



Energy Projects in the Mekong Region

IBA Annual Meeting Tokyo – IBA Power Law Committee Panel
22th October 2014

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Greater Mekong Region

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Energy Project Opportunities

3

Case Studies

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Greater Mekong Region

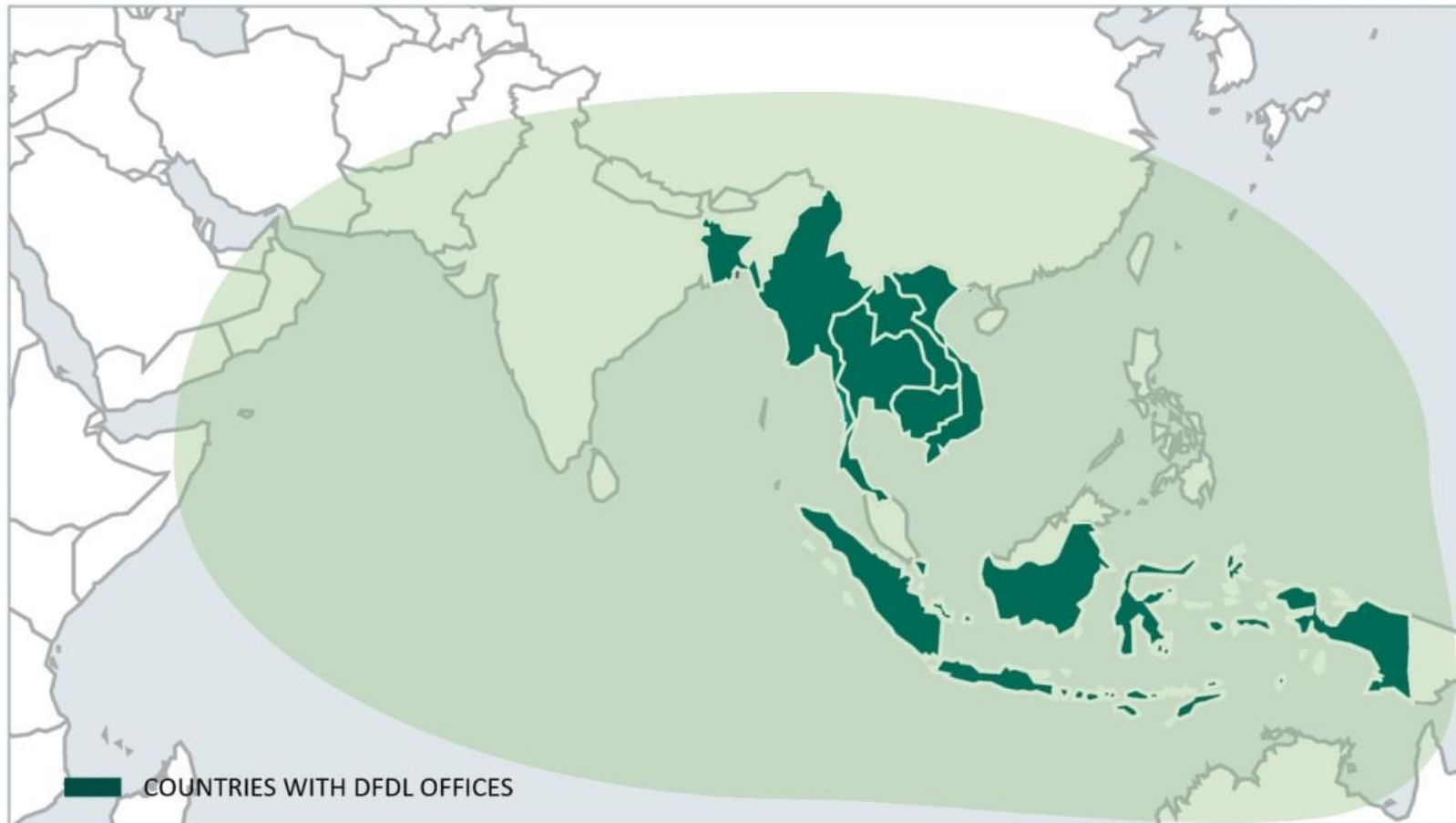
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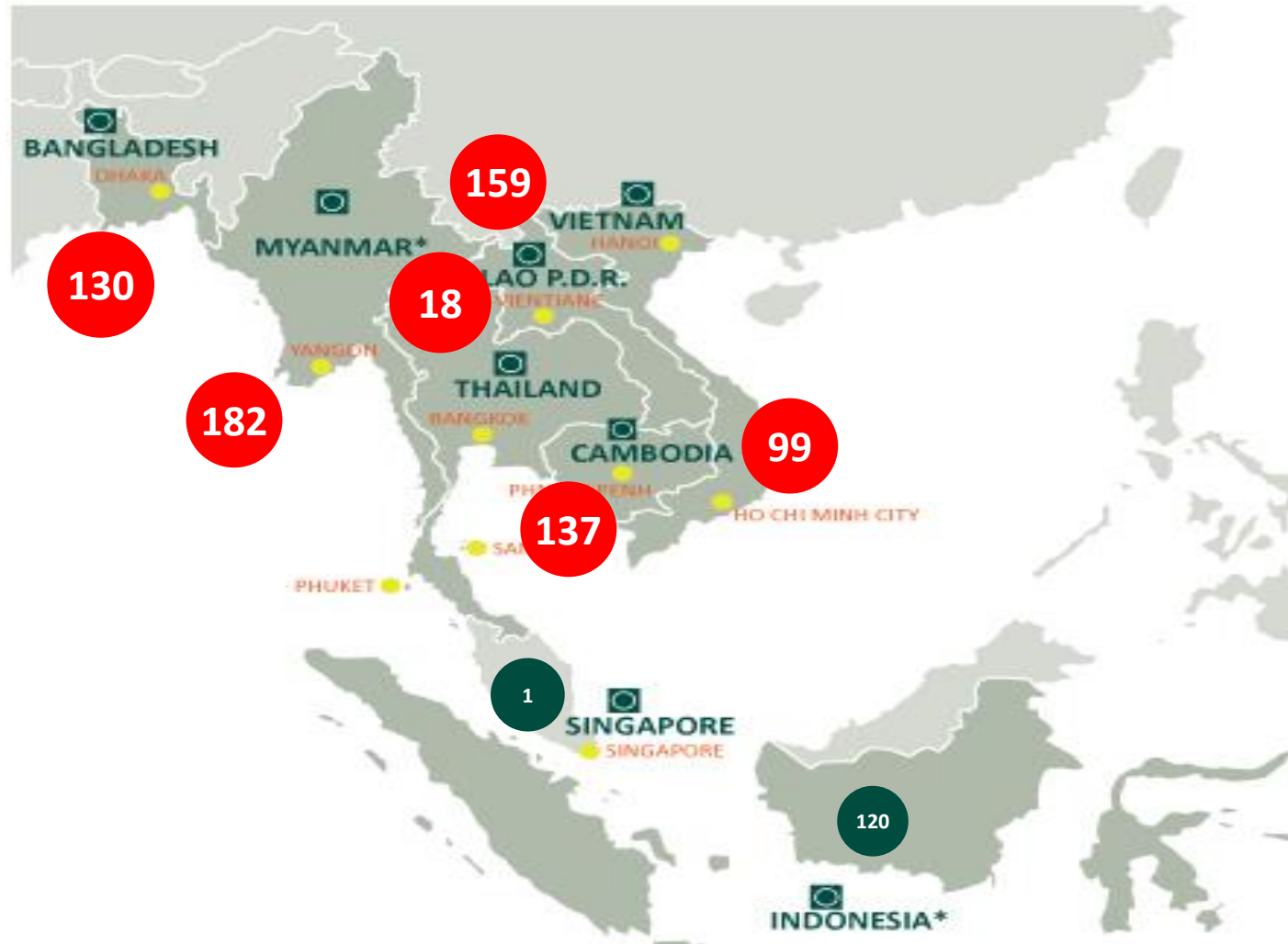
From Southeast Asia to the Middle East



