

Oil Refining, Storage and Retail in SEE

Europe Conference

Introduction to EBRD

January 2017



European Bank
for Reconstruction and Development



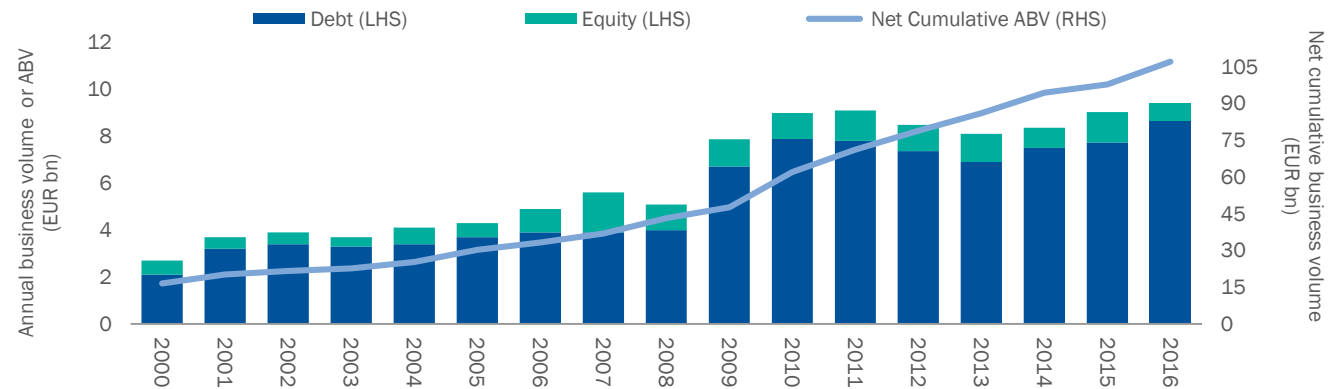
1. Introduction to the EBRD
2. Refinery upgrades
3. Working with EBRD

Appendix

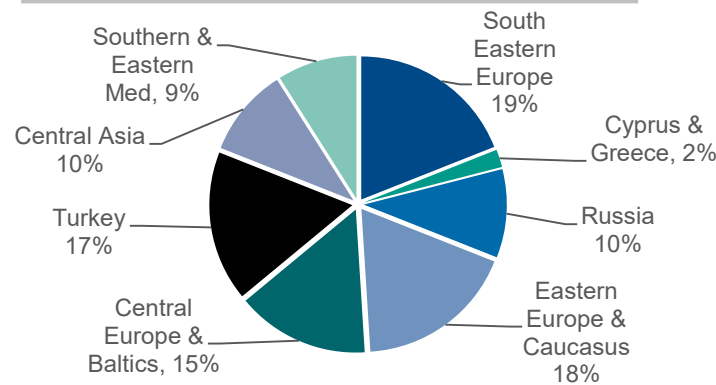
EBRD transactions: Case Studies

- **Multilateral financial institution.** Mandate to promote the transition to market economies by investing primarily in the private sector.
- **Owned by 65 countries plus two inter-governmental bodies** (the European Commission and the European Investment Bank). In 2016, **China** became a member.
- **In 2016, EBRD invested EUR 9.4 bn through 378 operations, 82% of which in the private sector.** More than EUR 115 bn has been invested to date in more than 4,800 projects.

