

EBRD supporting cross-border activities of Czech companies

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European Bank
for Reconstruction and Development

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Introduction to the EBRD



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An international financial institution established in **1991**, owned by **65 countries and 2** inter-governmental organisations (**EU and EIB**)

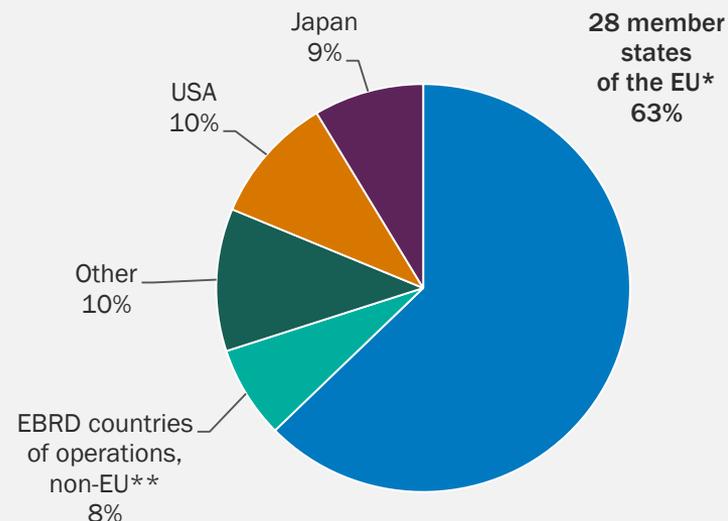
- As of January 2016, **China** became a shareholder

Invests in **36 countries** across Eastern Europe, Central Asia and the Southern and Eastern Mediterranean.

- Promotes **transition** to market economies by investing mainly in the private sector
- Mobilizes foreign direct investment
- Encourages **environmentally sound and sustainable development**

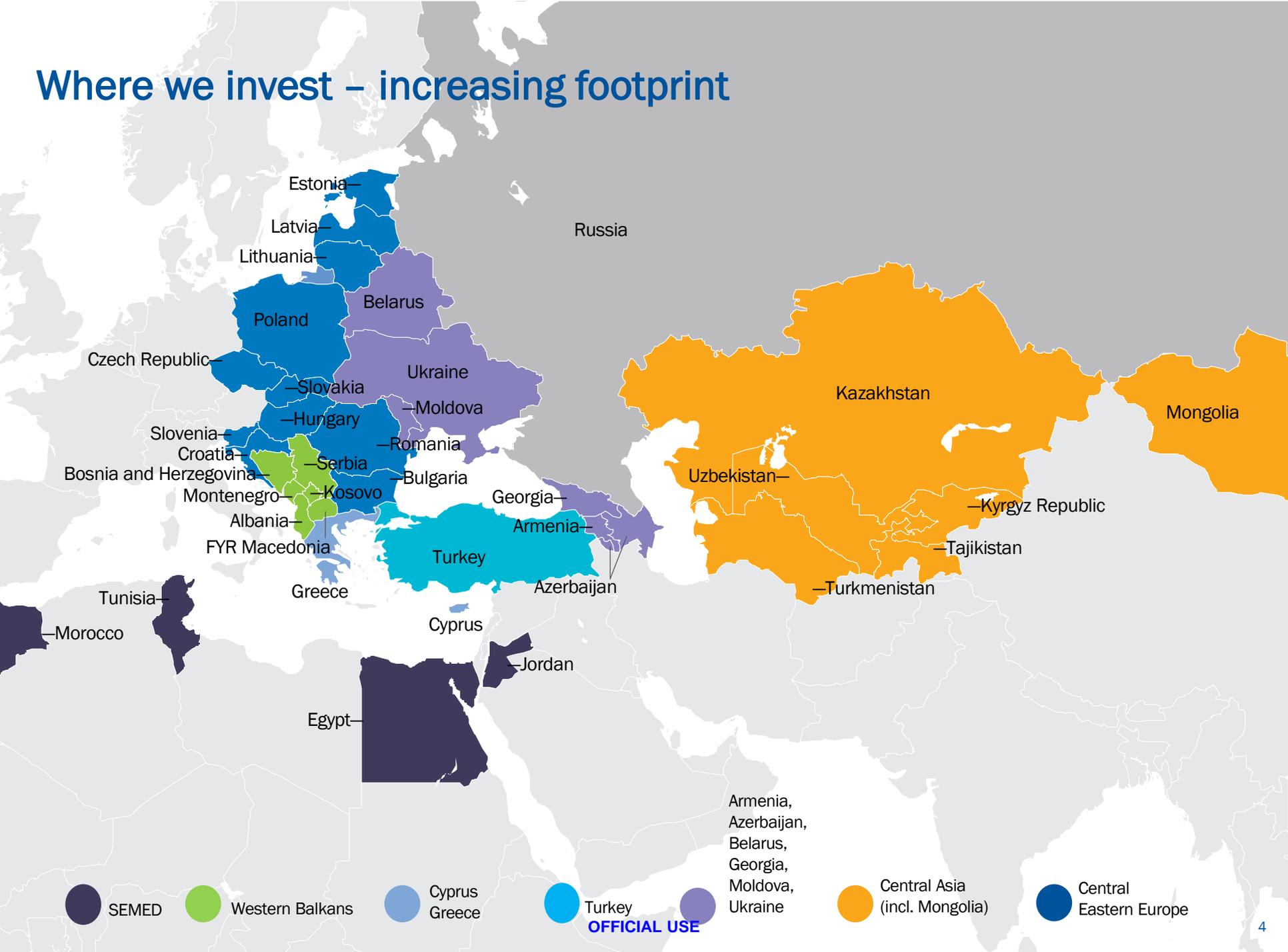
€9.4 billion invested in **378 projects** in 2016

