

Project Finance Facility for Energy Projects

December 6, 2016

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Presentation Outline

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Originator of Peso-denominated Project Financing
CEDC: Key Highlights
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Our Credentials

Originator of Peso-denominated Project Financing

- Originator of the first Philippine Peso-denominated Project Finance facility



PHP 16,000,000,000

12-year Project Finance Loan Facility
For a 3x82 MW Power Plant

Lead Arranger
First Metro Investment Corporation

June 2009

Lenders	<ol style="list-style-type: none">1. Allied Banking Corporation2. Bank of the Philippine Islands3. China Banking Corporation4. Land Bank of the Philippines5. Metropolitan Bank & Trust Company6. Philippine National Bank7. Rizal Commercial Banking Corporation8. Robinsons Savings Bank Corporation9. Security Bank Corporation10. The Insular Life Assurance Company, Ltd.11. The Philippine American Life and General Insurance Company, Inc.
Facility Agent	Philippine National Bank – Trust Banking Group
Trustee	Metropolitan Bank & Trust Company – Trust Banking Group

Cebu Energy Development Corporation

Key Highlights

❖ First all Peso-denominated Project Finance

- Mitigated foreign exchange mismatch

❖ Largest issue size at PHP 16 Bn

❖ Longest tenor at twelve (12) years

- Split into 3 Tranches:
 - a. 5 + 7 years and 7 + 5 years
 - b. 10 + 2 years
 - c. 12-year straight

❖ Fixed interest rate

- 8.75% to 9.25% (as applicable per Tranche) prior to repricing
- Locked-in rates to address market volatility

❖ Non-recourse to Sponsors

- Proves effectiveness of the EPIRA: As a PF deal eliminates ROP guarantee, it frees the government from any financial support undertaking.

❖ All local investors - 33% oversubscribed

- Composition: 91% banks, 9% insurance companies

❖ Single-handedly covers 23.0% of the PHP100.0 Bn call for private sector participation in the government's pump priming initiative.



Major Player in Project Financing



Pagbilao Energy Corporation

PHP33,309,000,000
15-year Project Finance
Loan Facility

May 2014

Joint Mandated Lead Arranger
First Metro Investment Corporation

Lenders

Metropolitan Bank & Trust Company
Bank of the Philippine Islands
BDO Unibank, Inc.
China Banking Corporation
Philippine National Bank
Philippine Savings Bank
Security Bank Corporation

MBTC Participation
PHP 8.0 B
1.23x oversubscribed



Therma Visayas, Inc.

PHP 31,971,000,000
15-year Project Finance
Loan Facility

June 2015

Mandated Lead Arranger & Sole Bookrunner
First Metro Investment Corporation

Lenders

Metropolitan Bank & Trust Company
Philippine Savings Bank
Asia United Bank Corporation
Bank of the Philippine Islands
BDO Unibank, Inc.
China Banking Corporation
Development Bank of the Philippines
Land Bank of the Philippines
Maybank Philippines, Inc.
Security Bank Corporation

MBTC Participation
PHP 7.5 B
2.0x oversubscribed



San Buenaventura Power Ltd. Co.

PHP42,150,000,000
15-year Project Finance
Loan Facility

October 2015

Joint Mandated Lead Arrangers, Joint Bookrunner and Joint Issue Coordinators
First Metro Investment Corporation

Lenders

Metropolitan Bank & Trust Company
BDO Unibank, Inc.
China Banking Corporation
Philippine National Bank
Rizal Commercial Banking Corporation

MBTC Participation
PHP 14.3 Billion
1.42x oversubscribed

Major Player in Project Financing



SAN BUENAVENTURA POWER LTD. CO.

San Buenaventura Power Ltd. Co.

PHP42,150,000,000
15-year Project Finance
Loan Facility

October 2015



Asia-Pacific Power Deal of the Year 2015



*The Asset Triple A Asia Infrastructure Awards 2016
Best Power Deal, Philippines*



Therma Visayas, Inc.