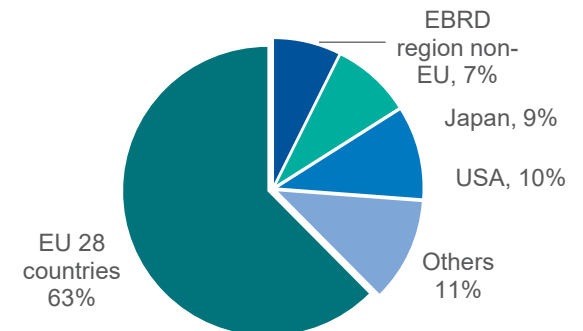
Cumulative Business Volume



Country Group Portfolio Distribution



Shareholding Structure



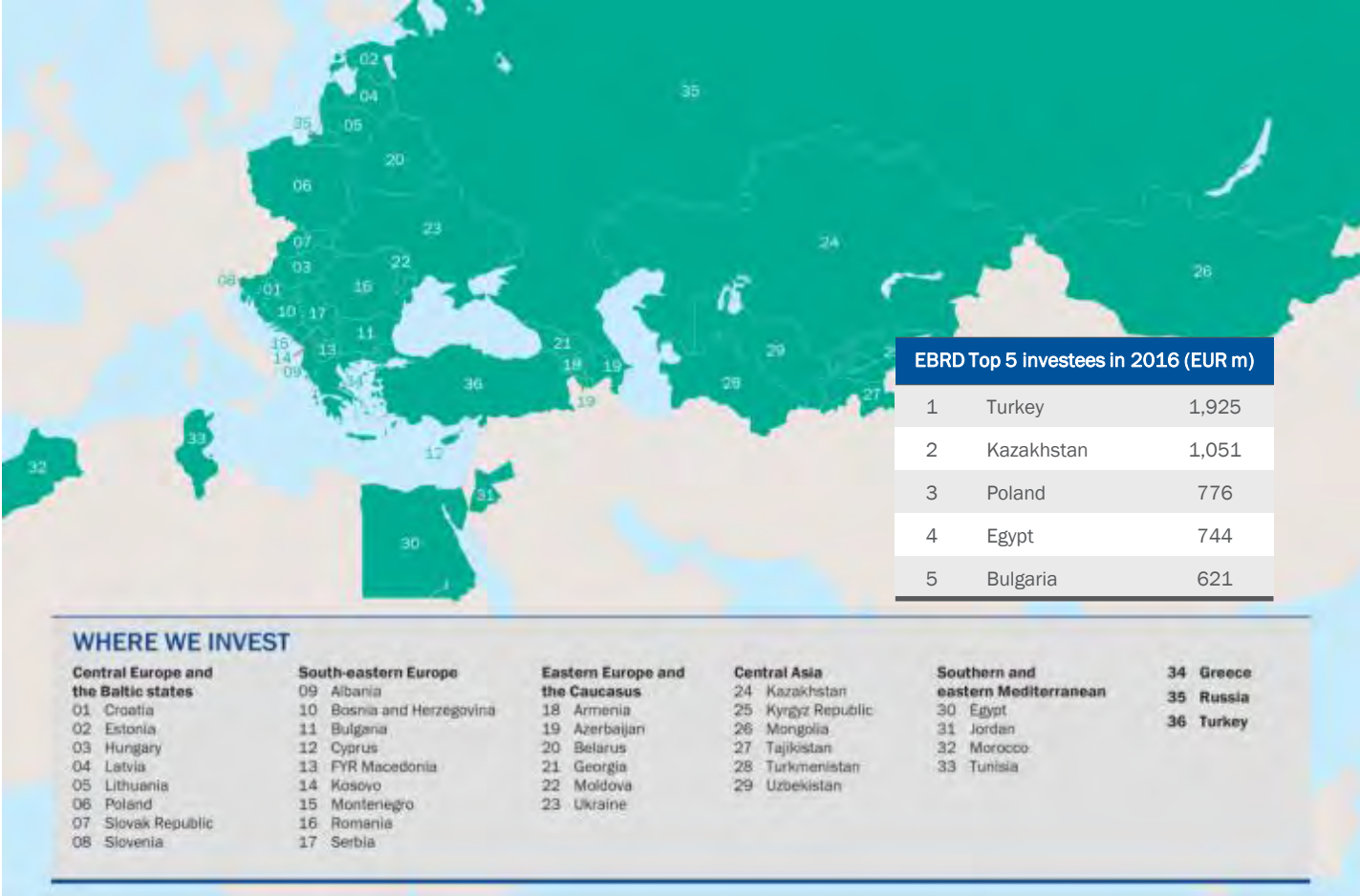
Introduction to EBRD



European Bank
for Reconstruction and Development

Where we are

- **Operations in 36 countries** across central and eastern Europe, central Asia, and the southern 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.
- **Lebanon** is in the process of becoming a country of operation.