Shareholder structure:



- * Includes the European Union and European Investment Bank (EIB) each at 3%. Among other EU countries: France, Germany, Italy, and the UK each hold 9%
- ** Russia at 4%

Where we invest – increasing footprint



- SEMED
- Western Balkans
- Cyprus
Greece
- Turkey
OFFICIAL USE
- Armenia,
Azerbaijan,
Belarus,
Georgia,
Moldova,
Ukraine
- Central Asia
(incl. Mongolia)
- Central
Eastern Europe



Results of active operations

- Czech Republic graduated from operations of the EBRD at the end of 2007. Hence no new EBRD projects in the country
- Since 1991 EBRD invested EUR 1.22bn in the Czech Republic in 109 projects of total project value EUR over EUR 5.2bn
- Current portfolio represents EUR 102m in 22 projects (includes regional allocations)

Project examples

- Programmes with major banks lending to SMSs and small municipalities
- Brno Waste water Plant – EBRD provided long term funding to upgrade Brno water facility
- Grandi Stazioni – EBRD is an equity partner in the rehabilitation of the Prague Main Railway Station and several other stations
- Genesis Private Equity Fund – EBRD co-investor in a fund extending growth capital to medium size companies

New role of the EBRD post - graduation



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The EBRD is prepared to:

- Support Czech companies investing in EBRD countries of operations
- Assist Czech companies to enhance their participation and success in the EBRD procurement tenders
- Through Trade Facilitation Programme mitigate risks related to trade financing
- Enhance know-how transfer through broader involvement of Czech management experts in EBRD advisory assignments

Key strengths of the EBRD



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Institutional:

- **Internationally recognized financial partner** with a long-term perspective
- Close **working relationships with governments** and shareholders
- **Political leverage** due to EBRD's unique mandate and shareholder structure
- **Preferred Creditor Status**
- **AAA** credit rating
- **Filling “market gaps”**

Operational:

- **Extensive knowledge of local economies, business environment and practices, maintaining local presence**
- **Engaged minority partner** for business
- A partner who **shares risks**, including political
- **Financing both private and public sector**
- High standards for **corporate governance and compliance**

The EBRD's financing instruments



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Loans:

- Senior, mezzanine, convertible debt
- Long term (up to 10 years or more) or short term incl. structured pre-export finance
- Floating or fixed rates
- Choice of currencies
- Internal syndication team
- Participation in bond issues

Equity:

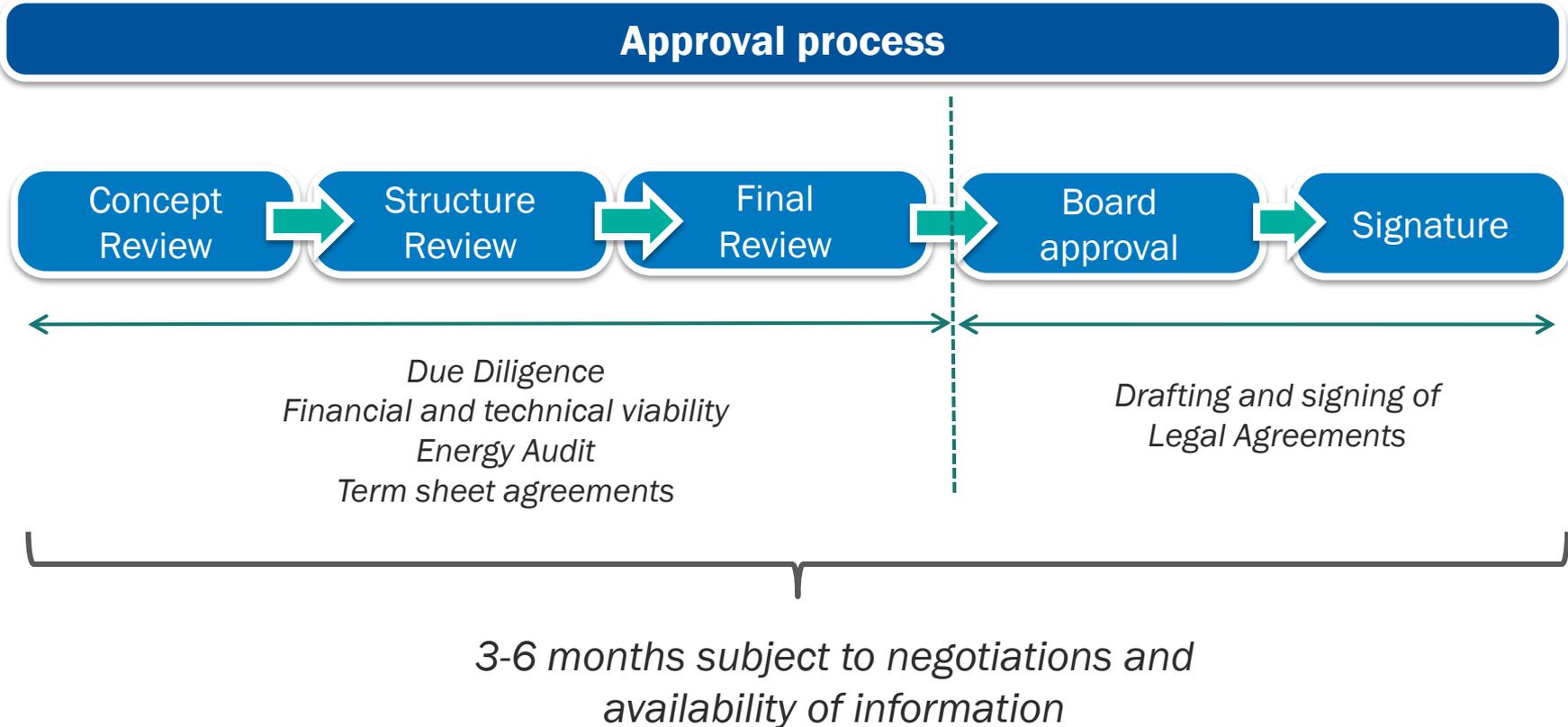
- Minority position only (up to 35%)
- Common or preferred shares
- Straight or portage equity
- Investments in PE funds

