

Black Sea Trade and Development Bank

**Oil Refining, Storage and Retail
in SE Europe – IENE Conference**

Infrastructure Financing

30-31 March 2017

Greece at the Crossroads of the Energy Roadmap: Agenda

1. Energy Market – Key Considerations
2. Black Sea Region and Greece – Economic Outlook
3. BSTDB – Activities in the Energy & Infrastructure
4. BSTDB Energy Priorities and Strategy in Greece
5. BSTDB & ENI Activities

Energy Market – Key Considerations

Energy Market: European and SEE Context

- **South East Europe (SEE) is strategically located between the hydrocarbon-rich regions of the Caspian basin, including Russia and the Middle East, and the big energy-consuming countries of Europe.**
- SEE region's overdependence on energy imports is a defining characteristic of its economy.
- Also SEE is an EU priority Gas Corridor
- **Greece and SEE are well positioned to play an important role in the transit of hydrocarbon resources and in the diversification of oil and gas supplies, both within the Black Sea region and SEE and for Europe as a whole.**
- Refining, Storage and Retail are also important

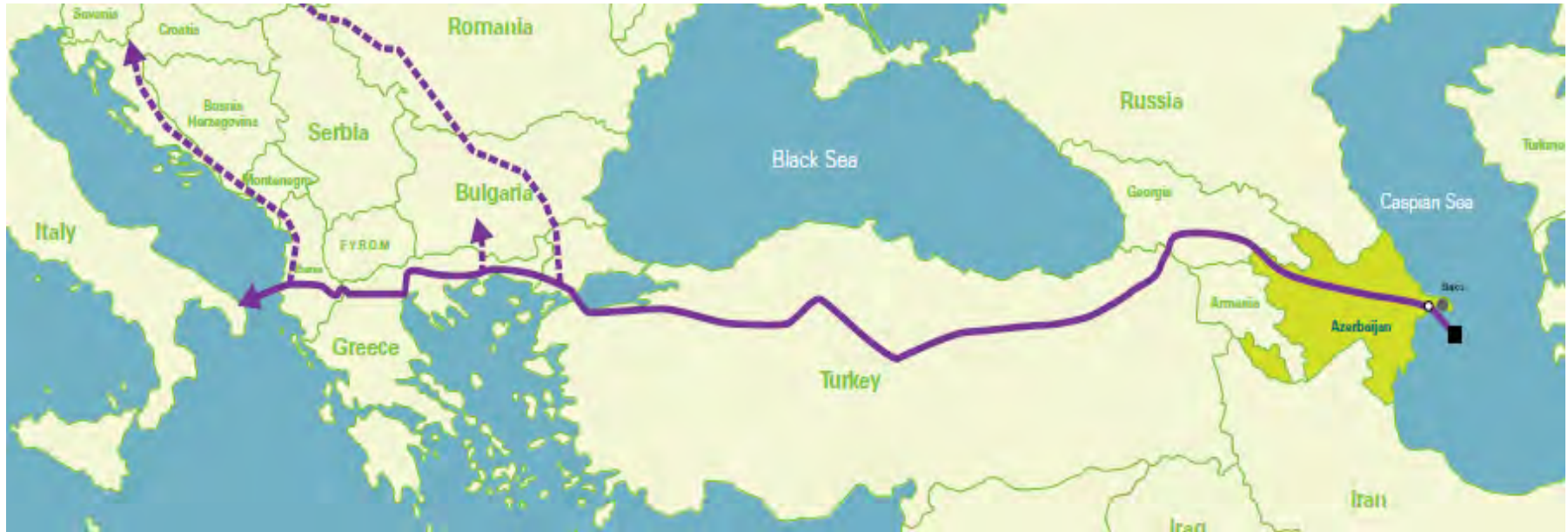
EU's Proposed 12 Priority Energy Corridors



