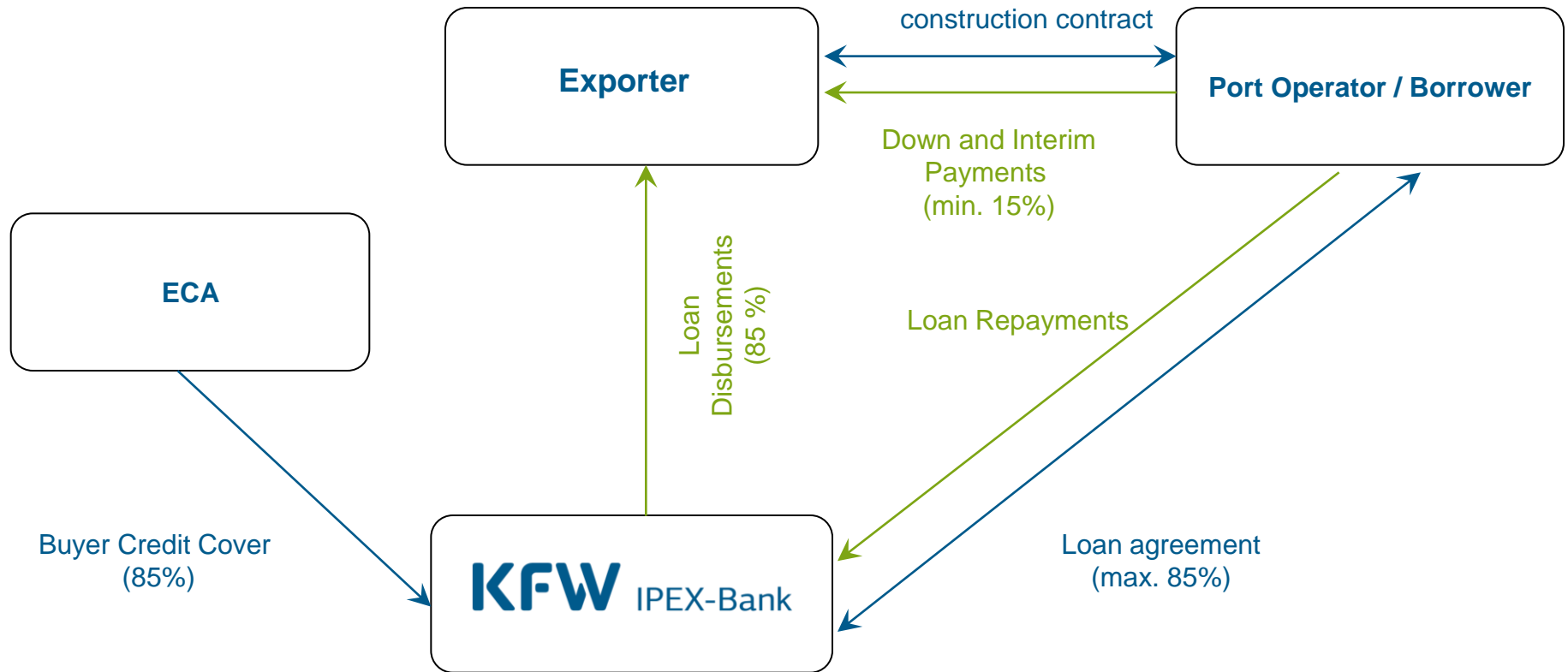
- Long tenors
- Competitive pricing
- Enables project finance
- Mobilises international capital
- Competitive fixed interest rates

### Issues to consider

- Timing
- Due diligence
- Other requirements

# »» ECA financing overview

Generic structure




**black:** contractual arrangements  
**green:** payment streams



## »» Selection of ECAs and their credit rating

One of the important factors of the loan pricing



Country	Rating	ECA
Germany	AAA	Hermes
Netherlands	AAA	Atradius
Finland	AAA	Finnvera
UK	AA	UKEF
France	AA	BPI
S. Korea	AA	KSURE & KEXIM
China	A+	Sinosure
Malaysia	A-	Malaysia EXIM
Spain	A-	Cesce
Italy	BBB	SACE