CLMTV + B key indicators: GDP growth

Country	Population 2013 (M)	2013 GDP per capita (USD)	2011 GDP Growth (%)	2012e GDP Growth (%)	2013e GDP Growth (%)	2014 GDP Growth forecast (%)
Cambodia	15.4	1,013	7.1	7.3	7.0	7.2
Laos	6.5	1,477	8.0	7.9	8.2	7.5
Myanmar	53.3	869	5.9	7.3	7.5	7.8
Thailand	64.7	5,674	0.1	6.5	2.9	2.5
Vietnam	91.5	3,081	6.2	5.2	5.4	5.6
Bangladesh	156.29	903	6.4	6.1	5.7	6.0

2014 Ease of doing business ranking



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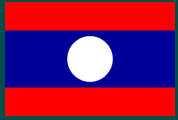
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Snapshot

- WTO accession: 2013
- Population: 6.5 million
- GDP Growth (IMF): 8.3% (2013e) & 7.8% (2014e)
- Inflation (World Bank): 4.3% (2012)
- Planned economy (Large State)
- Civil/Socialist legal system (PRC & Vietnam)
- Laos Securities Exchange opened 2011
- Key FDI sources: Vietnam, PRC & Thailand



Hydropower

- Biggest projects
- Net exporter

Financial Services

- Real growth area

Mining

- Successful large mines
- Moratorium (prospecting)
- Significant M&A activity

Railways

- A key to full development of mining sector

Agriculture & Forestry

- Pulp trees, rubber, cassava, bananas & coffee
- Moratorium (agri)