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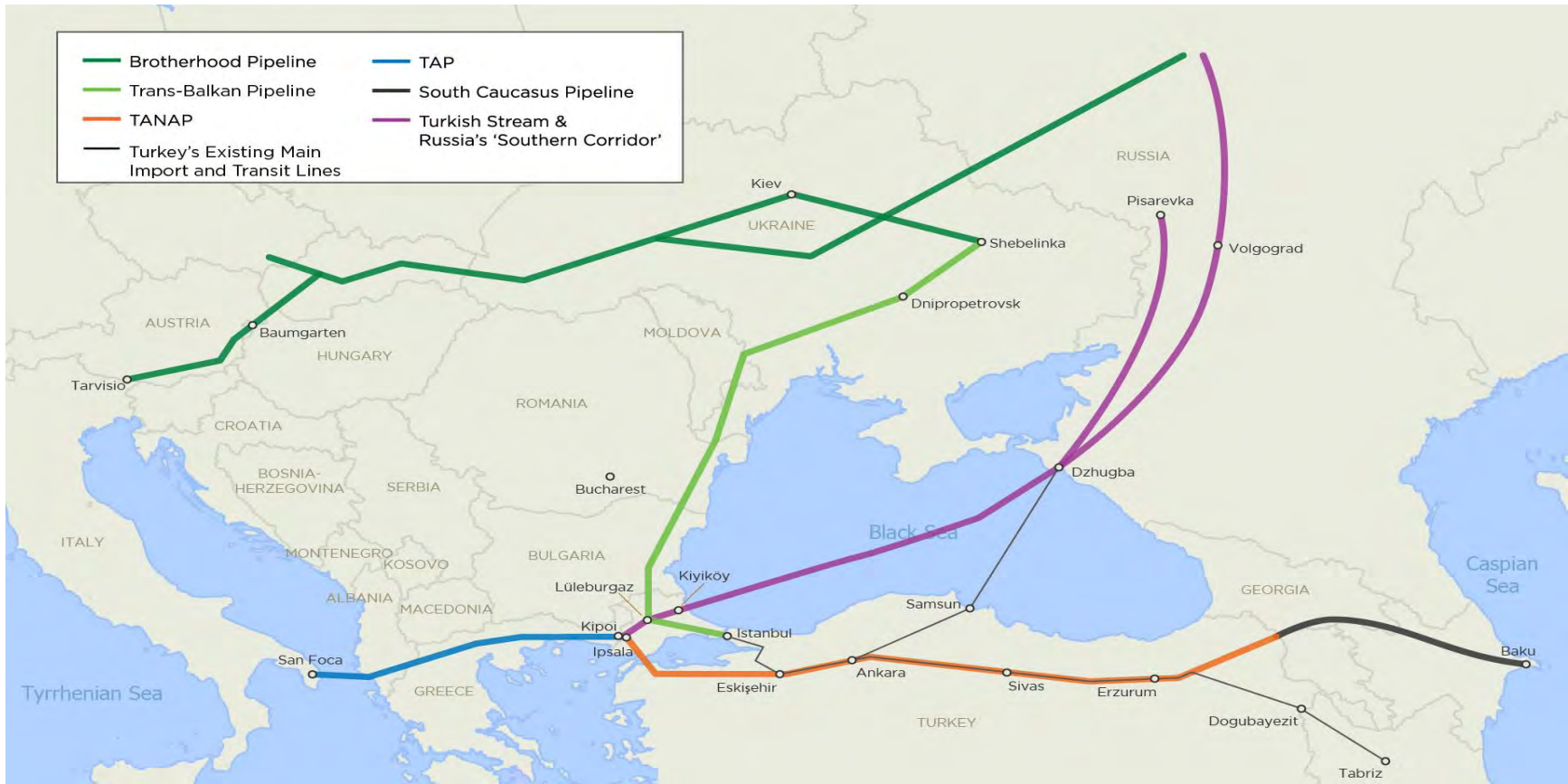
- Gas
- Electricity
- Electricity and gas
- Oil and gas
- Smart Grids for Electricity in the EU

Diversity of Supply – Southern Gas Corridor (SGC)



- Shah Deniz Stage 2 is the starting point of the SGC and an integral part of the future gas supplies from the Caspian region through Black Sea region to Europe, which BSTDB is already financing.
- The SGC is the value chain of 3 connected gas pipelines:
 - 1) Southern Caucasus Pipeline (SCP),
 - 2) Trans Anatolian Natural Gas Pipeline (TANAP) and
 - 3) Trans-Adriatic Pipeline (TAP).

Diversity of Supply – Turkish Stream



- The SGC and the proposed Turkish Stream will diversify the supply routes, but Greece still being strategically located.