Other:

- Guaranties / risk sharing
- Political risk carve-out

- The project is located in one of the EBRD's countries of operation; EBRD funds are used "on-shore"
- The project has a beneficial effect on the local economy:
 - a boost to competition / market broadening
 - innovative project
 - replicable best practice practices
 - environmental / resource efficiency improvements
 - skills transfer / training etc.
- We are additional: not "crowding out" private money
- The project makes economic sense - no "soft loans"
- Shareholders have substantial money at risk before the EBRD's financing
- The project complies with the EU environmental standards





Agribusiness at the EBRD



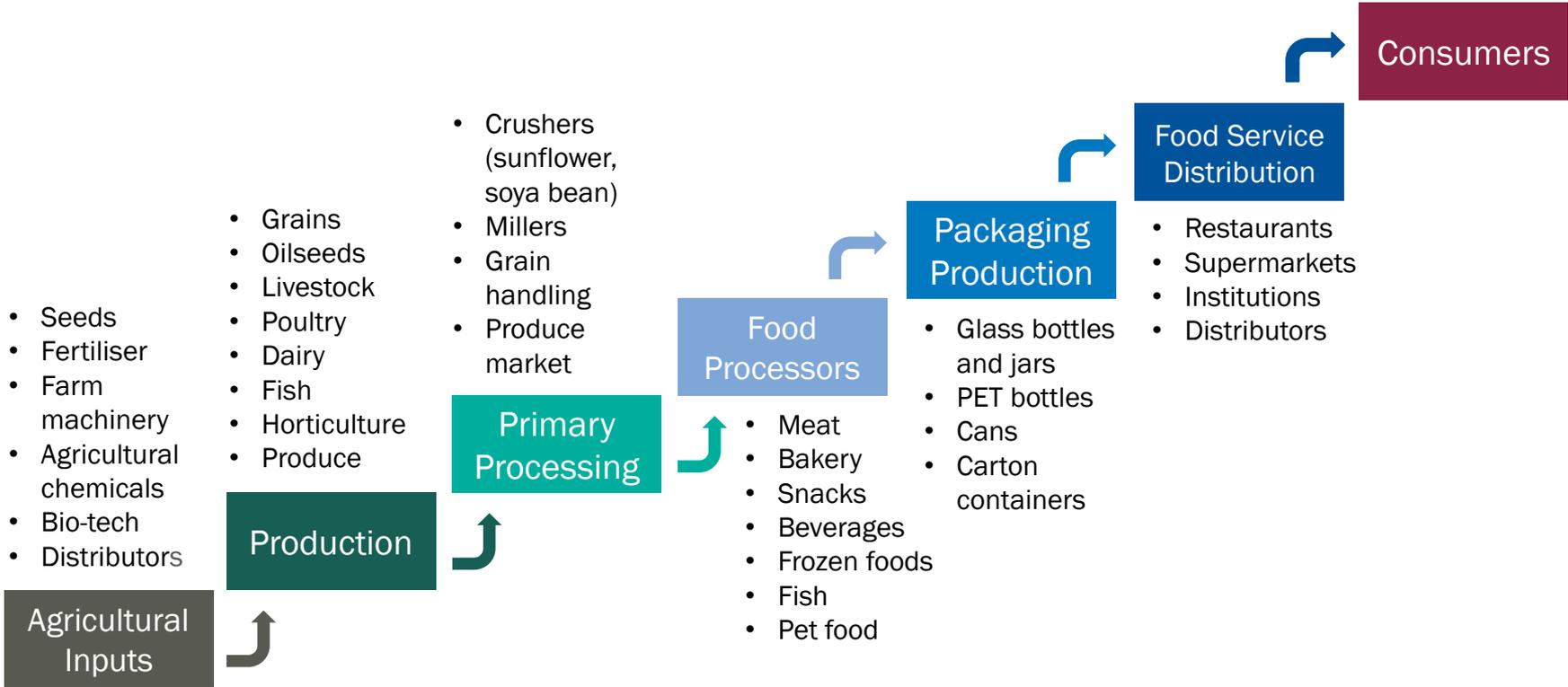
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€10.4bn
invested through
593 projects
since 1991

Active **portfolio**
of **211 projects**
or **€3.1 billion**

2016:
€780 million
invested through
54 projects

Financing the entire food chain



Who we are...