Tourism

- New regulations to be released

Hotels

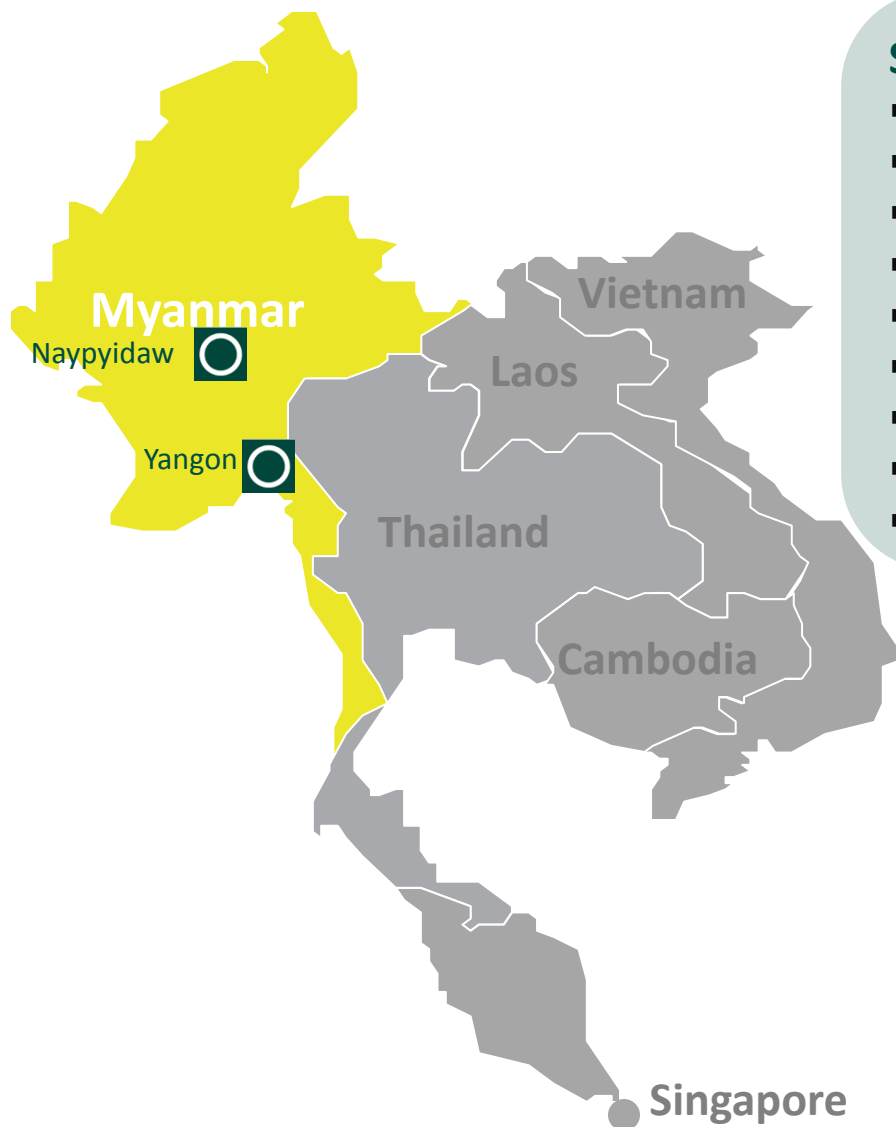
- Especially in Luang Prabang

Leisure

- Casinos & Multiplex



Myanmar: Profile



Snapshot

- WTO accession: 1995
- Population: 60 million
- GDP Growth (IMF): 6.8% (2013e) & 6.9% (2014e)
- Inflation (World Bank): 1.5% (2012)
- Gradual shift to more democratic governance
- Presidential elections in 2015
- Planned economy (Large State)
- Common law, Socialist (Military) influence
- Key FDI sources: PRC, Thailand, Korea & EU



Myanmar: Sector FDI analysis



Oil & Gas

- Natural gas exporter
- Recent on/offshore tenders
- Huge potential

Services

- Undeveloped
- Huge potential (restricted?)

Mining

- Gold, silver, copper and gems
- JV required (large scale)
- New law soon

Manufacturing

- Industrial zone development
- PRC, Japan and Korea

Agriculture, Forestry & Fisheries

- Livestock, beans & pulses, rice, teak & fisheries
- No foreign land ownership

Tourism

- Big 4 and coast
- Developing rapidly