Diversity of Supply – Interconnectors



- Connectivity is paramount as it allows for diversity of supply routes.
- SGC will facilitate the development of ancillary gas infrastructure in SEE and regional market integration (i.e. ICGB - the Greek - Bulgarian interconnector). Gas will be further diversified into the Balkans and Central Europe.

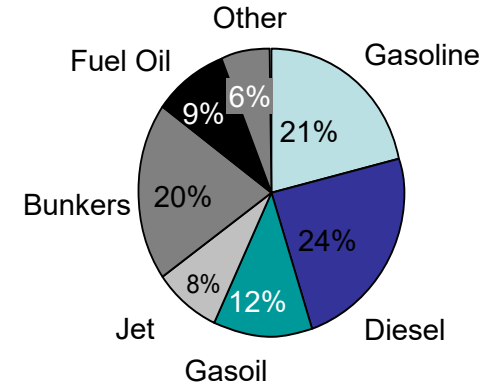
Refining Capacity in Greece and SEE

Greek Refining capacity: 25MT



Domestic market: 11.5MT

Greek market product breakdown



- Greece has the largest refining capacity in SEE (25MT or 150,000 m³/d).
- Bulgaria by comparison has 42,600 m³/d
- Romania by comparison has 46,400 m³/d

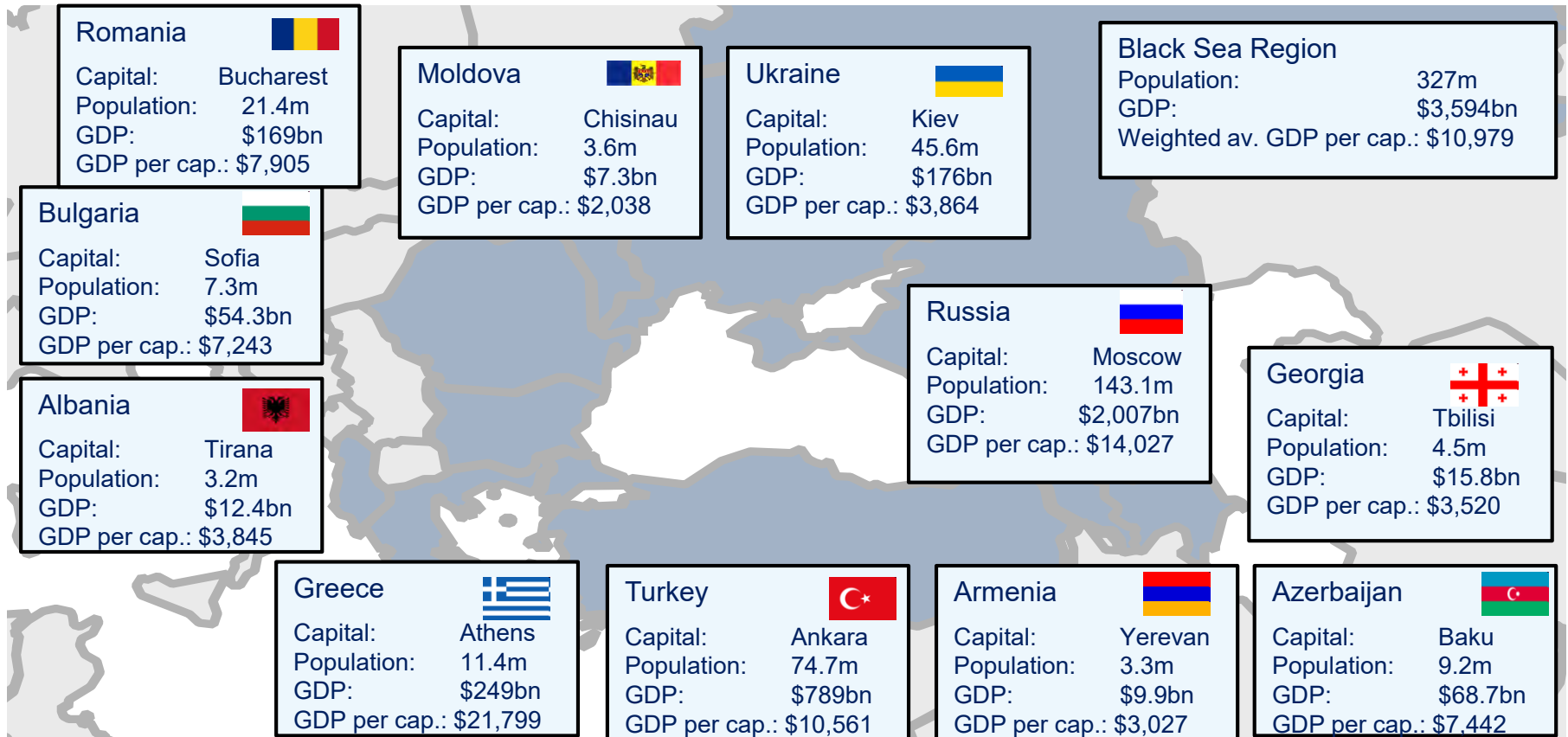
Black Sea Region and Greece

Black Sea Region: Economic Outlook

- The Black Sea region has been among the slowest growing emerging market regions since the global financial crisis.
- In 2015, the region fell back into recession, with GDP growth at -0.7%. West part of the region (Balkans) tied to EU business cycle and coping well. East is on different business cycle and in recession but seems to have bottomed out.
- Prospects are slightly better, GDP growth expected at up to 1.0% for 2016; stagnant/ marginally contracting in 2015; 2017-18 uncertain but on current form likely to be better (2-3%).
- External spillovers is a problem but regional economic pattern suggests that significant structural difficulties may underlie the protracted sluggishness without simple remedies or solutions.
- Weak investment flows (FDI, domestic) remain. This is problematic for both the immediate slowing effect on GDP growth and the longer run impact as underinvestment threatens potential economic growth.

BSTDB Members Comprise a Dynamic and Growing Region

