



Financing Energy

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A promotional poster for a conference. The background is dark blue with a light blue world map. The text is white and yellow. At the top left is the 'adea energy-for-africa' logo. At the top center is the 'ifp enspm FORMATION RECHERCHES IFF & TRAINING' logo. At the top right is the '10 MEETI 100th years of excellence' logo. The main title is 'Conference Energy in Southern Africa'. Below the map, it says 'JOHANNESBURG' and 'November 13, 2008'. At the bottom, it says 'Under the sponsorship of the Department of Mines and Energy'.

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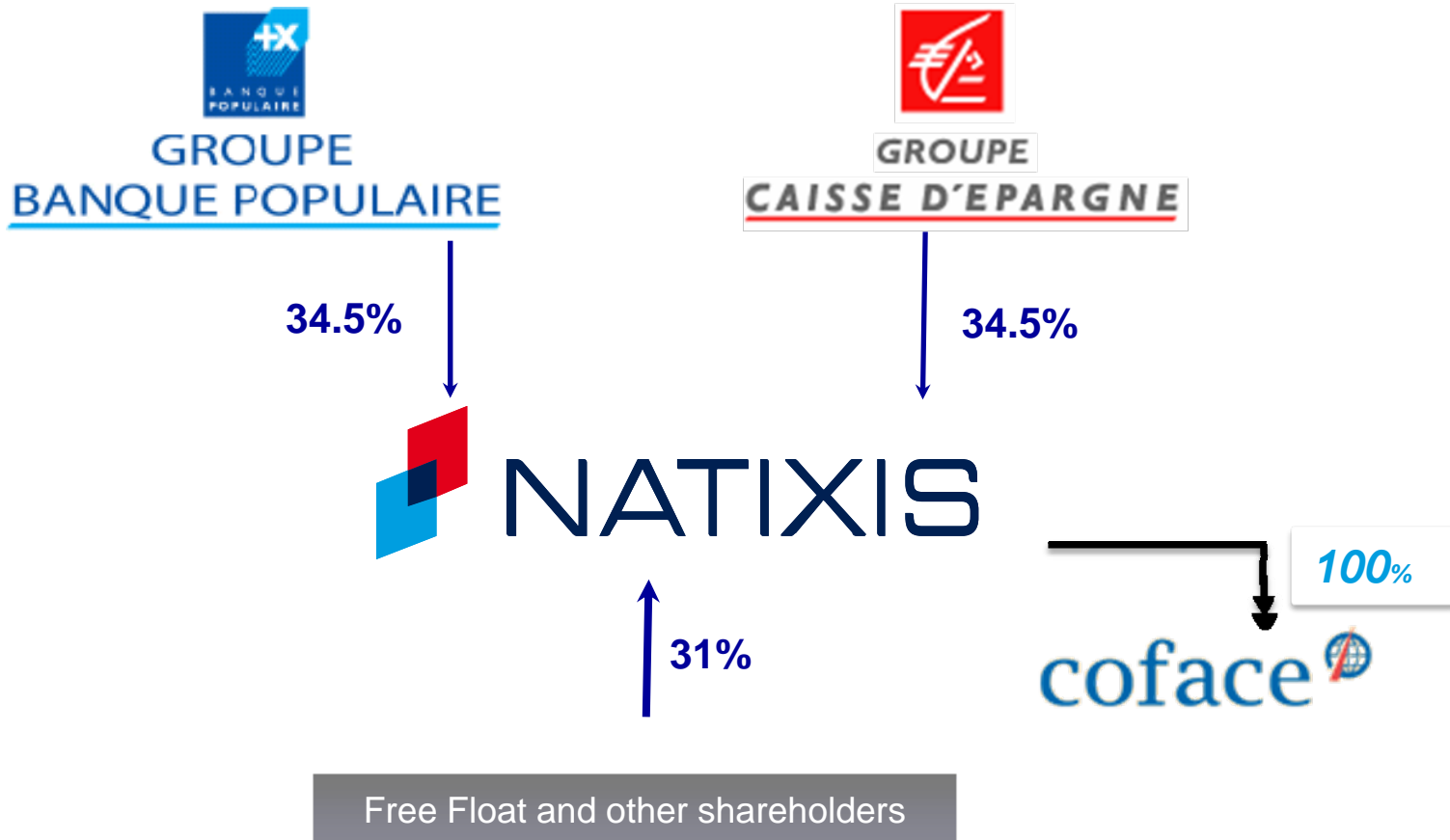
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- NATIXIS: Project and investment Bank
- Energy: main considerations
- Oil and Gas: 3 examples: Reserve Based lending, Pre-export financing and Transactional Financing
- ECA backed financing: an efficient way to finance energy during the crisis...