- JV required

Energy & Infrastructure

- Inadequate infrastructure
- Huge potential

Telco

- 2 licences granted (CAPEX)
- New telco law (rules to come)
- BTS rollout unclear



Snapshot

- WTO accession: 2007 (de facto caps)
- Population: 91.5 million
- GDP Growth (IMF): 5.3 (2013e) & 5.4% (2014e)
- Inflation (World Bank): 9.1% (2012)
- Planned Economy (Large State)
- Socialist/Civil legal system
- Key FDI sources (GSO): Japan, Korea & Taiwan



Vietnam: Sector FDI analysis

Oil & Gas

- Well developed
- Sovereignty issues?
- PVN involvement

Energy

- Net importer (coal)
- Low tariffs, reforming

Mining

- Rich & diverse minerals
- Largely undeveloped
- Political

Manufacturing

- Textiles, garment, electronics & food
- Highest FDI (Japan)

Agriculture & Aquaculture

- Highly fragmented
- Rice, coffee & fisheries

Telco

- Highly competitive
- High penetration

Financial Services

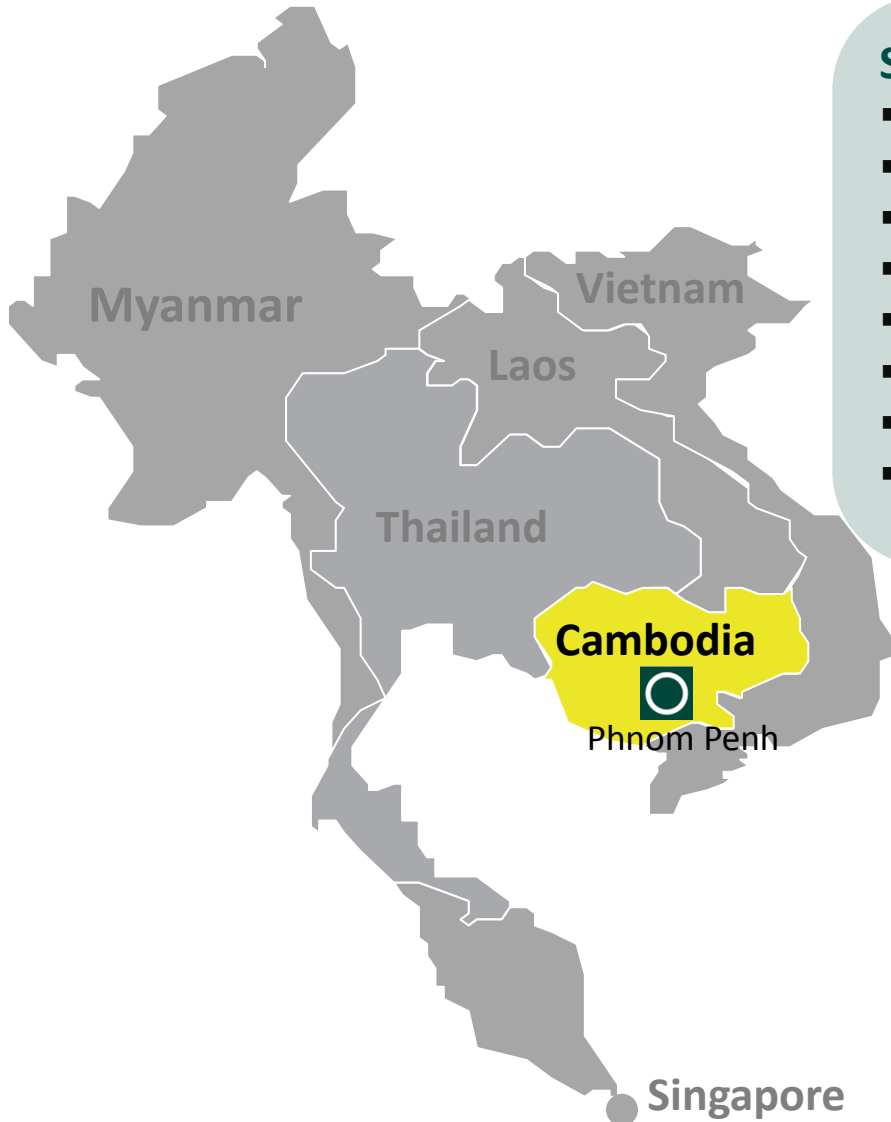
- Large growth potential
- Foreign investment caps
- Cash-based economy