EBRD Natural Resources Track Record

Financing across the Natural Resources value chain

- **Flexible financing solutions:** Reserve-based lending, trade finance, convertible debt and early equity are some examples of the Bank's wide product range.
- **Support to all stages of development.** The EBRD works with strong sponsors in pre-development stage financing, mine/field development, project expansion and remediation. The Bank also works with services providers.

Oil & Gas: *upstream, midstream, downstream*



Refinery Upgrades

Drivers behind refinery upgrades



European Bank
for Reconstruction and Development

Introduction to EBRD


Refinery upgrades

Working Together

European refinery poor performance, losing competitiveness due to:

- High Specific Energy Consumption
- Low Nelson Complexity Index
- Many Refineries are not provided with the necessary downstream processes to produce high-value and high-quality refined products
- Impact of European and Environmental legislation

Investments are required to:

- 
- Replace existing technologies
 - Rehabilitate/modernise present units
 - Install new processing units
 - Improve Energy Efficiency and Performances
 - Meet environmental requirements
- Process Units Quality-Related Investments**
- Utilities Investments**
- Environmentally-Related Investments**

EBRD Transactions: Case Studies

Tüpraş, Turkey – Resource efficiency investment programme



European Bank
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Introduction to EBRD

Refinery upgrades

Working Together

Signed in
2016



EBRD Finance

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

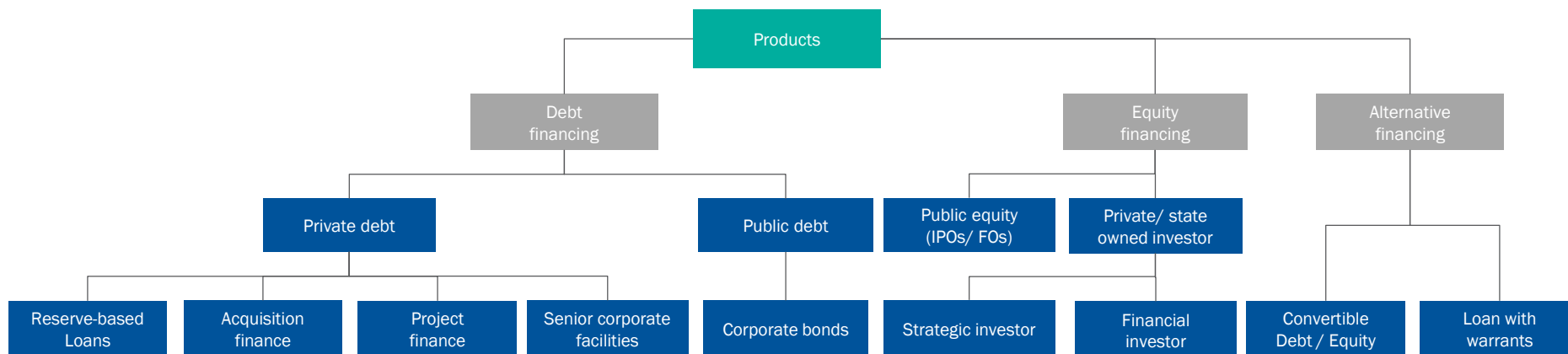
Environmental Impact

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 (GET) 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.

[Link to Project Summary Document](#)



Debt

- **Flexible loan structure.** Senior/subordinated, mezzanine, project finance, convertible debt, reserve-based or subscription of 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. Mobilisation of commercial credit under the Bank’s umbrella.
- **Co-financing/Parallel lending** with local/international banks
- **Multi-currency lending.** EUR, USD or local currency.