- KfW IPEX-Bank deals with all major ECAs
- The credit rating of the ECA's home country is the most critical factor affecting pricing
- Generally the ECA has the same rating as the country (but not always)

# »» ECA considerations

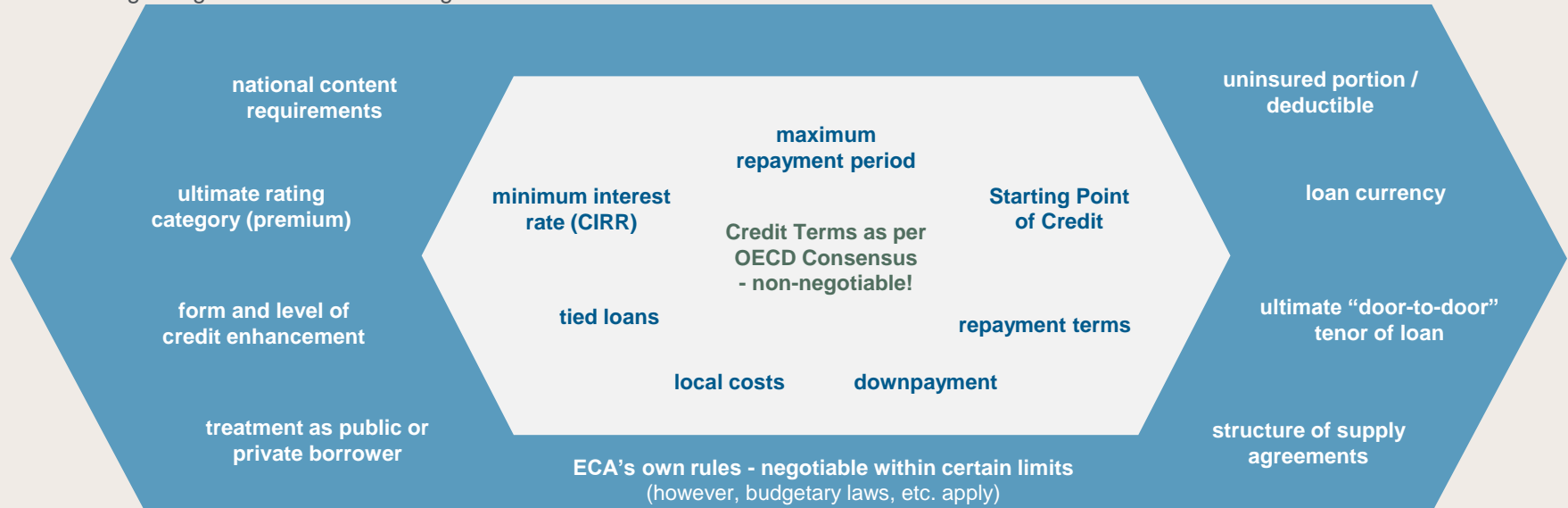
## General ECA framework

### OECD consensus

- › In 1978 the OECD member states<sup>1)</sup> agreed to the “Arrangement on Official Supported Export Credits”, also known as OECD consensus, outlining hard rules and regulations concerning the credit terms of Export Credit Guarantees
- › The aim is to foster a level playing field, ensuring competition among exporters is based on quality and price rather than official export credit support
- › In the EU countries the OECD consensus has been implemented to national law