Real Estate

- Deflating?
- Reducing inventory
- Residential reform?



Cambodia: Overview



Snapshot:

- WTO accession: 2004
- Population: 15.4 million
- GDP Growth (IMF): 7.0% (2013e) & 7.2% (2014e)
- Inflation (World Bank): 2.9% (2012)
- Market Economy (Small State)
- Civil (French/Germanic)/common law influences
- Cambodian Securities Exchange opened 2011
- Key FDI sources (CDC 2013): PRC, Korea, Malaysia & Taiwan



Cambodia: Sector FDI analysis



Energy

- No national grid
- Oil & gas, hydro potential
- Open market, high tariffs

Financial Services

- Banking/MFIs saturated
- Insurance growth potential

Mining

- Gold, bauxite & gems
- Mid-stage exploration
- Developing

Manufacturing

- Garments, textile & footwear
- Minimum wage issues

Agriculture & Forestry

- Rubber, cassava, timber & rice (moratorium)
- Attractive incentives

Tourism

- Angkor Wat & coast
- Casinos
- Rapid growth

Real Estate

- Phnom Penh & coast
- Buoyant residential
- Commercial development

Telco

- Saturated
- Consolidation



Thailand: Overview



Snapshot:

- WTO accession: 1995
- Population: 67.4 million
- GDP Growth (IMF): 3.1% (2013) & 5.2% (2014e)
- Inflation (World Bank): 2.8% (2013)
- Market Economy (free enterprise)
- Civil/common law influences
- Thai Securities Exchange opened 1975
- Key FDI sources (BOT 2013 Jan-Jun): Japan, ASEAN, Singapore, Malaysia, Taiwan, China, Hong Kong, India, USA



Thailand: Sector FDI analysis

Energy

- Complete National Grid (99% electrification)
- Natural Gas and Hydro
- Open market, high tariffs