Equity

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

Contacts



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for Reconstruction and Development

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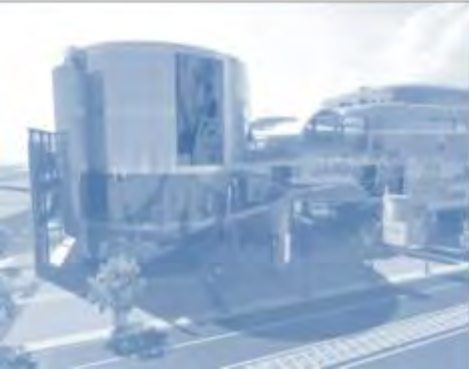
www.ebrd.com





EBRD

Upstream Oil & Gas and Oil Field Services



EBRD Natural Resources Track Record

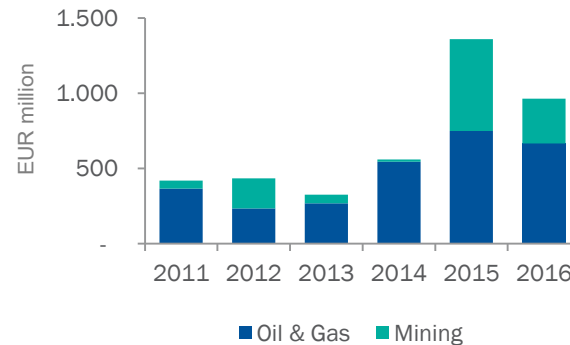
A key investor in the extractive industries sector



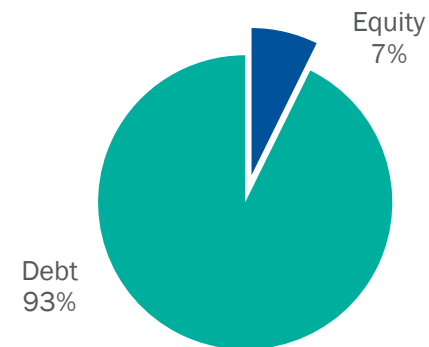
European Bank
for Reconstruction and Development

- **Long track record:**
192 operations for a total of EUR 8.6bn of net cumulative investment.
- **Strong team:**
30+ bankers distributed across the EBRD region:
 - A permanent presence in Russia, Kazakhstan, Mongolia, Ukraine, Egypt and Turkey.
 - Two in-house mining and petroleum engineers involved in project appraisal, due diligence and monitoring.
 - Access to additional expertise (consultants).
- **Key sectors:**
 - Oil & Gas up-, mid- and downstream.
 - Metal ore mining.
 - Services.