Overview of Greater Black Sea Region



BSTDB Activities in the Energy & Infrastructure Sectors

BSTDB: Energy & Infrastructure Portfolio (1999-2016)

- Overall the BSTDB has signed over **€3.5 billion** worth of investment for the Black Sea region including Greece.
- As of today BSTDB has lent **€780 million** (US\$870 million) to **€11.6 billion** energy and infrastructure related projects in the Black Sea region including Greece.
- Energy & Infrastructure at the BSTDB includes:
 - Oil & Gas (upstream, midstream and downstream)
 - Electricity (generation, transmission and distribution)
 - Renewable Energy Sources (biomass, geothermal, hydro, solar and wind)
 - Energy Efficiency
 - Municipal Infrastructure and
 - Telecoms, Information Technologies and Media.

BSTDB Strategy in Greece

BSTDB: Strategy in Greece for 2015-2018

Priority attention to:

- BSTDB will continue offering its financial support for eligible energy and infra projects aiming to restore economic growth, improve infrastructure and enhance energy security in the Country;
- Given its strategic geographical location Greece has been seeking to become an energy transportation hub in the region. In this context, BSTDB will follow and seek added value involvement in various energy projects of high priority for both the Country and the wider Black Sea region including, among others, oil and gas storage facilities, pipelines and interconnectors;
- The Bank will also to support the development and upgrading of regional electricity markets;
- On the transmission side, this may involve participating in projects entailing reinforcement of power transmission infrastructure and interconnection between Greece and neighboring countries;