Financial Services

- Banking/MFIs saturated
- Insurance growth potential

Mining

- World top 5 in Tin & Tungsten
- Well-developed

Manufacturing

- Textiles, Electronics, Light Manufacturing
- Large migrant worker population

Agriculture & Forestry

- Rice, Rubber, Cassava
- Attractive incentives

Tourism

- World's #1 Tourist Destination 2013
- Bangkok and Phuket
- Islands and Beaches

Real Estate

- Bangkok & coasts
- Buoyant residential
- Commercial development

Telco

- Saturated
- Consolidation
- 3G / 4G contract issues

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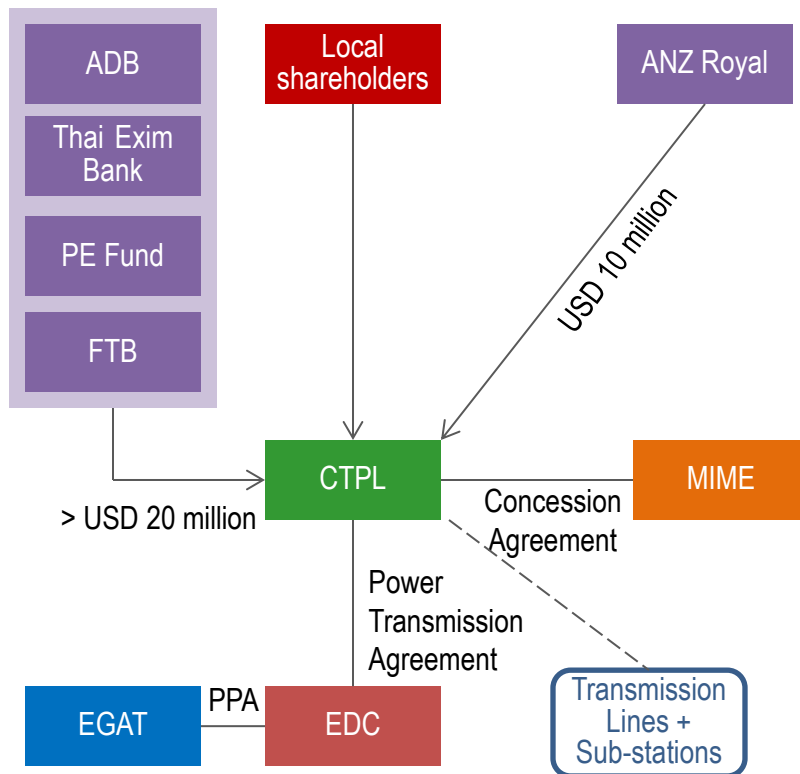
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Re- financing Type: ADB / Thai Exim Bank → ANZ Royal
Size: USD 10 million +

Structure of the project



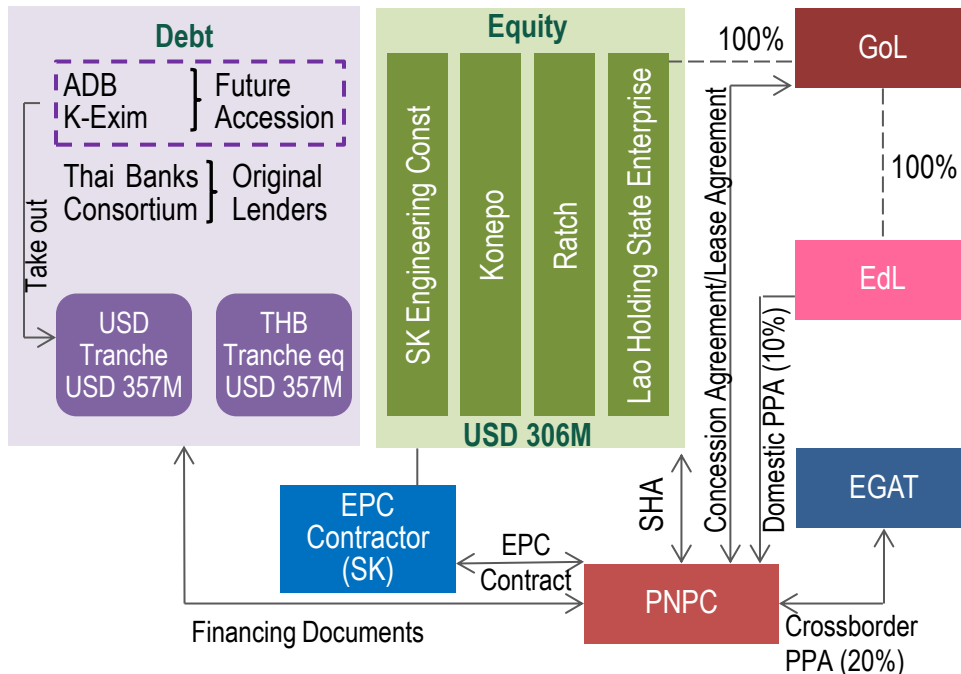
Challenges

- No government guarantee
- Cross-border project
- “Syndicated” loan

Security structure

- Share pledge
- Licenses / contract
- All movable + immovable assets
- Receivables + bank accounts

