

Supporting downstream projects: the EBRD approach

27th January 2017



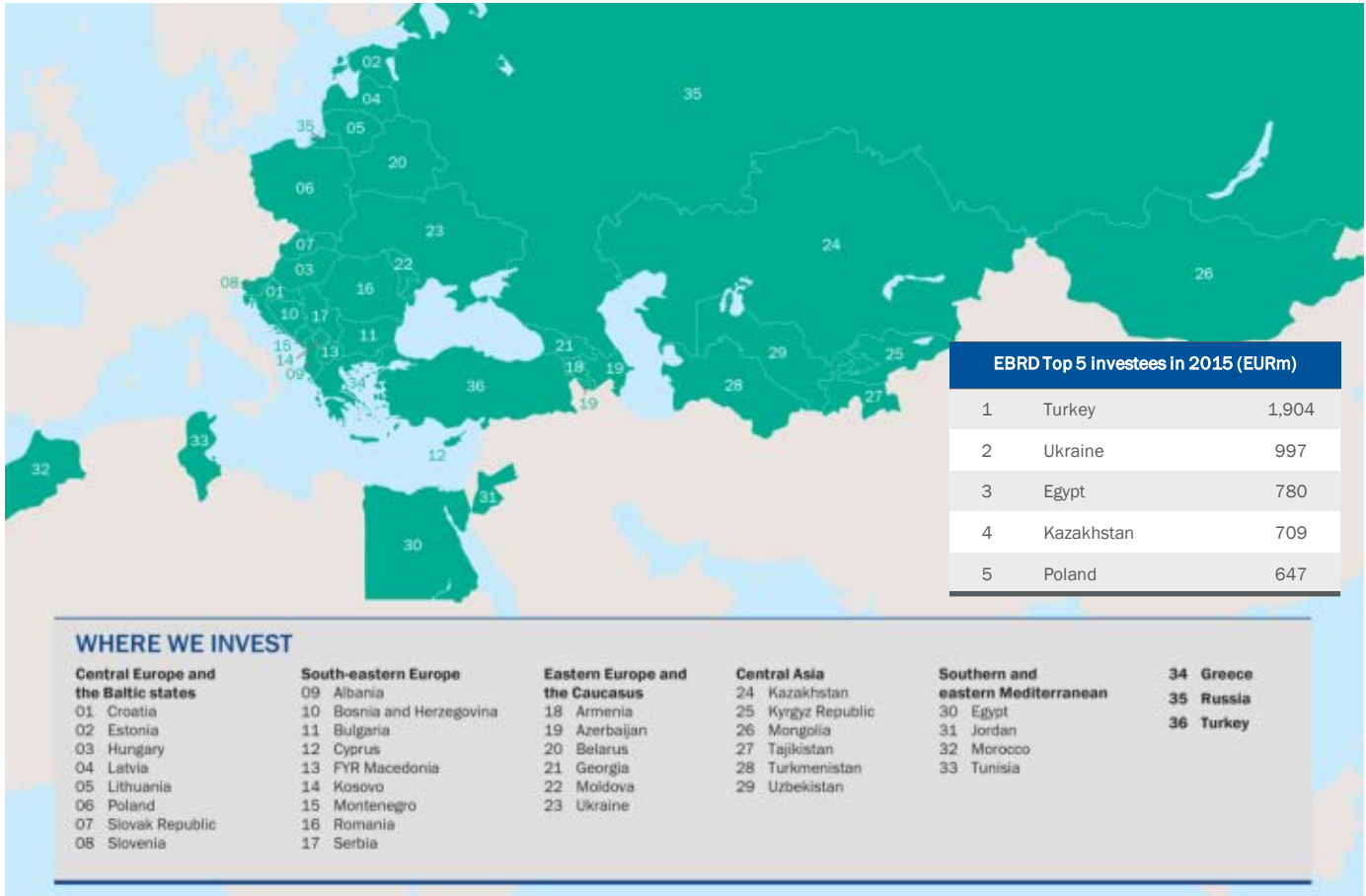
Introduction to EBRD



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Where we work?