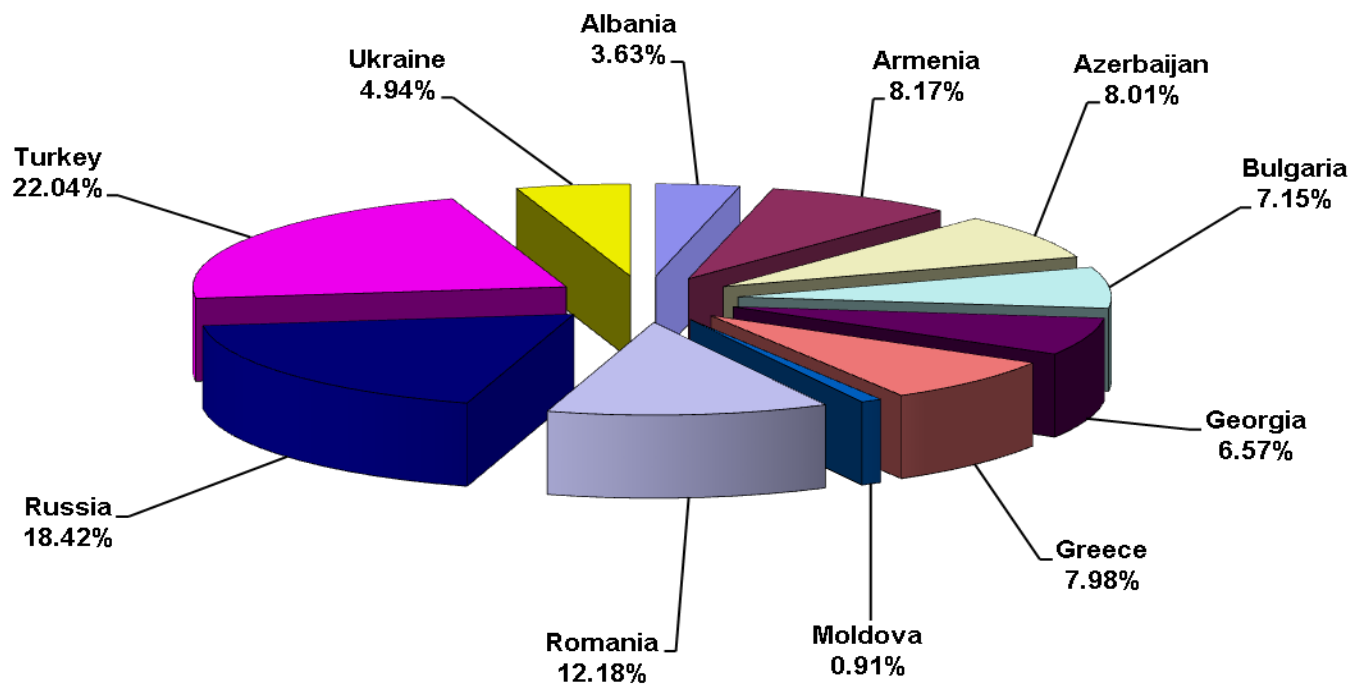
BSTDB: Strategy in Greece for 2015-2018

- On the generation side, the Bank will seek opportunities to work with private Greek companies interested to be involved in power production schemes from both conventional and renewable sources;
- BSTDB will be willing to support the privatization priorities of the Government of Greece where the Bank's assistance can be offered in the form of post-privatization financing to upgrade the energy and infra facilities in the Country;
- Municipal infrastructure including sewage/waste treatment facilities, solid waste treatment, urban transport infrastructure and energy efficiency is another priority area where BSTDB can contribute with its financing products targeting:
 - ✓ energy efficient / saving projects for companies or households,
 - ✓ green logistics projects.
- Other involvement in energy and infrastructure operations may include creative arrangements such as PPPs.