Capital Structure



NATIXIS



Natixis at a glance

24,000 workforce worldwide

A+

STANDARD
& POOR'S

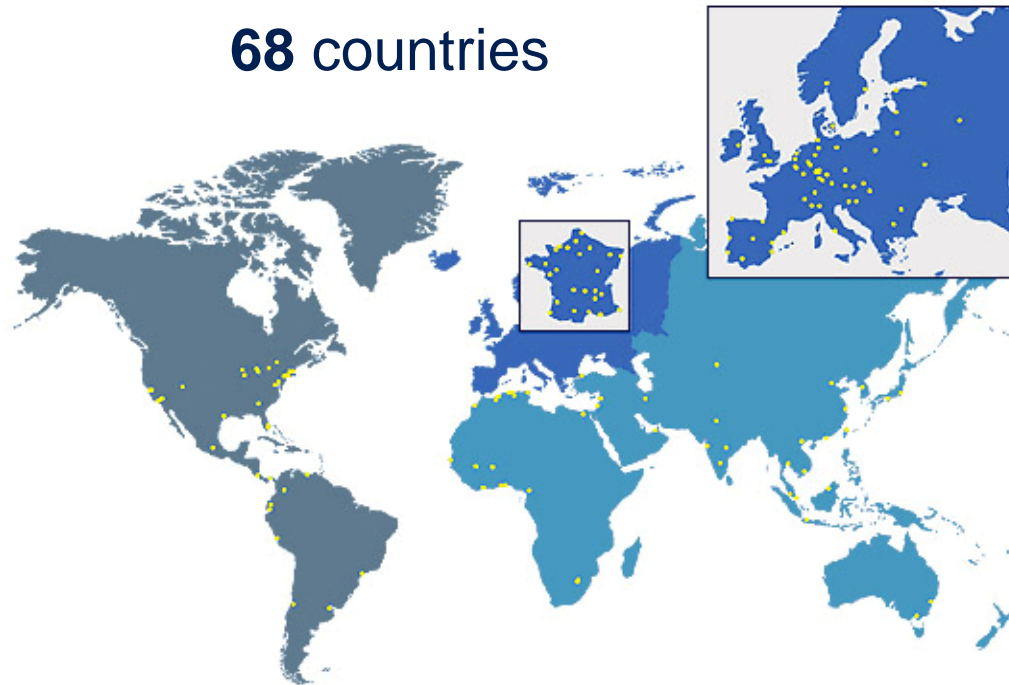
Aa3

Moody's Corporation

A+

FitchRatings

68 countries



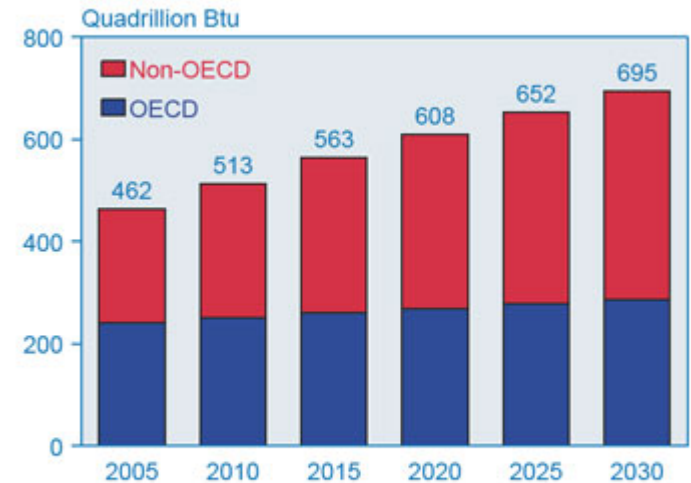
Energy : Main considerations

- Consumption growth will necessitate the utilization of all the generation technologies (nuclear, gas, carbon and renewable) and will lead to massive investments throughout the world and in particular in non OECD countries.
- Reliable and Long Term Financing resources will be key to achieve the necessary level of investments.

Energy Consumption

- Total world energy consumption is estimated to grow by 57% from 2005 to 2030, from 462 Quadrillion BTU to 695 Quadrillion BTU.
- On an average annual rate basis, total world energy consumption would grow by of 1.8% over the 2005-2030 period.
- A significant difference between OECD countries and non OECD countries :
 - OECD countries : +0.08%
 - non OECD countries : +2.6%
- Asia (non OECD) will lead the growth with + 3.2%

Figure 1. World Marketed Energy Consumption, 2005-2030



Sources: 2005: Energy Information Administration (EIA), *International Energy Annual 2005* (June-October 2007), web site www.eia.doe.gov/iea. Projections: EIA, *World Energy Projections Plus* (2008).