- Operations in **36 countries** across central and eastern Europe, central Asia, and the Mediterranean.
- In 2011, the Bank expanded its region of operations to include **Egypt, Morocco, Tunisia and Jordan** (Southern and Eastern Mediterranean region or SEMED).
- In 2015, the Bank was granted a special mandate to operate in **Greece and Cyprus** until 2020.
- Also, in 2015, **Lebanon** was granted full EBRD membership and will become country of operations.



EBRD Natural Resources Track Record

A key investor in the extractive industries sector



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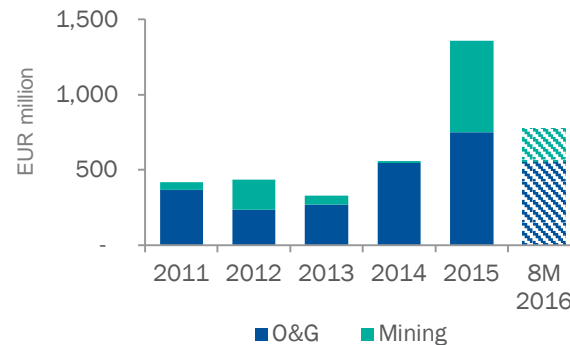
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Refineries

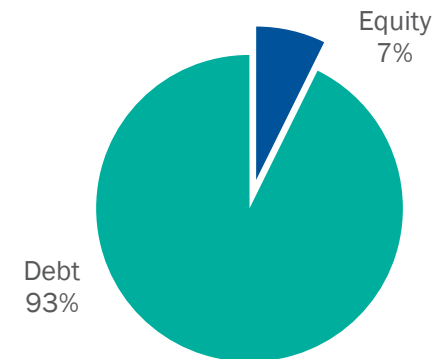
Case studies

- **Long track record:**
175 projects for a total of EUR 7.65 billion net cumulative investment.
- **Strong team:**
30+ bankers distributed across the EBRD region:
 - Permanent presence in Russia, Kazakhstan, Mongolia, Ukraine, Egypt and Turkey.
 - 2 in-house mining and petroleum engineers involved in technical appraisal, due diligence and monitoring.
 - Access to additional expertise (consultants).
- **Key sectors:**
 - Oil & Gas up-, mid-, and downstream.
 - Metal ore mining.
 - Services Industry.