PHP 31,971,000,000
15-year Project Finance
Loan Facility

June 2015



*Best Fixed Income Deal of the Year
by IHAP Awards 2016*



*The Asset Triple A Asia Infrastructure Awards 2016
Most Innovative Deal, Philippines*



Pagbilao Energy Corporation

PHP33,309,000,000
15-year Project Finance
Loan Facility

May 2014



Best Power Deal 2015



Asia Financing Transaction of the Year 2014



Infrastructure & Project Finance Deal of the Year 2014



Best Project Finance Deal in Southeast Asia

Major Player in Project Financing

- Other smaller energy projects funded by Metrobank:
 1. Bunker fuel plants
 2. Hydro power plants
 3. Wind power plants
 4. Biomass plants

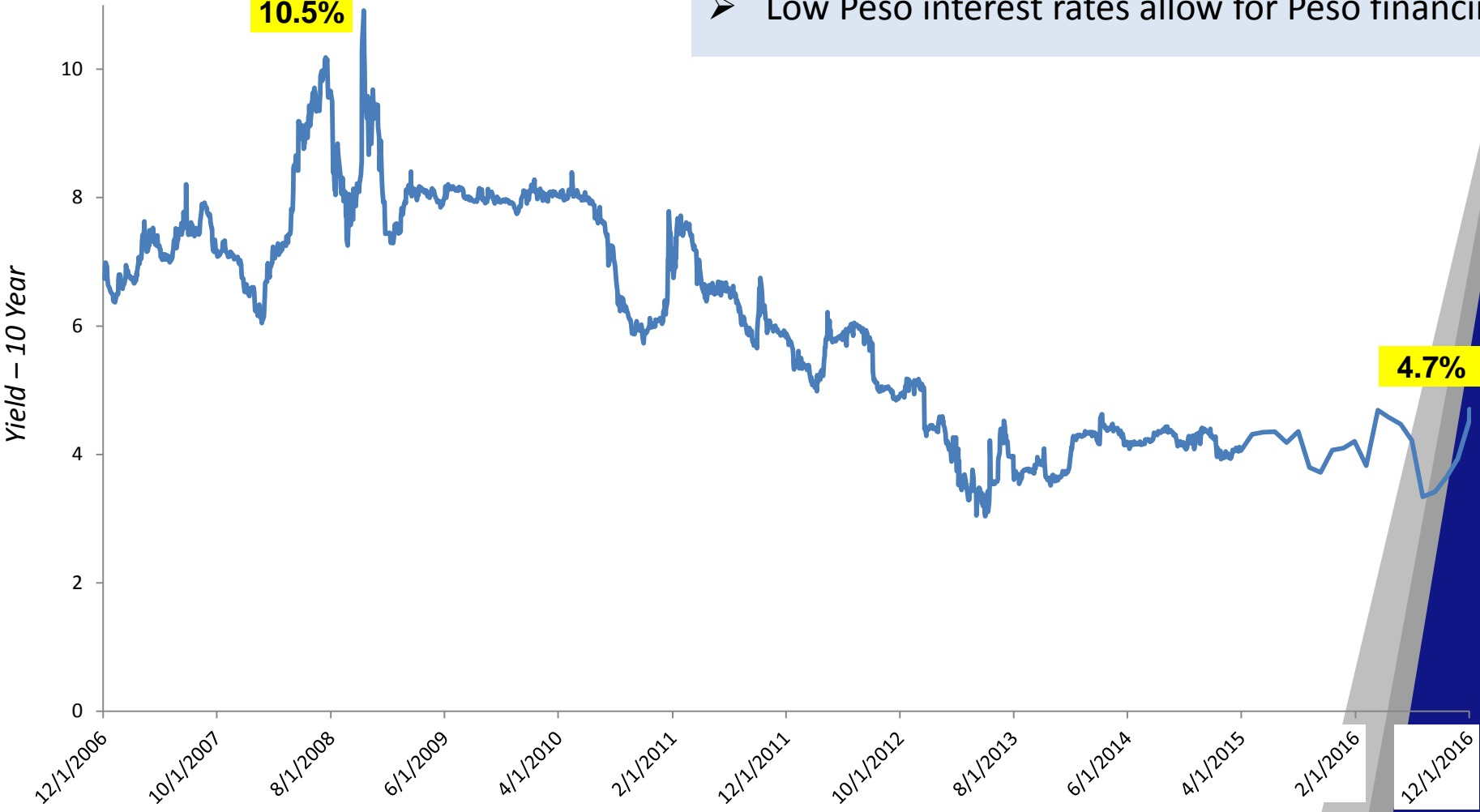


Financial Environment

Lower Domestic Interest Rates

10.5%

➤ Low Peso interest rates allow for Peso financing



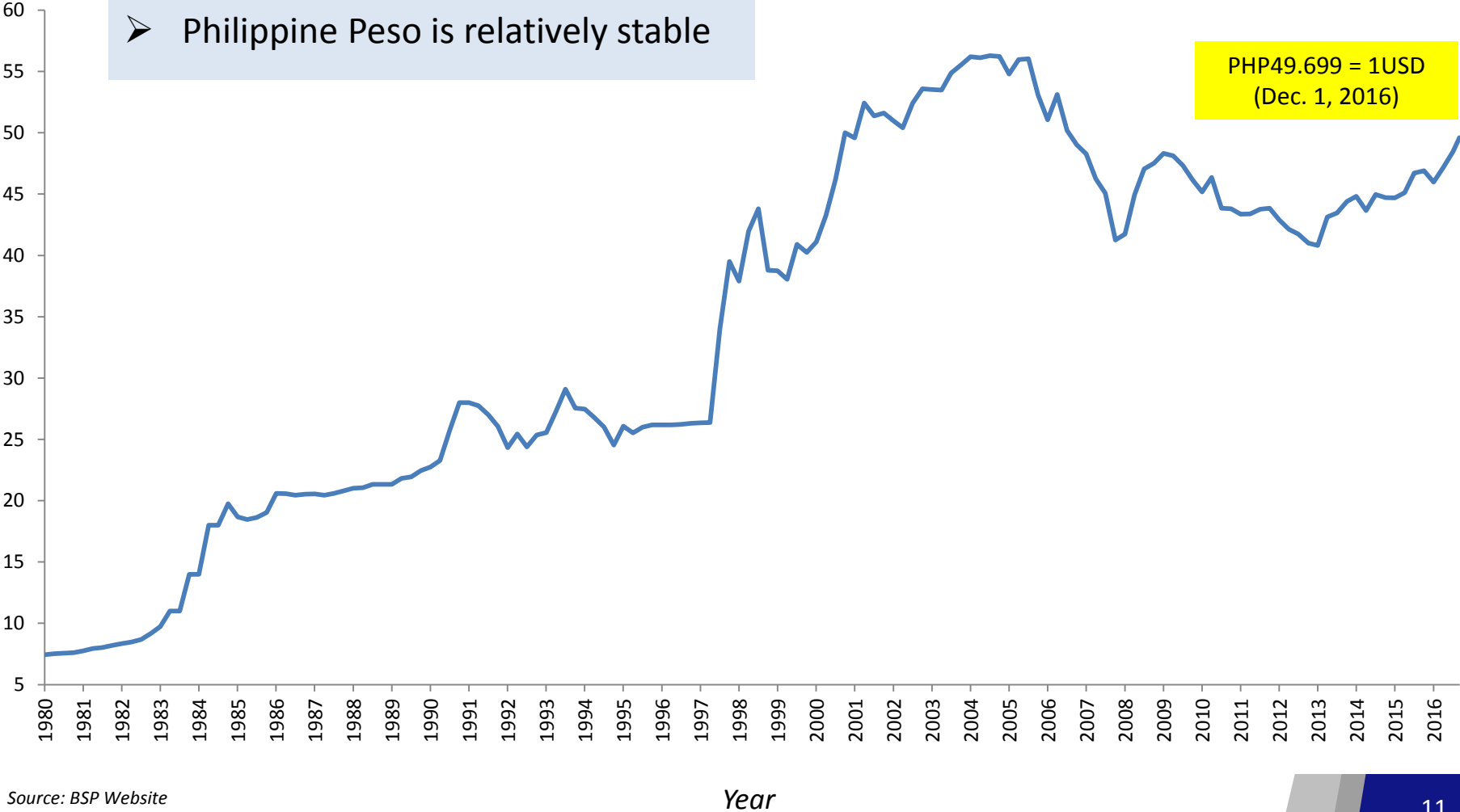
*Starting April 2015, benchmark rates is based on PDST-R2