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60 professionals

27 nationalities

The Agribusiness team works on 40% of the projects in the EBRD's corporate sector portfolio

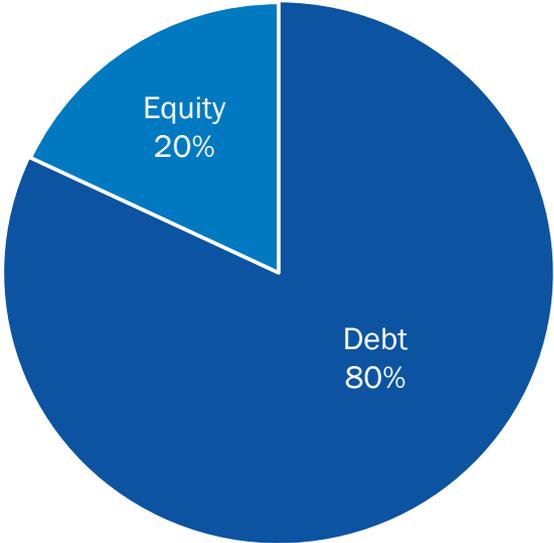
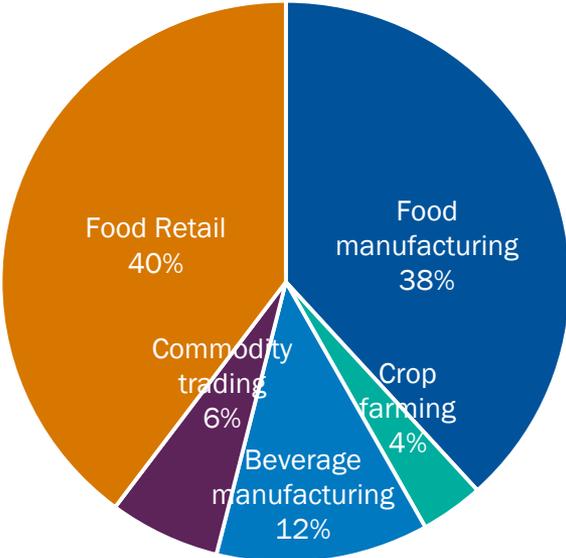
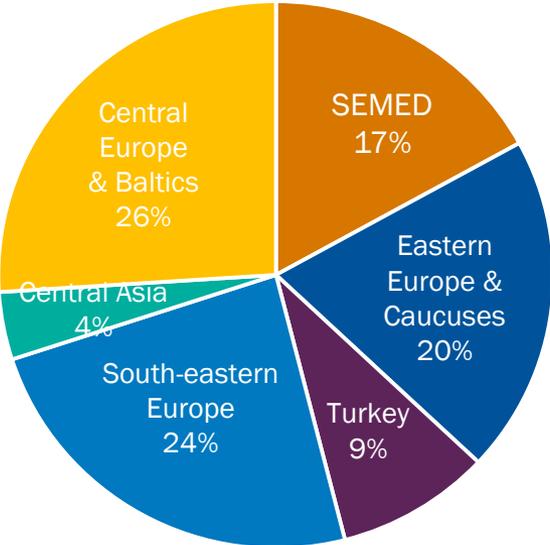
EBRD 2016 Agribusiness Investments



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2016 Annual Business Investments (€580m, as at 31 Oct)