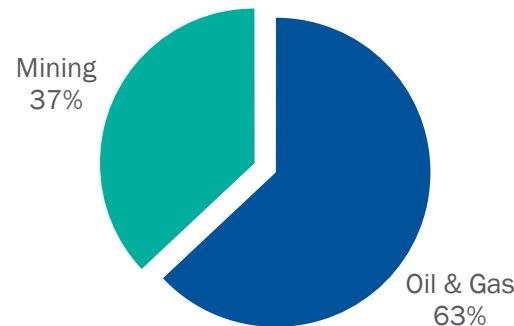
Signed business volume



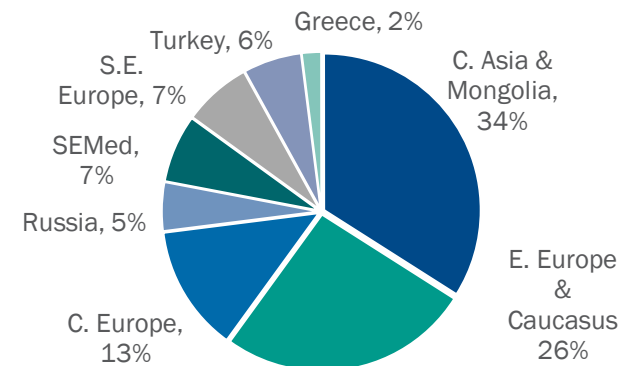
Operating assets by instrument

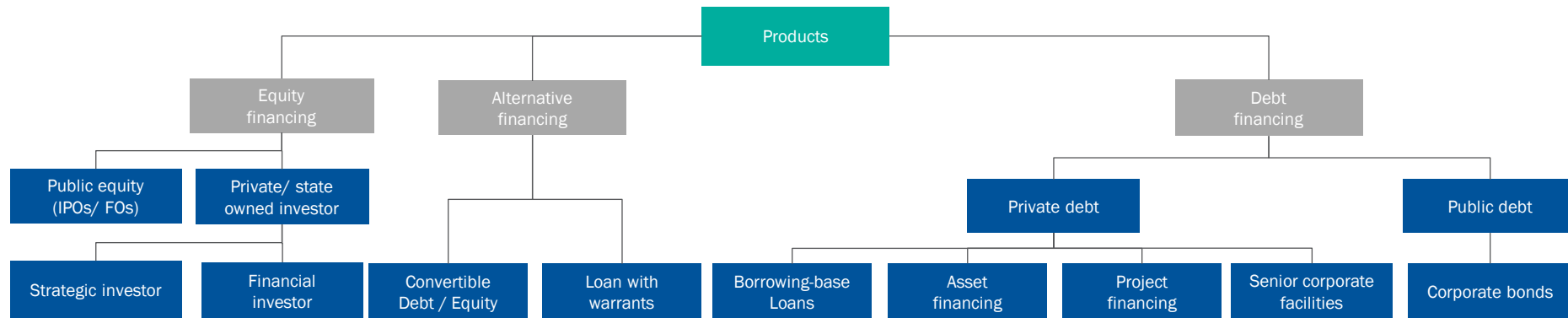


Operating assets by sub-sector



Portfolio by region





Equity

- **Common and preferred stock.** Typically, up to 20% minority stake.
- **Support to strategic investors.** Share of development-stage risk.
- **Long term partnership.** Long exit horizons (5-10 years).
- **IPO participation as anchor investor:** Increased credibility and comfort to investors and financiers.
- **Board representation.** Positioning as neutral party (“*honest broker*”) providing commercial/technical advice and promote best Corporate Governance practices.

Debt

- **Flexible loan structure.** Senior/subordinated, mezzanine, project finance, convertible debt, reserve-based, bond issues.
- **Up to 1/3 of the total project costs.**
- **Long tenors.** Up to 10 years, tailored to needs.
- **A/B syndication structures.** Preferred creditor status. Mobilization of commercial credit under the Bank’s umbrella.
- **Co-financing/Parallel lending.**
- **Multi-currency lending.** EUR, USD or local currency.

EBRD Natural Resources Track Record

Financing across the Natural Resources value chain

- **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 works with strong sponsors in pre-development stage financing, mine/field development, project expansion and services providers .

Oil & Gas



EBRD Natural Resources Track Record

Recent transactions – Midstream Oil & Gas



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- Support to **upstream oil and gas operators and services companies**. From small and mid-size juniors to regional majors and participants in large project consortia.
- **Instruments:** corporate and project finance loans, reserves-based financing, loans with profit-sharing, equity.
- **Technical Cooperation** in energy/resource efficiency initiatives (e.g. Energy Audits, Associated Petroleum Gas flaring studies). Promotion of best environmental, social, health & safety and technical standards.



Energean Oil & Gas

2016, Greece
USD 75 million
Senior loan

Onshore & Offshore oil field development



Merlon International

2015, Egypt
USD 40 million
Senior loan

Onshore oil field development



Lukoil–Shah Deniz Stage 2

2015, Azerbaijan
USD 450 million
Senior A/B loan

Offshore gas field development



PICO Petroleum Group

2015, Egypt
USD 50 million
Reserve-based loan

Offshore oil & gas extraction



Irkutsk Oil

2014, Russia
USD 150 million
Senior loan & stand-by facility
Onshore oil & gas extraction



Advanced Energy Systems

2015, Egypt
USD 28 million
and **USD 170 million** facility
Senior Loan & Lead arranger

Offshore oil field services



OMV Petrom – KOM Munai

2014, Kazakhstan
USD 200 million
Senior A/B loan

Onshore oil & gas extraction



Romgaz

2013, Romania
USD 200 million
Initial Public Offering

Onshore gas extraction



Improved Petroleum Recovery

2014, Egypt
USD 50 million
Reserve-based loan

Onshore oil & gas field development



Kuwait Energy Company

2013, Egypt
USD 40 million
Senior loan

Onshore oil & gas extraction



Serinus Energy

2013, Tunisia
USD 60 million
Senior loan & Convertible Note
Onshore oil & gas field development