US\$-PHP Exchange Rate

PHP

➤ Philippine Peso is relatively stable

PHP49.699 = 1USD
(Dec. 1, 2016)



Source: BSP Website

EPIRA 2001

- Enacted to institute reforms in the industry
- Restructure the entire power industry to introduce competition in the generation sector
- Privatization of the assets of National Power Corporation (NPC)

Effect:

- Participation of private companies in the power generation sector
 - Fresh capital
- Increased competition from private sector
- Sufficiency of power supply



GENERATION

COMPETITIVE



TRANSMISSION

REGULATED



DISTRIBUTION

REGULATED

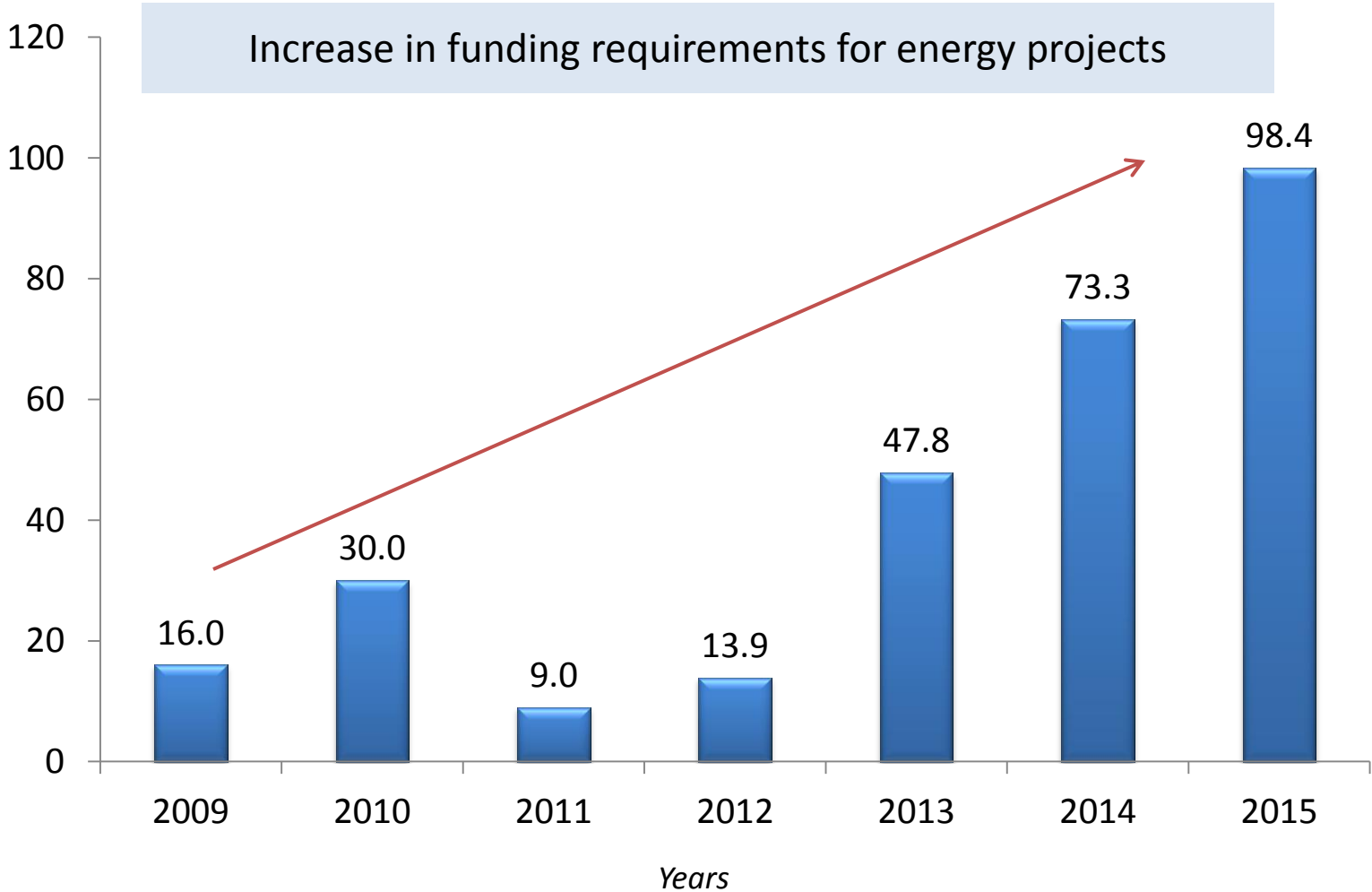


SUPPLY

COMPETITIVE

Local Project Financing – Peso Funded Facilities

In PHP billion



Source: Publicly-available data and FMIC-involved transactions

Local Project Financing – Peso Funded Facilities

COAL

Borrower/ Project Company	Capacity (gross)	Loan Amount (in PHP Bn)	Year Closed