Equity share of active portfolio





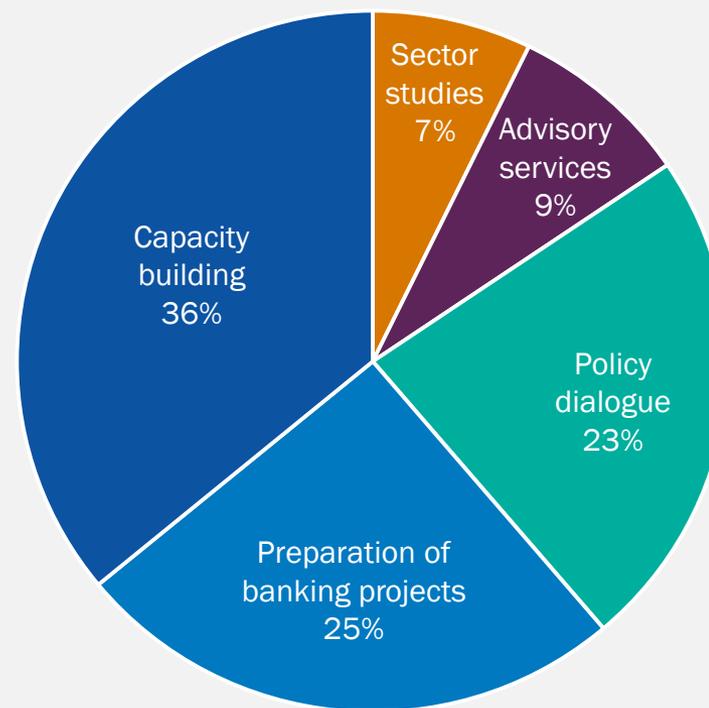
European Bank

Select agribusiness clients and partners

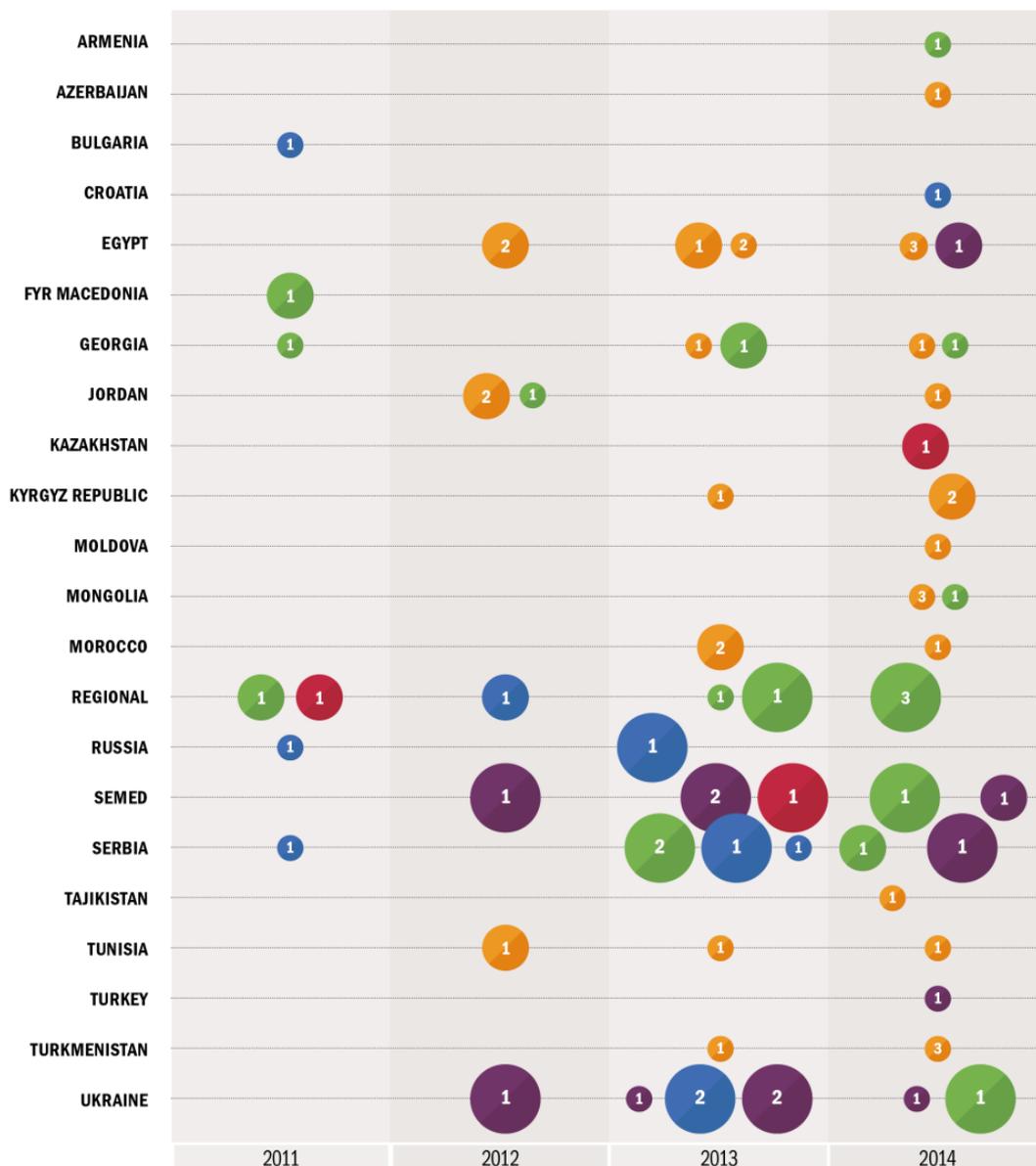


- Financial and technical support to agribusinesses and building relationships between the public and the private sectors
- Managing **the EBRD's Private Sector for Food Security Initiative**, launched in 2011 to give voice to private sector needs and facilitate the private sector's full contribution in the process of setting priorities for global food security
- Based on the Bank's strong links with the private sector and successful cooperation with governments and other IFIs

Mobilized funds for technical assistance in 2015: EUR 7 million



Agribusiness Advisory Projects



Number of projects

Project value

- €0-99k
- €100k-199k
- €200k-400k

- Upgrading food quality standards and animal welfare practices
- Improving policy transparency through public-private platforms
- Linking exporters and importers to enhance global supply chains
- Responding to price volatility through improved access to finance
- Advice for Agribusiness

Examples of Agribusiness Advisory



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- **Developing value chains:** Working with market players that have a large network of suppliers (many of which SMEs) to invest in upgrading of standards to support market expansion and value creation through backward linkages to suppliers and forward linkages with consumers
- **Greening the sector:** maximising sustainability and competitiveness impacts along the value chain by supporting reductions in CO2 emissions and resource-use (energy, land, water, etc.) through [the Green Economy Transition](#) approach
- **Fostering innovation:** facilitating knowledge-exchange, technology transfer and investment in cooperation with Wageningen University (the Netherlands), in the context of EBRD's operations to spur innovation and improve business practices
- **Promoting animal welfare:** supporting private sector companies with financial and technical assistance to implement animal welfare improvements; since 2014, all EBRD projects have met or exceeded EU animal welfare requirements, and the EBRD is the first IFI to adopt binding animal welfare criteria
- **Fostering inclusion:** working with the private sector to improve farmers' access to employment and skills, in particular that of women and youth in underdeveloped regions
- **Supporting SMEs:** facilitating transfer of skills through sharing of international best practices, linking experienced industry experts to work closely with the client's management, allowing companies to address inefficiencies, expand and access new financing from both local and international banks



Selected Case
Studies



Client

Atlantic Grupa is one of the leading regional food and beverage producers and distributors in South-eastern Europe. The company is listed on the Zagreb Stock Exchange.

EBRD Finance

The EBRD provided € 57.5m million financing package, consisting of a €27.5 million in equity and €30 million in mezzanine financing.

Use of proceeds and EBRD value added / impact

The EBRD financing was the part of a larger financing package for the acquisition of Slovenia based Droga Kolinska, a leading regional branded FMCG group.

The acquisition enabled Atlantic Grupa to:

- Diversify its portfolio and access neighbouring markets;
- Expand the product portfolio; and
- Enhance corporate governance standards.

Signed in 2010





Client

Moji Brendovi group comprises three leading FMCG companies in Serbia and the region – Imlek (dairy), Bambi (confectionary and biscuits) and Knjaz Milos (water and beverages), which has been acquired by **Mid Europa Partners**, a leading buyout investor headquartered in United Kingdom.

EBRD finance

The bank provided €20 million in equity financing and a €60 mezzanine loan for the acquisition of the Danube Food Group led by Mid Europa Partners, a CEE-focused private equity group.