BSTDB & ENI Team Activities

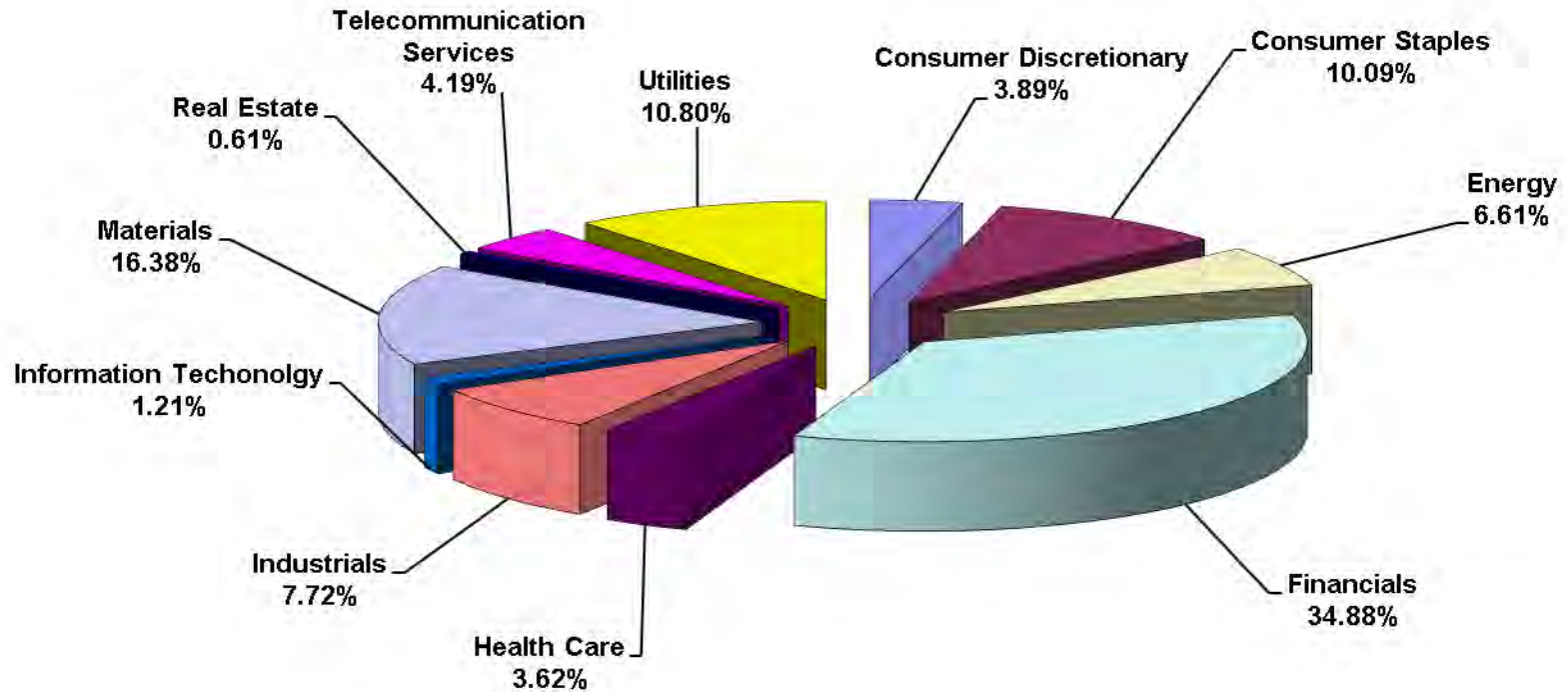
BSTDB Loan Portfolio (Outstanding)

Outstanding as of end December 2016 by Country



BSTDB Loan Portfolio (Outstanding)

Outstanding as of end December 2016 by Sector



Hightel (Albania)



Project Cost Total: EUR 16.6 bn
BSTDB: EUR 8.8 m

Borrower Hightel Albania

Term 7 years

Sector Telecom

Summary Financing the acquisition of towers and rooftops infrastructure from Plus Network, building of new units, upgrading of acquired units and construction of new microwave network infrastructure.

AES Maritza East I (Bulgaria)



Project Cost	Total: EUR 1.1 bn BSTDB: EUR 18 m
Borrower	AES-3C Maritza East I EOOD
Term	16 years
Sector	Utilities
Summary	Construction, operation and maintenance of a 2x300MW lignite-fired power plant in Bulgaria

EnergoPro (Bulgaria)

**Project
Cost**

**Total: EUR 130 m
BSTDB: EUR 40 m**

Borrower

EnergoPro

Term

5 years

Sector

Utilities

Summary

Participation in the primary bond issue as an anchor investor to finance the ongoing improvement and developments of the electricity grid and metering system and of the other markets of Energo-Pro operations.



Suvorovo Wind Farm (Bulgaria)



Project Cost	Total: EUR 103 m BSTDB: EUR 11 m
Borrower	Eolica Bularia AD
Term	16 years
Sector	Utilities
Summary	Construction and operation of 60MW wind farm located in the municipality of Suvorovo (North East part of Bulgaria)

Batumi Wastewater Treatment (Georgia)



Project Cost	Total: EUR 44 m BSTDB Unfunded Risk Participation: EUR 16 m
Beneficiary	Finance Ministry of Georgia Municipality of Batumi
Term	15 years
Sector	Municipal infrastructure
Summary	Provision of guarantee under the EUR 20 m loan facility extended by KfW for rehabilitation of water distribution network and the wastewater system in Batumi region.