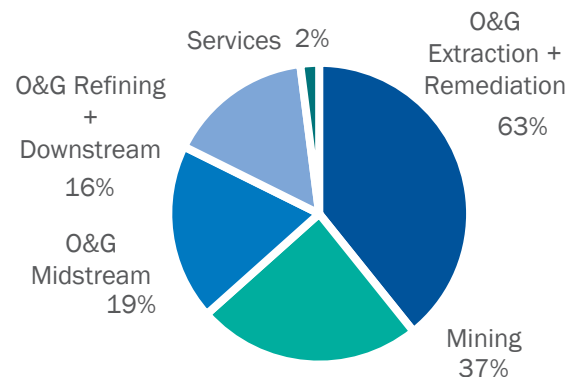
Signed business volume



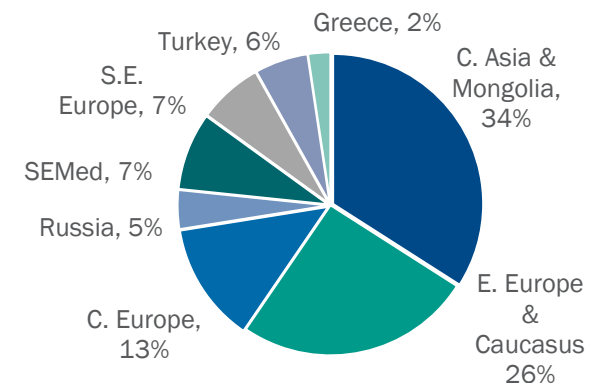
Operating assets by instrument



Operating assets by sub-sector



Portfolio by region



EBRD Natural Resources Track Record

Recent transactions – Midstream Oil & Gas



European Bank
for Reconstruction and Development

- Support to **midstream oil and gas projects** including modernisation and development of oil pipelines, gas transmission assets, underground gas storage facilities and LNG units.
- Support of **strategic energy market integration** through infrastructure financing (e.g. interconnectors).
- **Instruments:** corporate and project finance loans with or without sovereign guarantee.
- Support to **market sector reforms** and regulations as the basis for attracting investment (e.g. tariff reforms, national energy strategies, governance of public entities)



Ungeni-Chisinau Pipeline

2016, Moldova
USD 41 million
Sovereign loan


Gas pipeline development



Intergas Central Asia JSC

2016, Kazakhstan
EUR 245 million
Senior Loan

Gas storage modernisation



Sonker Bunkering Company

2016, Egypt
USD 94 million
Senior Loan & Mezzanine


Hydrocarbon storage and transshipment



NAK Naftogaz

2015, Ukraine
USD 300 million
Trade finance facility

Gas transmission & wholesale



PJSC Ukrtransgaz

2014, Ukraine
USD 150 million
Sovereign loan

Gas transmission & wholesale



Polskie LNG

2012, Poland
EUR 75 million
Senior loan

LNG regasification terminal



BH-Gas

2010, Bosnia-Herzegovina
EUR 19 million
Senior loan


Gas transmission network



Srbijagas

2010, Serbia
EUR 150 million
Sovereign loan

Gas storage development & operation



MOL/ MMBF

2009, Hungary
EUR 200 million
Senior loan


Gas storage development & operation



Plinacro

2009, Croatia
EUR 70 million
Sovereign loan


Gas storage development & operation



Lukoil–South Caucasus Pipeline

2005, Regional
USD 70 million
Senior A/B loan


Gas pipeline development



SOCAR–South Caucasus Pipeline

2005, Regional
USD 60 million
Senior A/B loan


Gas pipeline development



Baku-Tbilisi-Ceyhan Pipeline

2003, Regional
USD 250 million
Senior A/B loan

Oil pipeline development



MuanTas Kenkiyak-Ayrau pipeline

2004, Kazakhstan
USD 82 million
Senior loan

Oil pipeline development



HELLENIC PETROLEUM

Thesaloniki-Okata Oil Pipeline

2001, FYR Macedonia
USD 50 million
Senior A/B loan

Oil pipeline development

EBRD Natural Resources Track Record

Recent transactions – Downstream Oil & Gas



European Bank
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- Support to the **downstream sector**. Extensive experience in financing the expansion and modernisation of large and emerging fuels producers and distributors.
- **Instruments:** loans, mezzanine and equity.
- **Participation refinery upgrade and modernisation initiatives** leading to reductions in CO2 emissions and greater resource efficiencies.
- Support to the production and distribution of **cleaner alternatives to gasoline or diesel** (e.g. CNG, LNG).