Use of proceeds and EBRD value added / impact

- Launching of new products
- Achieving cost efficiencies
- Consolidation of quality and environmental standards in line with best international practices



Signed in 2015

Soufflet Sustainable Agriculture Supply Regional



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Client

Groupe Soufflet is a **French** family-owned company and one of the leading European commodity processing and trading groups, with the main businesses comprised of malting, milling, agricultural input distribution, ingredients, trading, and baking.

EBRD finance

The bank supported the company for over 16 years with over €150m in 7 countries:

- €55 million loan to Soufflet subsidiaries engaged in procurement, processing and sale of agricultural commodities (2015)
- €20m equity investment in an SPV which consolidates the grain storage infrastructure and seed production facilities in Ukraine, Romania and Poland (2014)
- €3.5m loan to finance a new biomass boiler in Ukraine (2014)
- €75m regional working capital line for the financing of working capital needs of the Group's subsidiaries in Russia, Ukraine, Romania, Kazakhstan, Poland, Serbia and Bulgaria (2010).



Signed in 1998 and in 2015



Client

Danone is a **French** multinational food-products corporation. It is the global leader in fresh dairy and bottled water production, and EBRD's client since 1994.

EBRD Finance

EBRD restructured its equity investment in Danone CIS (under the \$100 million multi-project facility for equity co-investments originally signed in 1995).

Use of proceeds and EBRD value added/impact

Sub-projects under the facility include:

- investment in dairy companies in Bulgaria and Romania
- construction of a dairy plant in Russia
- acquisition of biscuit plants in Russia and Poland

Signed in 2010



Manufacturing & Services at the EBRD



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€11.5bn
invested through
621 projects
since 1991

Active portfolio
of **237 projects**
or **€3.8 billion**

2016:
€773 million
invested through
55 projects

Manufacturing & Services – Who we are?



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- 60 bankers of 25 different nationalities
- 40 bankers based in the Bank's countries of operation to serve clients locally
- 8 industry centres of excellence to provide in-depth expertise with lead bankers and sector experts
- The team has completed 621 projects with total commitments of €11.5 billion with a current active investment portfolio of €3.8 billion
- In 2016, the team completed 55 projects with commitments of €773 million
- The team has significant experience with complex projects in various industries through project finance, Energy Efficiency, restructurings, cross-border expansion and privatisations