Energy Consumption by fuel

- Consumption growth will involve all the various generation technologies.
- Coal will remain the major energy fuel with huge investments expected in both China and India.

World Primary Energy Demand in the Reference Scenario

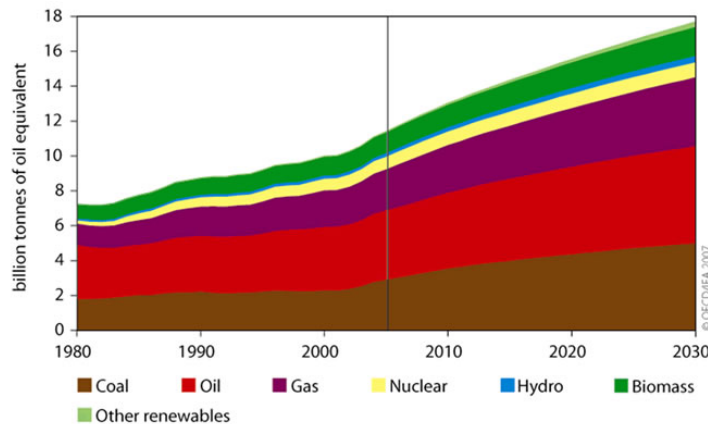
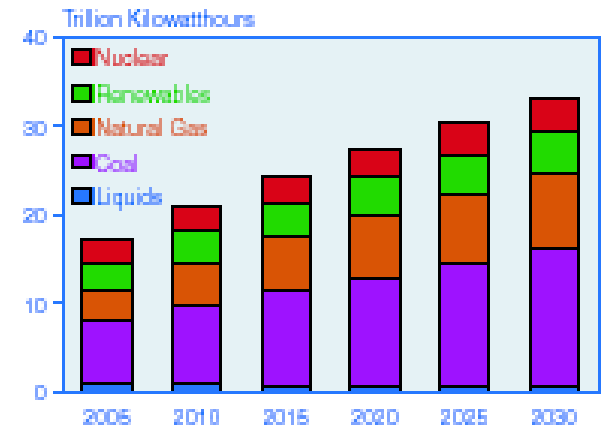


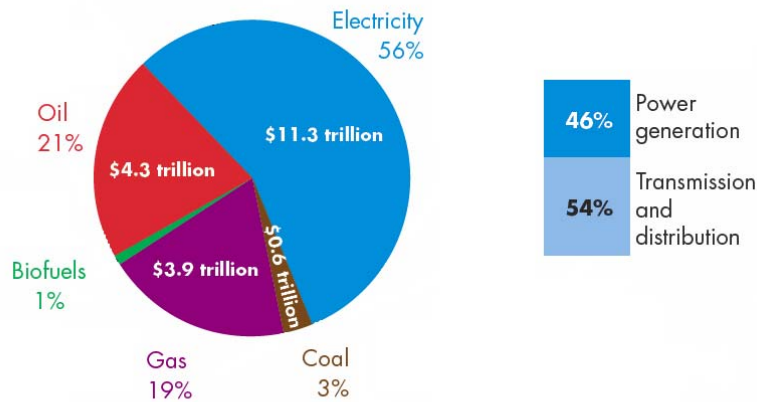
Figure 6. World Electricity Generation by Fuel, 2005-2030



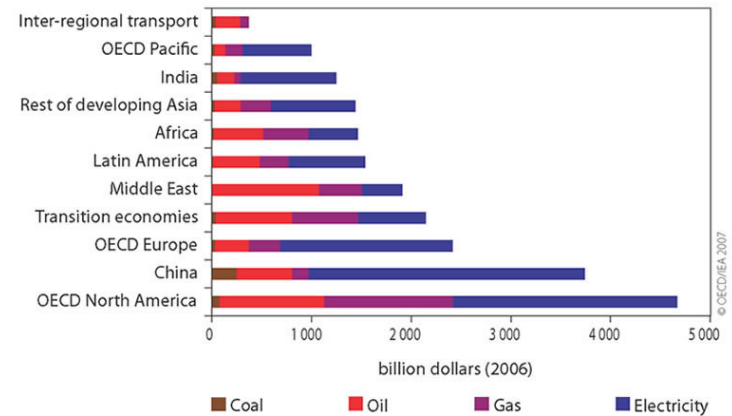
Sources: 2005: Energy Information Administration (EIA), *International Energy Annual 2005* (June-October 2007), web site www.eia.doe.gov/iea. Projections: EIA, *System for the Analysis of Global Energy Markets/Global Electricity Module* (2008).