TUPRAS

2016, Turkey
USD 150million
Senior Loan

Oil refinery modernization



Balpet Petrol

2016, Turkey
EUR 10million
Senior Loan

Petrol stations Network expansion



Oizha - Niet

2015, Kazakhstan
USD 1.8 million
Senior loan

Petrol stations Network expansion



Bulmarket DM

2015, Bulgaria
USD 10 million
Senior loan

LPG and LNG Network expansion



Standard Oil

2015, Kyrgyzstan
USD 3 million
Senior loan

Petrol stations Network expansion



Wissol

2014, Georgia
USD 70 million
Senior A/B loan

Gas storage development & operation



Nadezhda

2014, Ukraine
USD 10 million
Senior loan

LPG storage & network expansion



Galnaftogaz - OKKO

2013, Ukraine
EUR 90 million
Senior A/B loan

Petrol stations Network expansion



Prista Oil

2012, Bulgaria/Turkey
EUR 36 million
Sovereign loan

Lubricants manufacturing



MOL - Slovnaft

2012, Slovakia
USD 150 million
Senior loan

Oil refinery modernization



PKN Orlen

2011, Poland
EUR 250 million
Senior loan

Oil refinery modernization



MT Petrol

2011, Mongolia
USD 50 million
Senior loan

Petrol stations network expansion



Galnaftogaz - OKKO

2011, Ukraine
USD 80 million
Senior A/B loan & Mezzanine

Petrol stations network expansion



MOL - INA

2010, Croatia
EUR 150 million
Senior loan

Oil refinery modernization



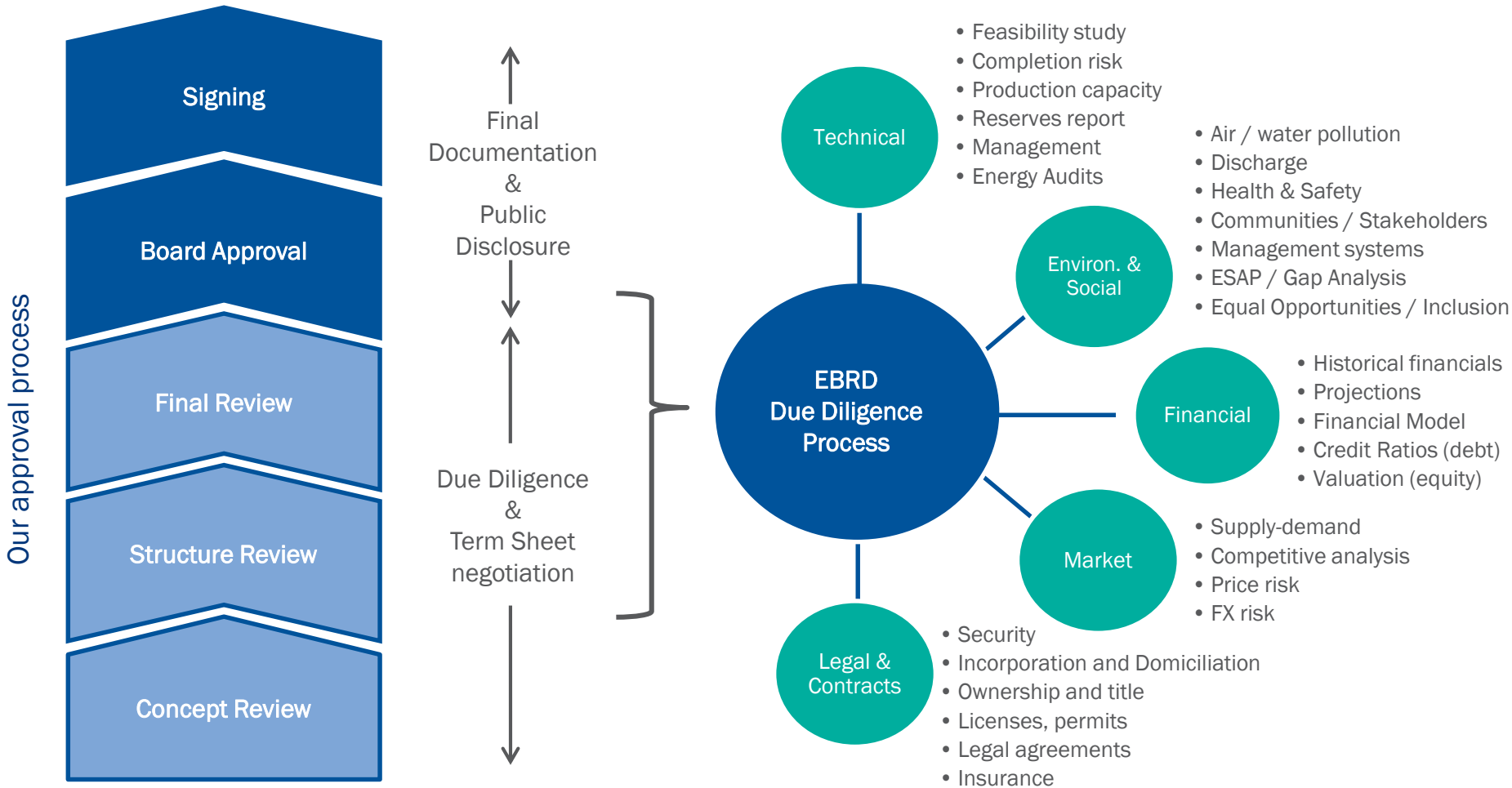
Lukoil

2007, Regional
USD 300 million
Senior loan

Environmental programme

Working Together

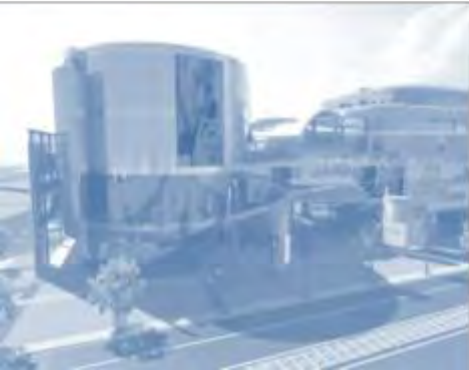
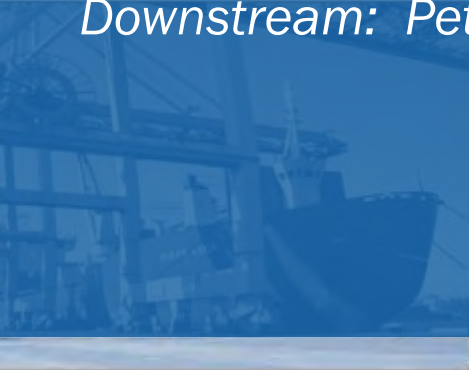
Approval process and due diligence