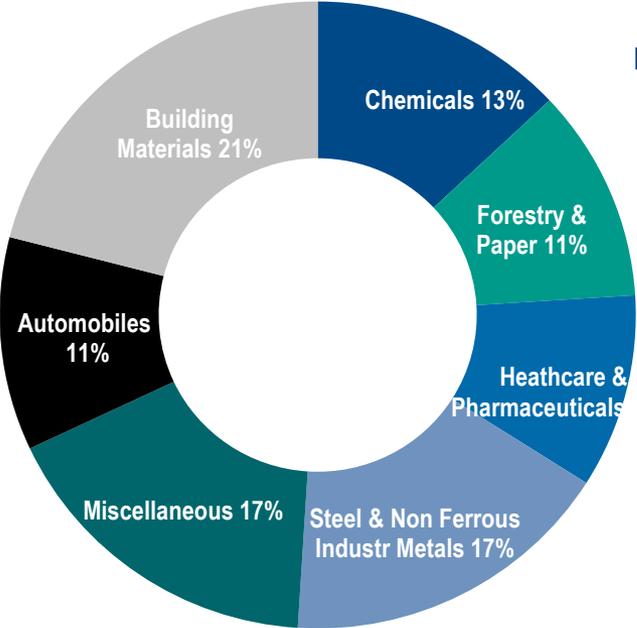
Note: as at 31 December 2016

Manufacturing & Services - Sectors



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



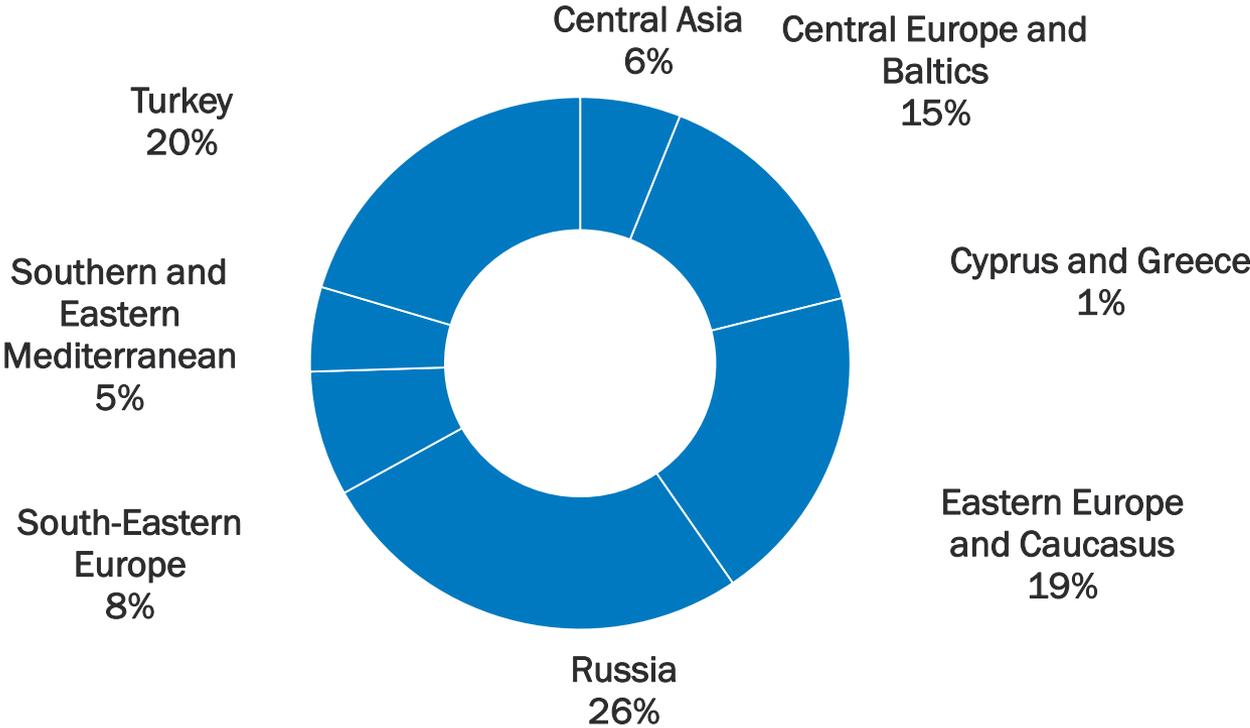
Note: as at 31 December 2016

Manufacturing & Services - Geographies



Well diversified geographical distribution of the portfolio, with new geographies recently added (MENA) and well grounded in CEE.

Portfolio by region



WHY EBRD in M&S?

- Special EBRD Qualities



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- High risk appetite: EBRD operates commercially but has a higher risk appetite than the private sector (longer tenors, local currency loans and other tailor-made products)
- Special Features beyond financing: EBRD as a Partner Bank capable of :
 - providing long term relationship, especially in difficult times
 - providing extra liquidity during the crisis
 - facilitating cooperation between the company and the regular commercial banks
 - no conflicting interests with the commercial banks in syndicated loans/ no daily banking
 - cooperation with the authorities/ regulators
- EBRD is willing to provide political comfort to the project and the investors with respect to expansion in the country and abroad (X-border transactions) ...

WHY EBRD in M&S?

- Cross-border transactions



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Key Assumptions:

- Local companies expanding outside their home markets into other EBRD countries of operations
- Financing from a reputable partner bridging both markets – can be more efficient than financing available at the target country (if available at all) to a foreign investor
- EBRD can provide political comfort to the project and investors (in line with its mandate) based on a preferred creditor status
- EBRD participation can also give comfort to co-financing institutions from the country of origin :
 - lower the target country risk/ balanced pricing
 - local presence of EBRD in a target country/ good relations with a host country/ policy dialogue
 - increased credibility of an investor on the new/ unknown market

Manufacturing & Services in CEE

– selected projects (2015/2016)



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	Company	Country	Size(EUR mln)	Type of financing
	Telefonika	Poland	59	Refinancing / capex / R&D
	AluflexPack	Croatia	20	Capex / working capital/XB
	UACE	Romania	25	Capex / expansion/XB
	Velvet Care	Poland	19	Capex / expansion
	Draexlmaier	Regional	40	Capex/ regional/XB
	Delmax	Serbia	1	M&A/ debt repayment
	Hospital in Zywiec	Poland	10	Capex / PPP
	EcoBaltia	Latvia	10	Capex / R&D
	Slovenian Steel	Slovenia	10	Bond financing/ capex
	Wirtualna Polska	Poland	7	IPO/ capex / M&A / debt repayment

Manufacturing & Services in CEE

– selected projects (2015/2016)



European Bank
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	Company	Country	Size(EUR mln)	Type of financing
	Salonit	<i>Slovenia</i>	15	Capex / Energy Efficiency (EE)
	American Heart of Poland	<i>Poland</i>	25	M&A/ debt repayment
	Orbico	<i>Croatia</i>	20	Capex / working capital/XB
	Selena	<i>Poland</i>	10	Foreign expansion / capex/XB
	Gomma Line	<i>Serbia</i>	1	Capex / working capital
	Synthos	<i>Poland</i>	50	Capex / R&D
	Arctic Paper	<i>Poland</i>	30	Refinancing / capex /XB
	Tameh/ Arcelor Mittal	<i>Poland</i>	75	Capex/ Energy Efficiency
	Grupa Azoty	<i>Poland</i>	37	Capex
 SONACA YOUR RELIABLE AEROSPACE PARTNER	Sonaca	<i>Romania</i>	9	Capex/ greenfield /XB

Manufacturing & Services

Other Regions – selected projects



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	Company	Country	Size(EUR mln)	Type of financing
	MS Pharma	Jordan	50	Equity
	Cemex	Egypt	50	Loan
	Hikma	North Africa	38	Loan
	Kronospan	Ukraine	89	Syndicated Loan
	Sisecam	Turkey/Bulgaria	90	Loan
	Vestel	Turkey	50	Loan
	Arcelor Mittal	Kazakhstan	73	Loan
	Continental	Russia	90	Loan
	Holcim	Azerbaijan	120	Loan
	Abraaj Hospitals	Egypt/Tunesia	25	Equity

Case Study – Barlinek

Cross-border Expansion



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Barlinek Invest (Ukraine)

- Sponsor: Barlinek S.A.
- Debt and portage equity (15% stake) for the total amount of EUR 60m
- Cross border expansion to Ukraine (greenfield/ project finance), CAPEX & W/C
- Syndication carried out by EBRD in Poland (Unicredit, Calyon)
- Off-shore structure
- Sponsor completion guarantee
- Role of EBRD:
 - long term financing organised in Poland on attractive terms (given the risks)
 - increased security of the Ukrainian project for Cersanit
 - policy dialogue, relationship with local authorities

Case Study – Rovese Cross-border Expansion



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Cersanit Invest (Ukraine)

- Sponsor: Cersanit S.A.
- Debt and portage equity (15% stake) for the total amount of EUR 81m
- Cross border expansion to Ukraine (greenfield/ project finance)
- Syndication carried out by EBRD in Poland (Unicredit Pekao, Calyon)
- Off-shore structure
- Sponsor completion guarantee
- Role of EBRD:
 - long term financing organised in Poland on attractive terms (given the risks)
 - increased security of the Ukrainian project for Cersanit
 - policy dialogue, relationship with local authorities

The logo for Cersanit, consisting of the word 'cersanit' in a blue, lowercase, sans-serif font. Above the letter 's' is a stylized blue graphic element resembling a curved line or a partial circle.