Zhanros Drilling

2012, Kazakhstan
USD 22,5 million
Senior loan

Onshore oil field services



KUB Gas

2011, Ukraine
USD 40 million
Senior loan

Onshore gas field development



Bereska Gaz - Monolit

2010, Russia
USD 120 million
Senior A/B loan

Onshore gas field development

Refinery study carried out by Jacobs consulting-

Focus on Energy Efficiency and product yield improvements



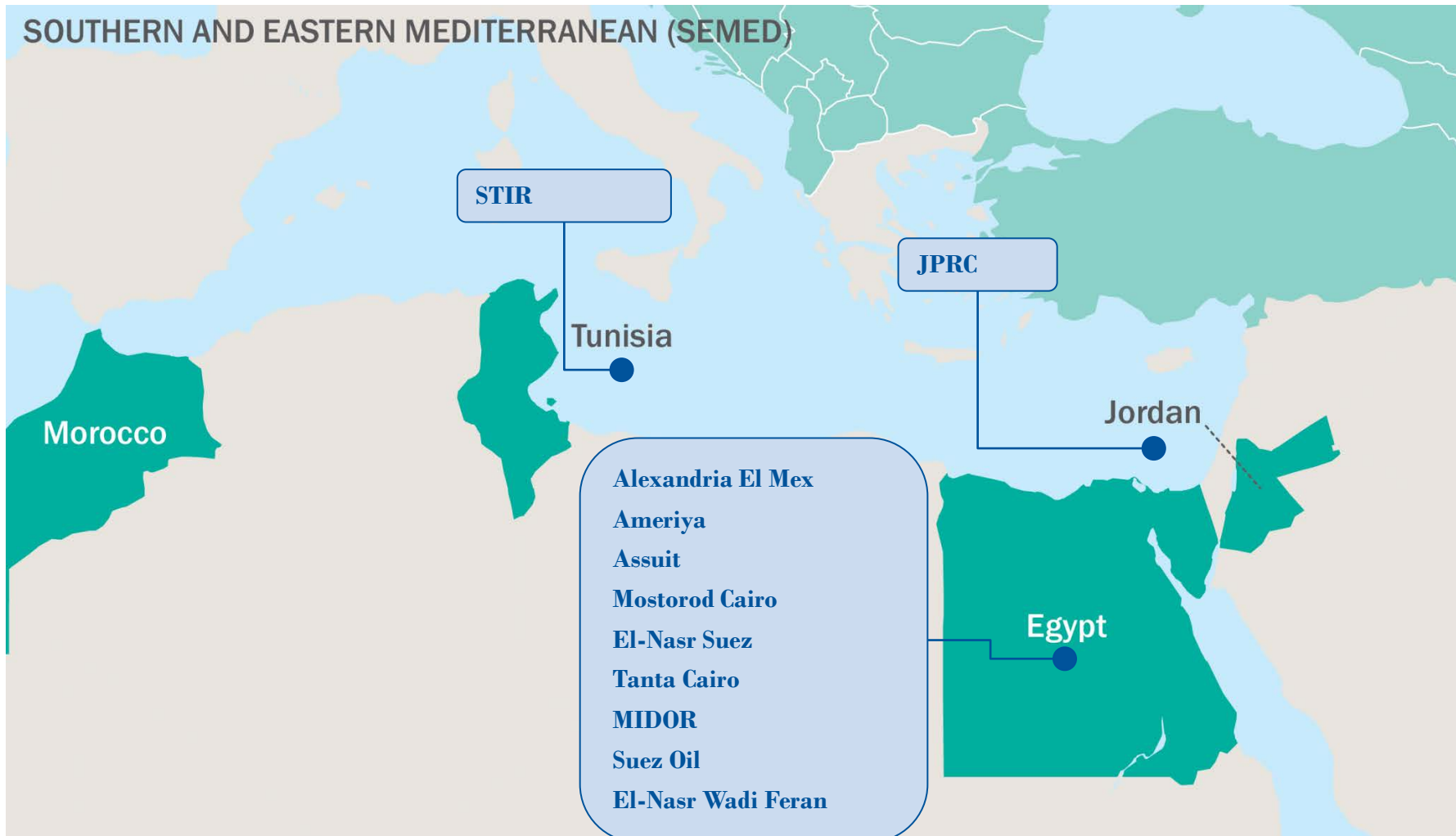
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SOUTHERN AND EASTERN MEDITERRANEAN (SEMED)