OTE – Hellenic Communications SA (Greece)

Project Cost **Total: EUR 389 m**
BSTDB: EUR 50 m

Beneficiary **OTE**

Term **3 years**

Sector **Telecom / Utility**

Summary **Loan to support strategic investments in Greece and the development of its network. OTE is expected to invest around EUR1.3bn over the next four years in the development of the Next Generation Access (NGA), the IP network transformation, as well as the launch of new products and services.**



ΟΜΙΑΔΕ ΕΤΑΙΡΕΙΩΝ

EDPR PV Solar Plants (Romania)



Project Cost **BSTDB: EUR 10 m**

Borrower **SPVs owned by EDPR**

Term **15 years**

Sector **Utilities**

Summary **Financing of the construction and operation of a 51.4 MW PV park in Southern Romania**

Teamnet International (Romania)



Project Cost **BSTDB: EUR 7.5m Debt**
BSTDB: EUR 5m Equity

Borrower **Teamnet International**

Term **7 years**

Sector **IT Services**

Summary **Financed the Company's capital investments and working capital needs required for the expansion of existing operation centers in Romania and Moldova, the rollout of new operation centers in Turkey and possibly other countries in Eastern Europe, and upgrading the Company's software platform and products.**

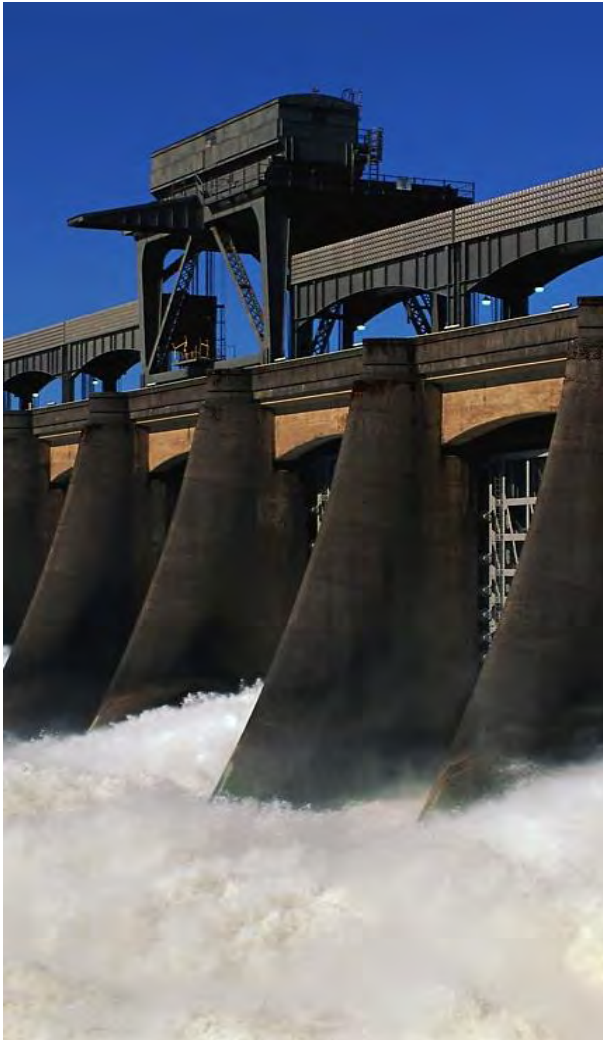
Teamnet transforming
technology

Gurmat Geothermal Power Plant (Turkey)

Project Cost	BSTDB: USD 1b
Borrower	Gurmat Electric Uretim
Term	15 years
Sector	Energy
Summary	Financing of the construction and operation of 170MW geothermal power plant south western Turkey



Koprubasi HPP (Turkey)



Project Cost	Total: USD 55 m BSTDB: USD 18 m
Borrower	Yüksel Enerji Elektrik Üretim ve Ticaret A.Ş.
Term	8 years
Sector	Utilities
Summary	Anti-flooding and energy project on the Devrek River in the region of Bolu in Turkey. The BSTDB loan has been used to finance construction and operation of a hydro-power station with a combined capacity of 74MW

SOCAR Turkey Enerji AS (Turkey)

Project Cost

Total: USD 1,300m
BSTDB: USD 30m

Borrower

SOCAR Turkey Enerji AS

Term

6 years

Sector

Energy

Summary

BSTDB has become a lender as part of the syndicate under a credit linked loan, along with Goldman Sachs, JP Morgan and other lenders.



Galnaftogaz (Ukraine)



Project Cost	Total: USD 220 m BSTDB: USD 20 m
Borrower	Concern Galnaftogaz
Term	7 years
Sector	Utilities
Summary	CAPEX program and expansion of the Borrower's gas filling stations network in Ukraine

Thank you

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