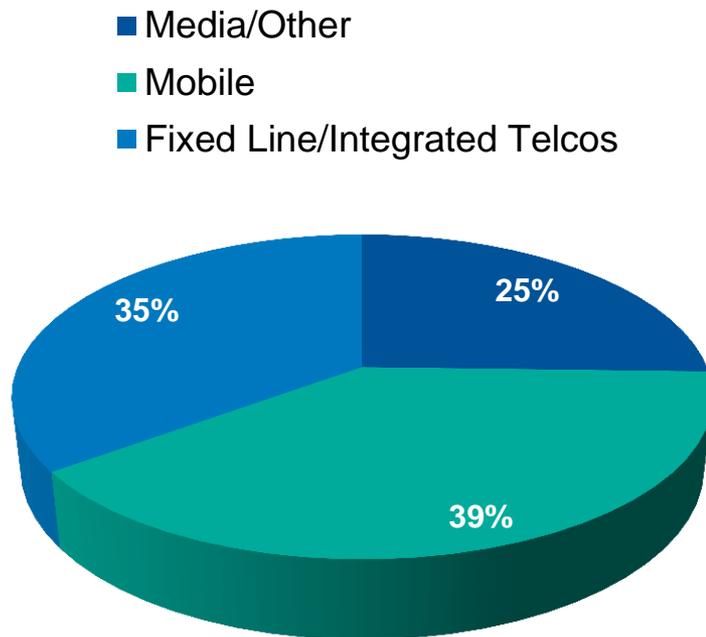
The logo for Rovese, featuring the word 'rovese' in a bold, black, sans-serif font. To the left of the text is a graphic of a grid of small squares. Below the main logo, there are smaller versions of the Cersanit logo and the Rovese logo in a different language.

Information and Communication Technologies Team Portfolio



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- Cumulative financing to date: €3.3 billion
- Current portfolio: €0.8 billion
- Over 152 deals ranging from a few million to over 180 million EURO in 34 CEE/CIS countries



Selected Subsectors

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

Selected projects the ICT team executed in the past across all countries of operations (1/2)



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 <p>Serbia Sovereign Guaranteed Loan Euro 24 million 2014</p>	 <p>Poland and Turkey Equity Co-Investment Euro 10 million 2014</p>	 <p>Turkey Equity Investment via Venture Capital Facility USD 8.4 million 2014</p>	 <p>Russia Equity Investment via Venture Capital Facility Amount confidential 2014</p>	 <p>Turkey Loan USD 50 million 2014</p>	 <p>Russia Equity Investment via Venture Capital Facility Amount confidential 2014</p>
 <p>Regional Equity Co-Investment KKR Euro 50 million 2013</p>	 <p>Russia Equity Co-Investment with RUSSIAN DIRECT INVESTMENT FUND CapMan USD 25 million 2013</p>	 <p>Romania Syndicated Loan Euro 75 million 2013</p>	 <p>Turkey Equity Investment via Venture Capital Facility Amount confidential 2013</p>	 <p>Turkey Loan Euro 9.5 million 2013</p>	 <p>Tunisia Loan Euro 5 million 2013</p>
 <p>Turkey Loan Euro 100 million 2012</p>	 <p>Russia Equity Investment via Venture Capital Facility Amount confidential 2012</p>	 <p>Regional Loan Euro 43 million 2012</p>	 <p>Romania Loan Euro 15 million 2012</p>	 <p>Poland Equity Investment Euro 200 million 2011</p>	 <p>Russia Investment in Bond Offering 2011</p>

Selected projects the ICT team executed in the past across all countries of operations (2/2)



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 <p>Serbia Convertible debt and Equity Euro 7.5 million</p>  <p>2009</p>	 <p>Russia Equity Investment Euro 30 million</p>  <p>2011</p>	 <p>Russia Convertible Loan USD 20 million</p>  <p>2010</p>	 <p>Russia Syndicated Loan Euro 258 million</p>  <p>2009</p>	 <p>Russia Equity Investment USD 11 million</p>  <p>2009</p>	 <p>Poland & Balkans Loan and Equity Investment Euro 22 million</p>  <p>2009</p>
 <p>Regional Fund Investment USD 30 million</p>  <p>2009</p>	 <p>Albania Privatization - Syndicated Loan Euro 27 million</p>  <p>2008</p>	 <p>Poland Privatization – Equity Investment Euro 49 million</p>  <p>2008</p>	 <p>Regional Equity Investment Euro 20 million</p>  <p>2008</p>	 <p>Georgia & Bulgaria Loan and Equity Investment USD 35 million</p>  <p>2008</p>	 <p>Russia Loan and Equity Investment USD 35 million</p>  <p>2007-2008</p>
 <p>Ukraine Equity Investment Euro 22.3 million</p>  <p>2007</p>	 <p>Kazakhstan Syndicated Loan Euro 130 million</p>  <p>2005-2007</p>	 <p>Bulgaria Equity Investment Euro 3 million</p>  <p>2006</p>	 <p>Regional Syndicated Loan EUR 50 million</p>  <p>2006</p>	 <p>Bulgaria Privatisation – Loan and Equity Investment Euro 93 million</p>  <p>2004</p>	 <p>Serbia Loan and Equity Investment Euro 17 million</p>  <p>2004</p>



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