### ECA framework – OECD consensus and distinct rules of the ECA’s

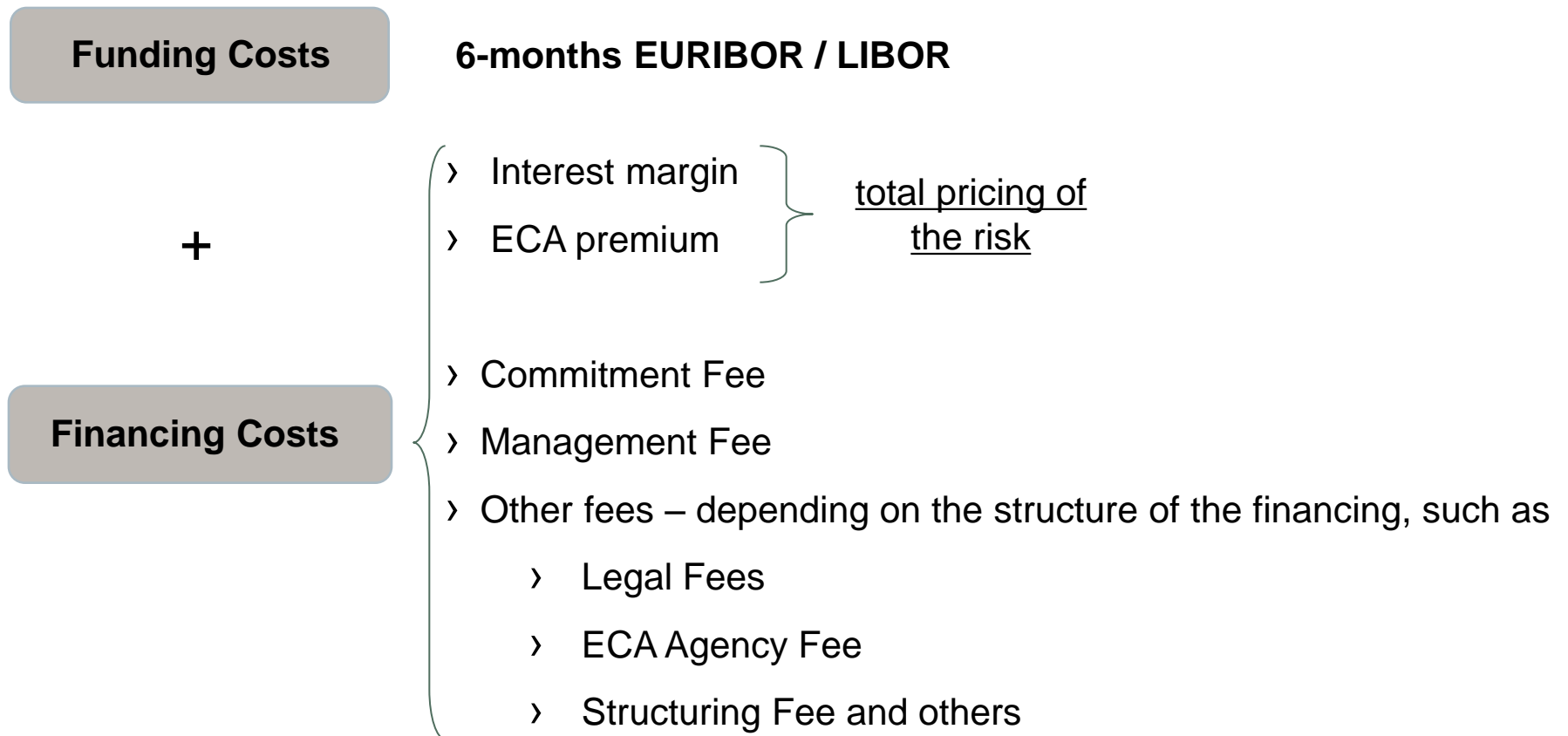
However, while the credit terms outlined in the OECD consensus are non-negotiable, respective ECA’s might be open - within certain limits – for discussion regarding their own rules and regulations.