EBRD transactions: Case Studies

Downstream: Petroleum Refining





Signed in
2012



Slovnaft



EBRD Finance

USD 150 million loan to MOL, a central European integrated oil and gas group.

Project

EUR 310 million capex programme at MOL Group's Slovakian member, Slovnaft, including installation of a new low-density polyethene (LDPE) unit and upgrade of the steam cracker.

Environmental Impact

By implementing this project, Slovnaft has placed itself among the 10% least carbon intensive refineries in EU. The project assists MOL in its strategic shift towards energy efficient production and CO2 emission abatement.

Transition Impact

(1) Strong demonstration of successful energy and environmental improvements that go beyond baseline standards in the industry, with least carbon intensive in the EU, exceeding requirements of the EU Industrial Emissions Directive ahead of the deadline. (2) Introduction of an integrated energy and management system at the refinery and petrochemicals complex.

[Link to Project Summary Document](#) / [Press Release](#)

EBRD Transactions: Case Studies

PKN Orlen, Poland – Environmental and Efficiency Upgrade



European Bank
for Reconstruction and Development

Signed in
2011



EBRD Finance

EUR 250 million senior loan to leading Polish refinery PKN Orlen, a company listed on the Warsaw / London Exchanges.

Project

Loan to finance substantial energy efficiency and environmental improvements at the Combined Heat & Power (CHP) plant located in PKN Orlen's Plock refinery complex.