Refinery study carried out by Jacobs consulting- Example: Egyptian Refinery Major Upgrade



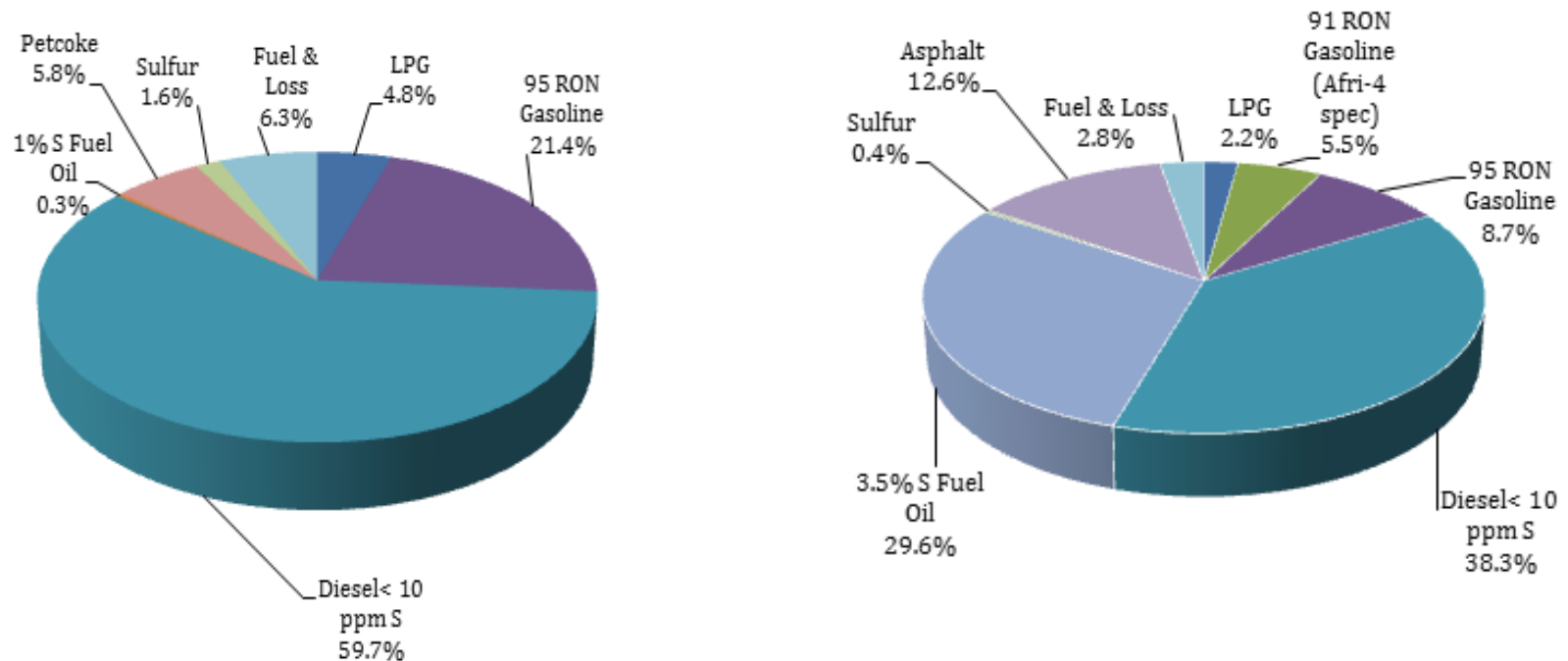
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Yields before and after investments in Hydrocracking & Delayed Coking units



- Opportunity for Upgrade exists in the refinery through suitable disposition of Heavy Vacuum Gas Oil (HVGO) & Vacuum Residue (VR) to achieve high-value and high-quality refined products
- Elimination of fuel oil and asphalt by selection of the right processing configuration is expected to boost margins by approximately 40%.