San Buenaventura Power, Ltd. Co.	500MW	42.15	2015
Therma Visayas Inc.	330 MW	31.971	2015
Panay Energy Development Corp.	150 MW	11.0	2015
FDC Misamis Power Corporation	405MW	40.0	2014
Pagbilao Energy Corporation	420 MW	33.3	2014
Therma South, Inc.	300 MW	24.0	2013
Toledo Power Company (Expansion)	82 MW	7.0	2013
South Luzon Thermal Energy Corporation	135 MW	7.0	2013
Southwest Luzon Power Generation Corp.	150 MW	11.5	2012
South Luzon Thermal Energy Corporation	135 MW	9.0	2011
Panay Energy Development Corp.	164 MW	14.0	2010
Cebu Energy Development Corporation	246 MW	16.0	2009

HYDRO

Hedcor Bukidnon, Inc.	68.8MW	10.0	2015
Hedcor Sibulan, Inc.	42 MW	3.57	2008

GEOTHERMAL

Maibarara Geothermal Inc.	20 MW	2.4	2012
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WIND

Trans-Asia Renewable Energy Corp.	54 MW	4.3	2013
Alternergy Wind One Corp.	67.5 MW	5.5	2013

SOLAR

Helios Solar Energy Corp.	132.5MW	Not disclosed	2016
San Carlos Sun Power	59MW	3.247	2015