Financing Type: Thai banks Size: USD 1.02 billion



Challenges

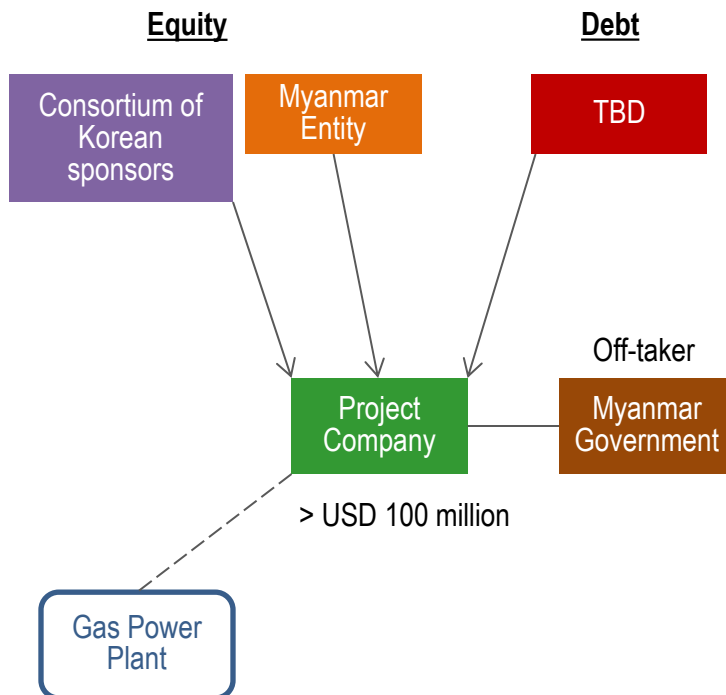
- First Thai financing to non-Thai exclusive investment
- FOREX risk as Thai Banks finance
- Flexibility: Structure permitting post-closing accession by multilateral lenders
- Account structure - change of central bank policy on requirement for equity subscription on domestic bank account

Security structure

- Stand-alone Lao Law security interests over distinct categories of Project Assets situated in Laos
- Thai Law assignment of EGAT PPA, Thai Pledge of Collateral Accounts, etc.
- English Law assignments of each English Law Project Document and Backstop English Law debenture, etc.

Financing Type: IFIs
Size: USD 100 million +

Structure of the project



Challenges

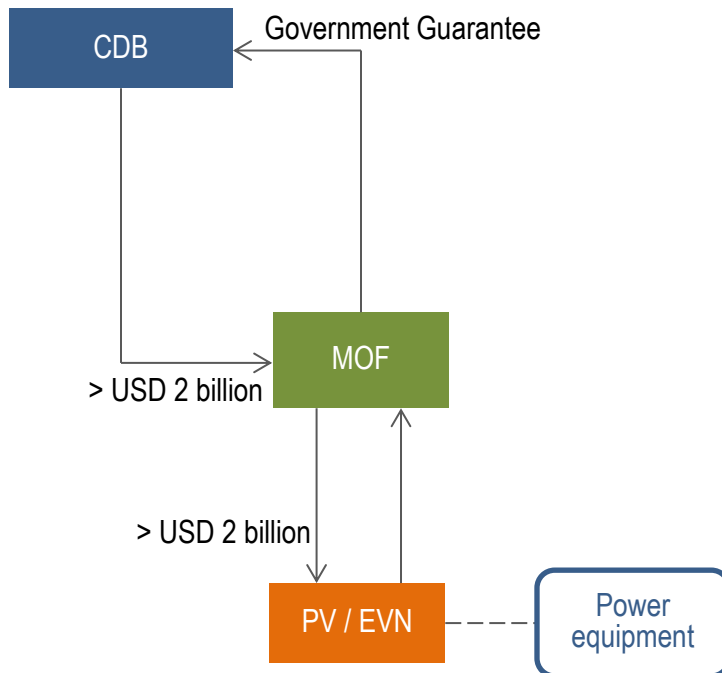
- No previous true project finance precedent in Myanmar
- Difficult to securitize loan
- Difficult to obtain sovereign guarantees
- Difficult negotiation with gov. (Ministry of Electric Power, Myanmar Electricity Power Enterprise)
 - Experience/expertise with documentation
 - No model documentation or gov. policy on IPPs, etc.