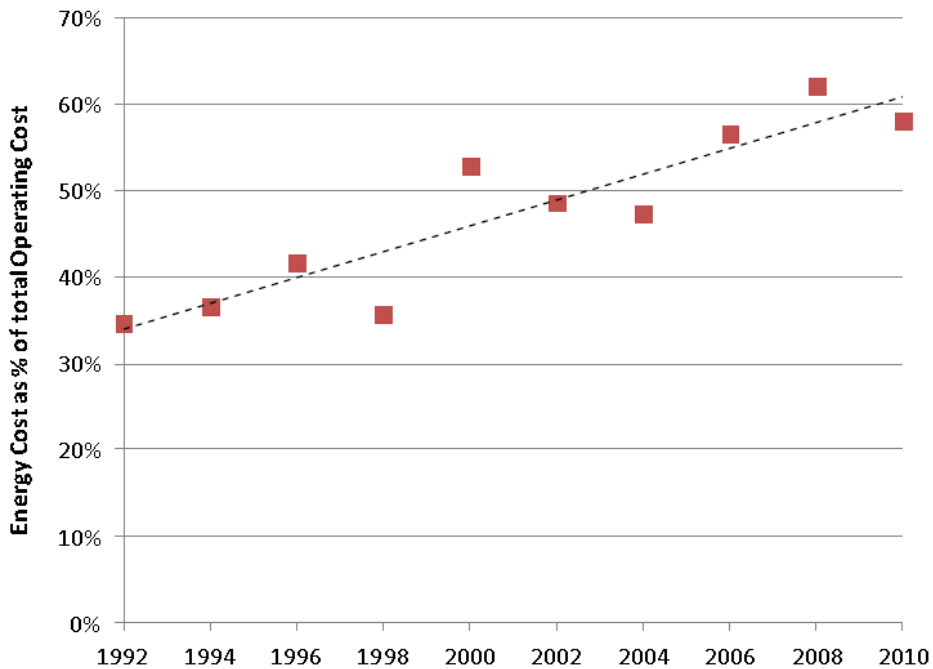
Refinery study carried out by Jacobs consulting-

Energy efficiency in refineries

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Fuel (74-78%)



Steam (18-20%)



Electricity (4-6%)



- Refineries energy costs of total operating costs has nearly doubled over the past 20 years
- Energy savings are at the heart of upgrade programmes.

