CIRCLE OF COMPETENCE - EXPORT FINANCING

Anikó Biczó
director
INTEGRATED SYSTEM TO SUPPORT FOREIGN TRADE AND ECONOMY

STATE OWNERSHIP RIGHTS EXERCISED BY THE MINISTRY OF FOREIGN AFFAIRS AND TRADE
EXIM’S MAIN STRATEGY

- Supporting export companies and their suppliers
- Financing the enlargement and creation of export capacities
- Increasing the lending capacity and propensity of the financial institutional sector
- Special focus on micro, small and medium enterprises
GENERAL CONSIDERATIONS
1) Plant location:
   - Raw material availability (<100 km for corn)
   - Railway accessibility for cheaper transport of ethanol
2) Chosen technology:
   - Reputable technology supplier
   - Efficiency/higher yield
   - Innovation/Fast transition to newer technologies/first and second generation plants
   - High-quality by-products (ie, DDGS, corn oil) could be sold
3) Participants:
   - Sponsors of the project company, EPC constructor, supplier of technology, raw material supplier, ethanol off-taker,
   - References

4) Management of the project company:
   - Industry experience, hedging of raw material-ethanol prices

5) Equity:
   40-55% (min. 30% cash), equity first-basis
PROJECT FINANCING OF BIOETHANOL PROJECTS/CASE STUDY

6) Collaterals:
- Mortgage on property (land and building - bioethanol plant)
- Pledge on tangible assets (machinery)
- Pledge on business shares
- Undertakings and Suretyship of Sponsors
- Debt Service Reserve Account
- Cost overrun and cash-flow deficiency guarantee by Sponsors
- Step-in rights in Project Documents if needed
- Maintenance Reserve Account
- Cash-sweep
PROJECT FINANCING OF BIOETHANOL PROJECTS/CASE STUDY

– ADDITIONAL CONSIDERATIONS

- Due diligence by independent experts (legal, technical, financial-market)
- Average terms:
  - Grace period: 2 years
  - Tenor: 10-15 years
- Financial Covenant:
  - DSCR: min. 1,20, average during the tenor: 1,30
- Closed structure:
  - Raw material (corn) purchase agreement
  - Ethanol off-take agreements that cover the tenor of the loan
- Feasibility study and business plan supports repayment of the loan (including sensitivity analysis of changes in input-output prices of +/- 15%)
- Working capital requirement: at least 3 months worth of raw material to maintain continuous operation
CONTACTS

Ms. Anikó Biczó, director,  biczo.aniko@exim.hu
Mr. Károly Stefáni, deputy director,  stefani.karoly@exim.hu

Phone: +36 (1) 374 9100 / Phone: +36 (1) 374 9200
Fax: +36 (1) 269 4476
Web: www.exim.hu