Project Finance Parameters

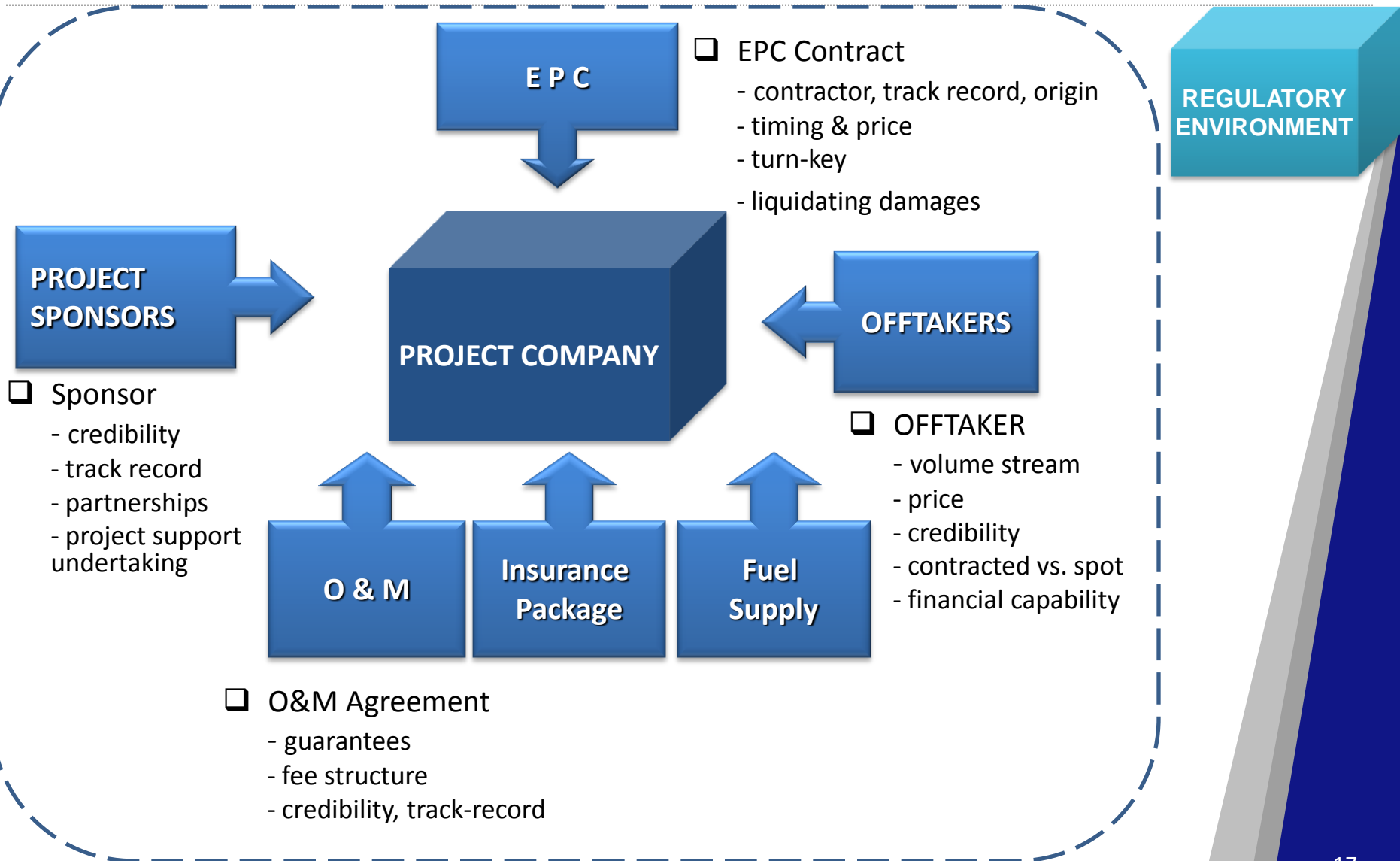
Establish Partnerships



Sponsors

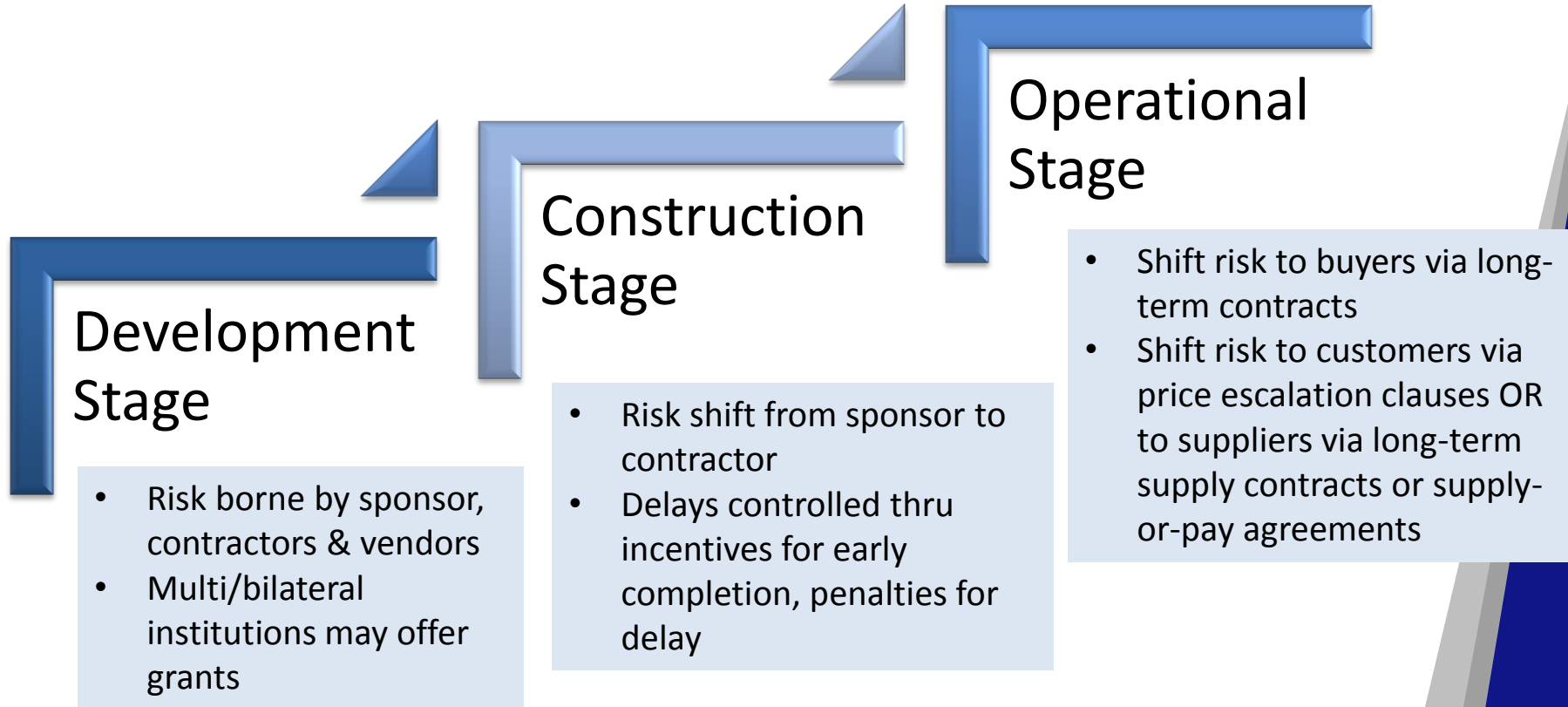
Criteria for Successful Project Financing

Factors to Consider in Evaluating



Criteria For Successful Project Financing

Risk Spreading



Other Risks

- Political Risk – covered by insurance
- Financial Risk – may be enhanced by guarantees; Interest rate & currency risks - may be mitigated with the use of natural hedges, swaps, options, forwards & futures

Indicative Terms and Conditions

➤ Project finance loan syndication takes about 6-8 months.

Terms and Conditions	
Borrower	Special Purpose Vehicle
Mandated Lead Arranger	First Metro Investment Corporation
Loan Amount (in PHP)	Up to 70% - 75% of the Project Cost
Tenor	Up to 15 years
Grace Period	During construction, but not to exceed 5 years
Interest Rate Structure	For a 15 year loan, typically 7 + 8 with repricing on the end of 7 th year <i>*Repricing is based on the applicable benchmark rate plus the Spread.</i>
Amortization/Interest Payment	Semi-annual
Collateral	The security documents will be standard for transactions of this nature, including: <ul style="list-style-type: none"> a) Security over Project accounts; b) Mortgages over all plant and equipment; and c) Assignment of contracts.
Independent consultants	Legal, Technical, Insurance, Financial Model