<sup>1)</sup> Australia, EU member states, Japan, Korea, Canada, New Zealand, Norway, Switzerland and USA

## »» Costs of an ECA-covered buyer credit

Calculation of the total costs – Summary:

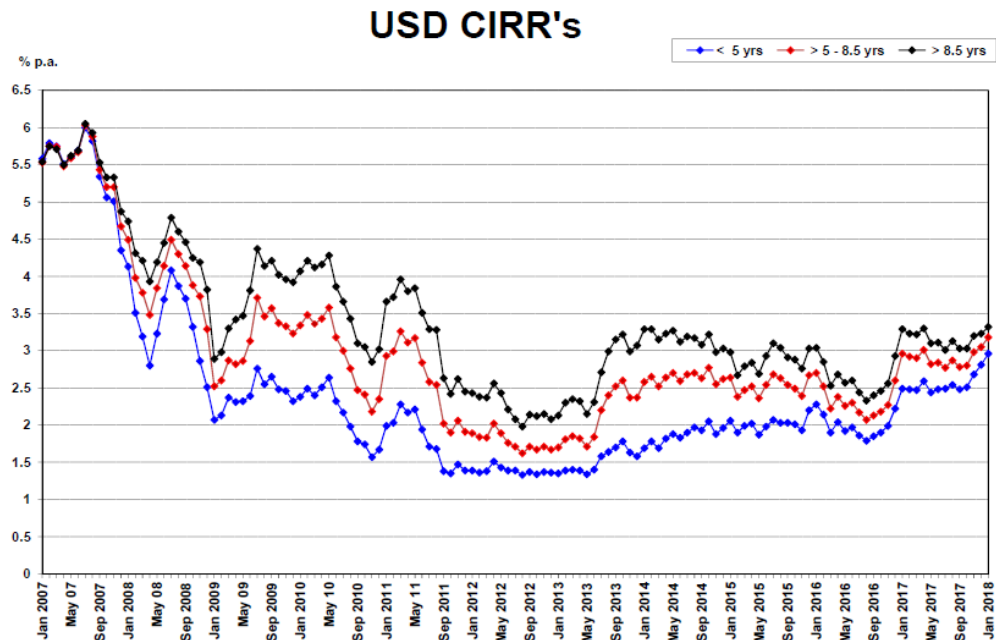


# »» CIRR (OECD Commercial Interest Reference Rate)

- a **fixed** interest rate over the **entire lifetime of the loan**
- CIRR is the minimum interest rate according to OECD consensus; depending on project and risk a surcharge could apply.
- OECD publishes the different CIRR rates (depending on repayment period and currency).
- Fixed rate EUR under CIRR scheme is now particularly cheap, fixed rates from 1.28% p.a. for over 8.5 years tenor

Currency	Repayment terms	Fixed Rate (% p.a.)*
USD	<5yrs	3.42 %
	5 to 8.5yrs	3.63 %
	>8.5yrs	3.77 %
EUR	<5yrs	0.58 %
	5 to 8.5yrs	0.96 %
	>8.5yrs	1.28 %

\* For period from 15/04/2018 to 14/05/2018



»» We can offer you the expertise to achieve your goals

### KfW IPEX-Bank's services

- ✓ **Arranging the financing** (including structuring and syndication), while deploying our experience with various ECAs worldwide.
- ✓ **Assist** the process to hire legal **counsel and consultants** (e.g. environmental study, insurance).
- ✓ **Market sounding** with ECAs, commercial and development banks.
- ✓ **Prepare** information **memorandum** or other lender materials for distribution.
- ✓ **Managing** the syndication **process**, setting up the syndication infrastructure and assisting lenders with their due diligence and credit approval process.
- ✓ **Provide advice** on selection process of the lending group based on a competitive selection concept.
- ✓ Assist you with the **structuring of the financial documentation** on behalf of the lending group.

»» Thank you

**Ruairi Brown**

**Vice President, KfW IPEX Bank GmbH**

**Singapore Representative Office**

**6 Shenton Way, 20-11, S068809**

**Office: +65 6422 7470**

**Mobile: +65 9736 4710**

**Email: [Ruairi.Brown@kfw.de](mailto:Ruairi.Brown@kfw.de)**