Environmental Impact

The project led to reduced energy usage and emissions and increased competitiveness. EBRD financing enabled the company to adopt Best Available Technologies (BAT), and accelerate compliance with the Industrial Emissions Directive and the EU Accession Treaty by one year. It also allowed the Company to move into the top quartile of the most carbon efficient installations based on the EU's Emissions Trading System Phase III by saving ca. 142,000 tonnes of CO₂/year.

Transition Impact

(1) Positive demonstration effect of carbon reduction initiatives to other industrial companies. (2) Introduction of a carbon and energy management system.

[Link to Project Summary Document](#) / [Press Release](#)



EBRD transactions: Case Studies

Downstream: Distribution of Traditional and Alternative Fuels



EBRD Transactions: Case Studies

Bulmarket DM, Bulgaria – LPG and LNG capacity expansion



European Bank
for Reconstruction and Development

Signed in

2015



EBRD Finance

Parallel EUR 10 million loans from EBRD and IFC to Bulmarket DM, a Bulgarian fuels and natural gas distributor.

Project

Expansion of Bulmarket DM's network of liquefied petroleum gas (LPG) terminals and development of a new terminal to store and distribute liquefied natural gas (LNG). Thanks to the project, Bulmarket DM is expected to become the first importer and distributor of LNG in Bulgaria.

Environmental Impact

Introduction of cleaner and more efficient fuels and implementation of EBRD and IFC environmental requirements.

Transition Impact

(1) Diversification of the energy sources available to Bulgaria's smaller businesses by introducing alternative and more competitive fuels. (2) Support the growth of an innovative local company committed to transparency and best environmental and safety standards. (3) The project is consistent with the LNG Masterplan of the European Commission's Innovation and Networks Executive Agency.

[Link to Press Release](#)

EBRD Transactions: Case Studies

Wissol Petroleum, Georgia – CNG network expansion

Signed in
2014



EBRD Finance

USD 70 million loan consisting of 62 million syndicated EBRD loan and 5 million co-financing facility to Wissol Petroleum, a fuel importer, retailer and operator in Georgia

Project

USD 81 million for the development of a network of Compressed Natural Gas (CNG) filling stations for vehicles and restructuring of the company's long-term liabilities to refinance existing loans.

Environmental Impact

Environmental management systems aligned with ISO 14001 standards; implementation of best available technologies for vapour recovery at pump; development of a land acquisition plan; proactive management the environmental and social risks associated with the expansion of the network.

Transition Impact

(1) Increased competition in the fuel market, setting higher standards for best safety, management and environmental standards. (2) The first example of a domestic corporate graduating to the long-term international loan market.

[Link to Project Summary Document](#) / [Press Release](#)

EBRD Transactions: Case Studies

Galnaftogaz, Ukraine – Brand consolidation and energy efficiency



European Bank
for Reconstruction and Development

Signed in

2013

ГАЛНАФТОГАЗ



EBRD Finance

USD 180 million syndicated corporate loan package to JSC Galnaftogaz, an independent Ukrainian fuel distribution company operating the OKKO network of petrol stations. The facility was arranged by the EBRD and the IFC.

Project

USD 220 million investment plan, including (i) expansion of OKKO gas stations, convenience stores and cafeterias; (ii) investments in energy efficiency; (iii) re-structuring of working capital loans into a long-term financing.

Environmental Impact

Improved access to cleaner fuels and roadside services. Tank storages renovation and streamlined supply logistics resulting in increased safety and lower CO2 emissions, fuel consumption and losses. Manual car washers will be replaced with automated ones that recycle water.

Transition Impact

(1) Support of a private player amid tight corporate finance market in Ukraine. (2) Expansion of high-quality fuel stations in underserved areas (South and north-east Ukraine).

[Link to Project Summary Document](#) / [Press Release](#)