Renewable Energy

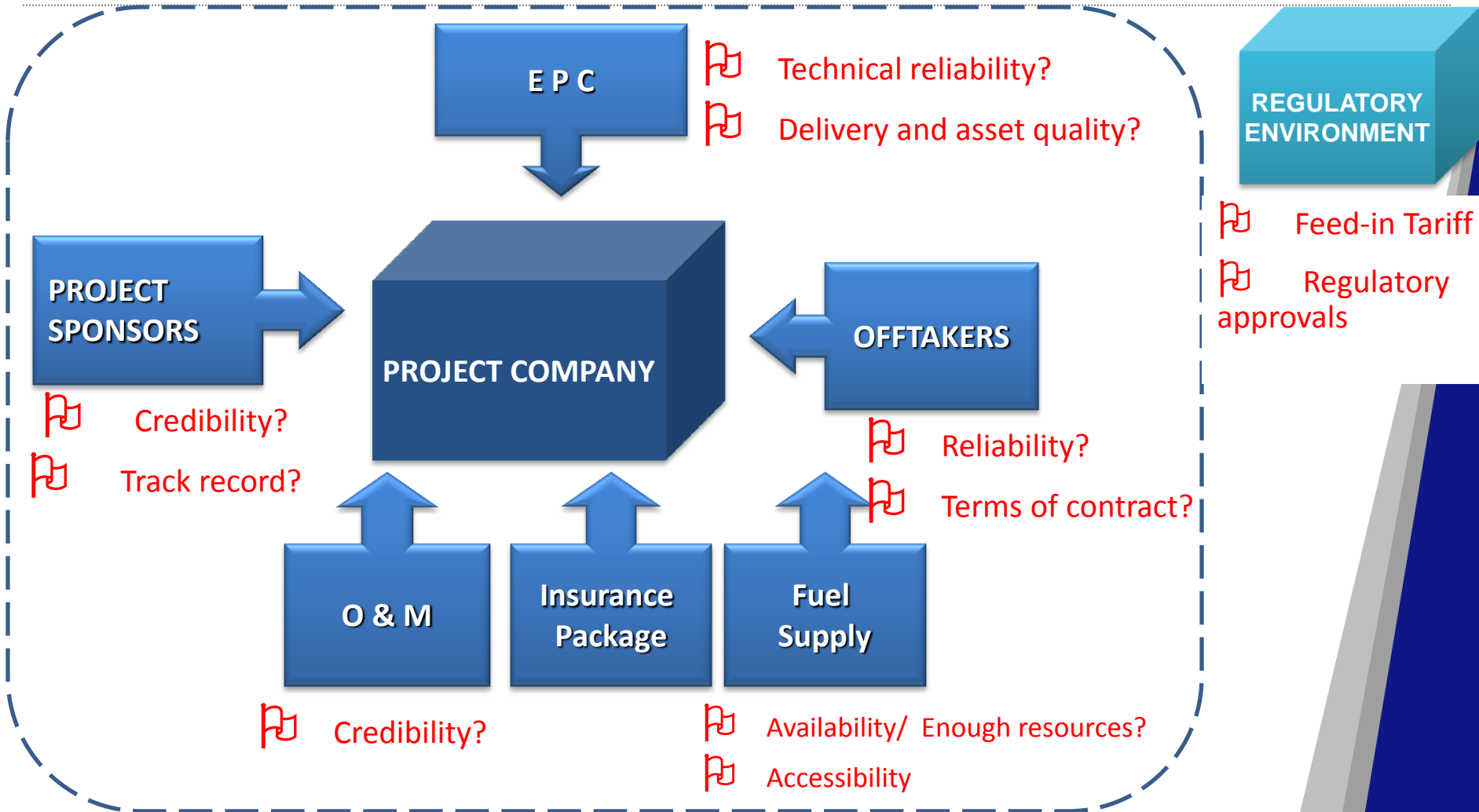
Critical Factors

- Accessible and reliable fuel supply
- Long-term contractual off-take agreements
- Added flexibility to sell in the spot market
- Well-established technologies with proven track record
- Regulatory approvals for pricing
- Commercial viability and scale at project completion
- Future stream of predictable cash-flows



Renewable Energy Financing

Challenges



- Despite the above challenges, the risk appetite of banks for RE projects are getting higher
- As long as risk factors are addressed, banks are able to finance energy projects

Thank you.