Refinery study carried out by Jacobs consulting-

Energy Efficiency drivers

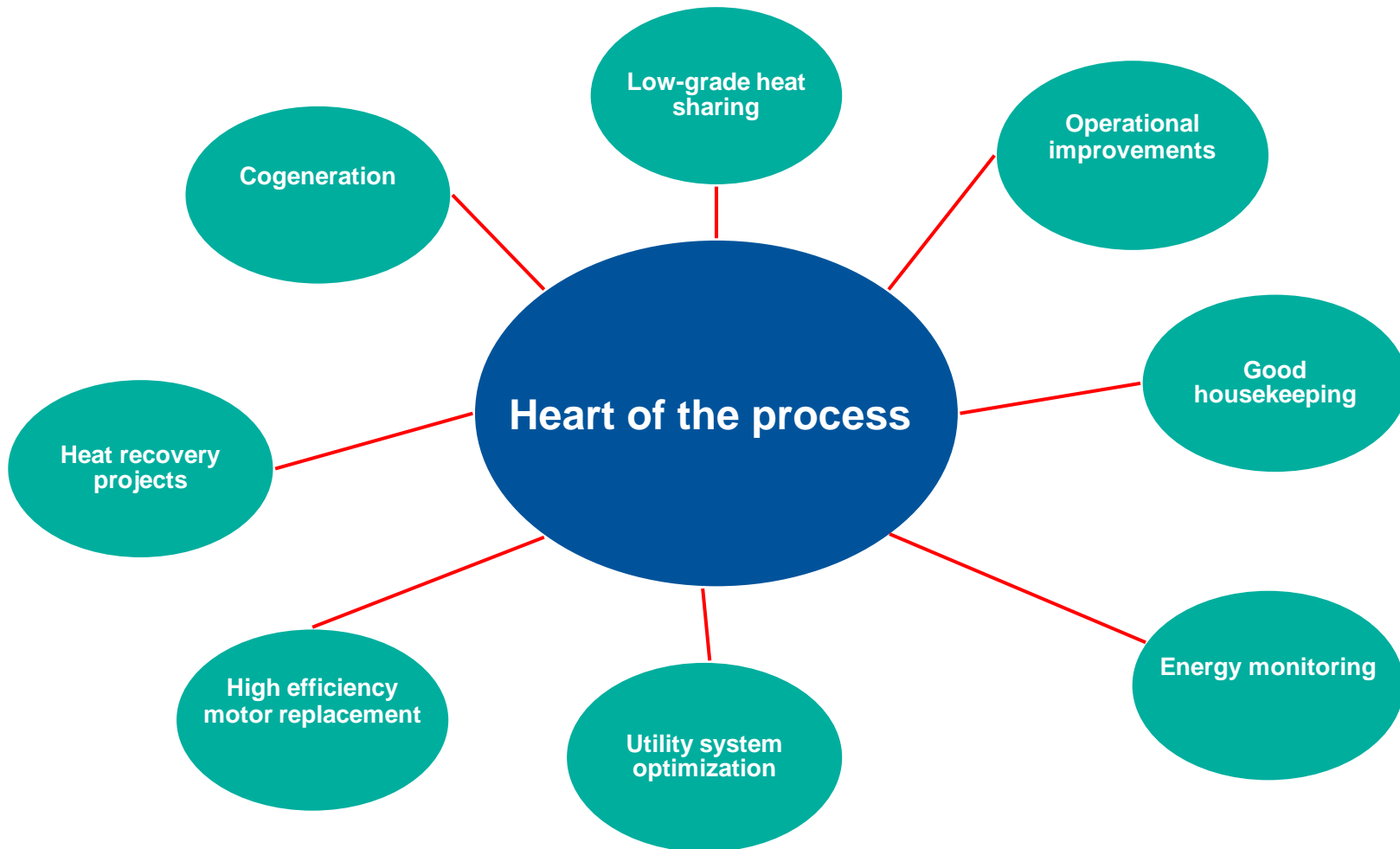


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Signed in
2016



EBRD Finance

USD 150 million loan to Tüpraş, Turkey's largest industrial company and the owner of the country's four active refineries.

Project

USD 232 million resources efficiency programme, including a new on-site thermal power plant, waste heat recovery system, stack gas treatment, water treatment unit, new fluid catalytic cracker and hydrocracker unit at Kirikkale and Izmir plants.

Environmental Impact

Reduction in NOx and CO2 emissions (270,000 tonnes/year) and water consumption (2.6 mcm/year) as a direct result of the project. Comprehensive Environmental & Social Action Plan (ESAP) to bring the plants in line with EU standards.

Transition Impact

(1) Largest resource-efficiency programme in the Turkish industrial sector to date, fully in line with the Bank's Green Economy Transition approach. (2) Demonstration of increased competitiveness stemming from efficiency upgrades. (3) Demonstration of OHS standards in line with EU Seveso III directive and beyond national requirements.

Signed in

2016



EBRD Finance

USD 94 million EBRD financing, consisting of a USD 71.9 million senior loan and a USD 21.8 million mezzanine facility to Sonker Bunkering Company SAE (Sonker), a private hydrocarbon storage and trans-shipment company owned by the Amiral Holding and the Egyptian Government. The EBRD financing is part of a larger package with IFC and CIB.

Project

USD 504 million for the construction and operation of a bulk liquids terminal at the port of Sokhna, on the Red Sea. This infrastructure project is critical to Egypt's energy security to meet its requirement for gasoil, LPG and LNG imports.

Environmental Impact

Comprehensive Environmental & Social Action Plan (ESAP) has been agreed with the client.

Transition Impact

(1) Promote private ownership in Egypt as Sonker is one of the few independent private players in the sector. (2) Demonstrate the benefits of efficient operation of the hydrocarbons import handling sector. (3) Standards of corporate governance.

Thank you



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