Anticipated security structure

- Mortgage on long term lease
- Share pledge

Financing Type: Chinese Development Bank Size: USD 2 billion +

Structure of the project



Challenges

- No major challenge – loan to the government

Security structure

- No security

Who will potentially provide funds to the renewable energy projects in Southeast Asia?

International bilateral
financial institutions and
development banks

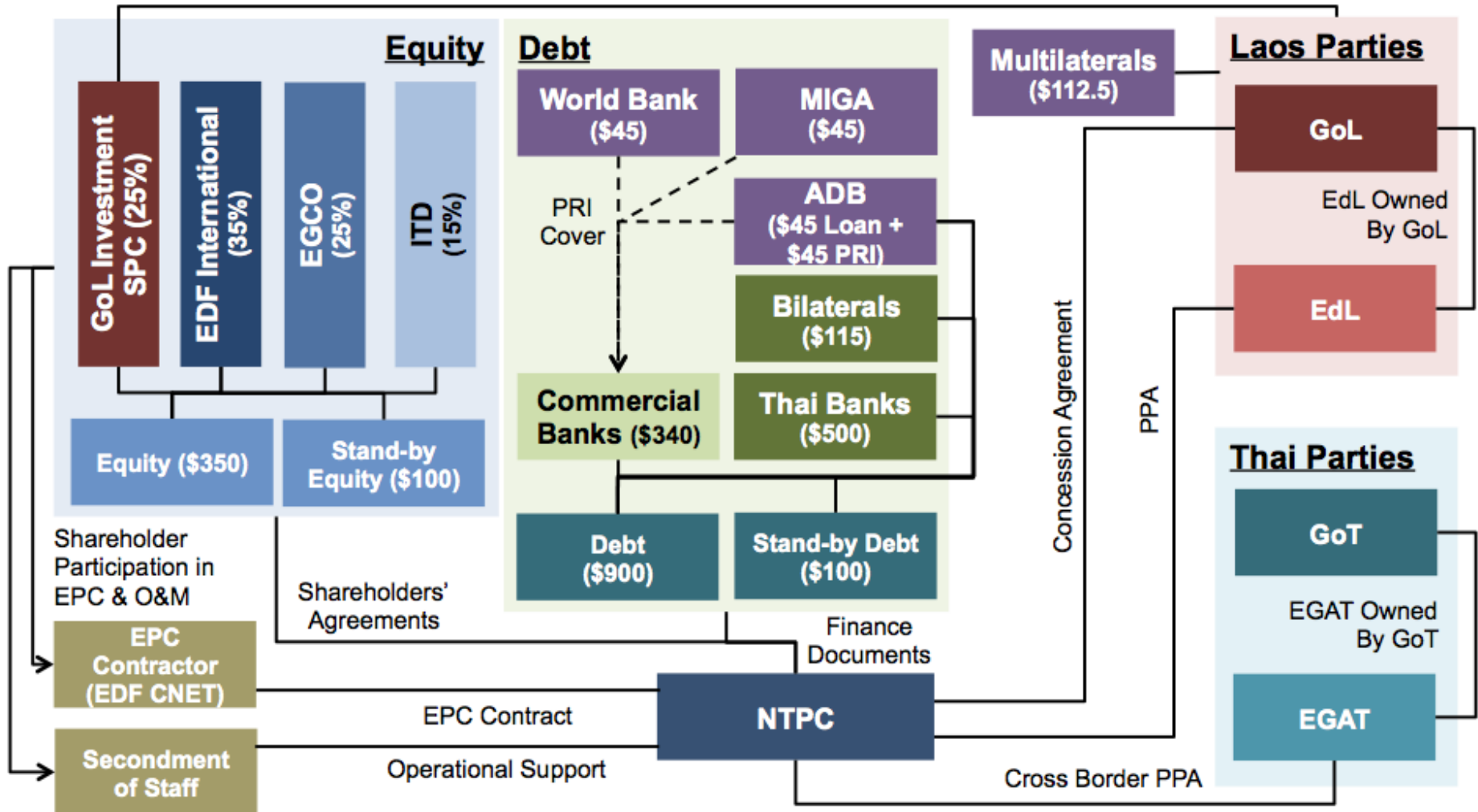
International private
commercial banks

Funds

Local banks

National development
banks

Concluding remarks



Thank you



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