Energy forecast investments

- Investments in energy will represent more than US\$ 20 Trillions of which 56% will be for electricity



Cumulative Investment in Energy Infrastructure in the Reference Scenario, 2006-2030



Natixis finances...



- *Crude oil*
- *Oil products*
- *Liquified gas*
- *Natural gas...*



Oil and Gas: 3 examples



- ▣ Transactional Financing
- ▣ Pre-export financing
- ▣ Reserved based lending

Transactional financing

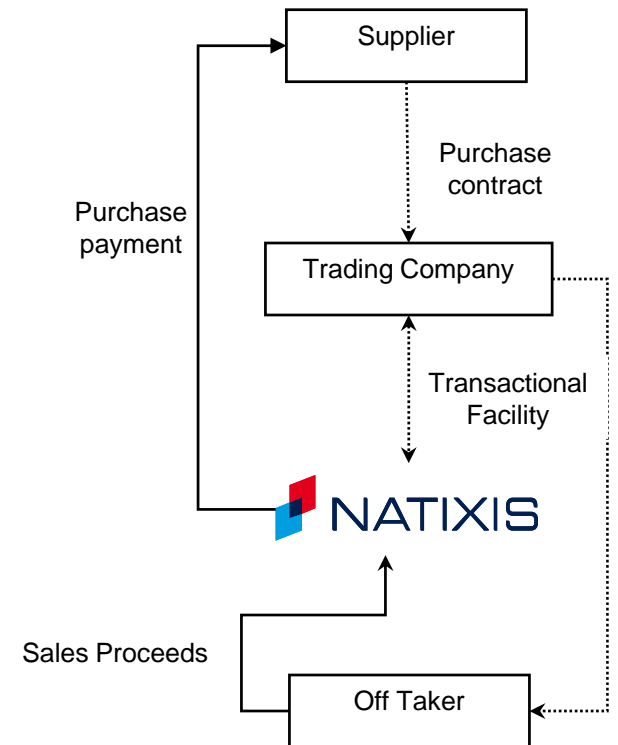
Transactional financing is a scheme aimed at financing working capital needs of trading companies.

Principles

- The facility entered into between the trading companies and the bank finances the purchase of products.
- The facility is paid back by the proceeds of the export contract.
- Typical financing phases include inland transportation, stock financing, sea transportation.

Purposes

- Financing of working capital needs.
- Pre-financing to the supplier can be considered in some cases.



Pre-export financing

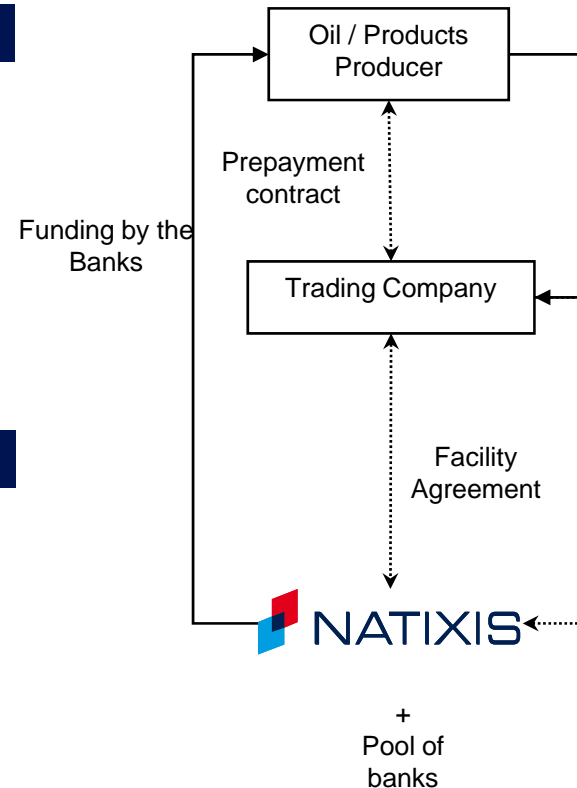
Pre export financing has been widely used to finance National Oil Companies such as Sonangol in Angola and can be specified in various kinds of facilities.

Principles

- The pre export financing technique aims at financing oil & gas companies backed on export oil/products.
- Such financings are well designed for National Oil Companies with good visibility on level of production.

Purposes

- Financing of development programs.
- Financing of general corporate expenses.
- Refinancing of existing debt.



Reserve Based Lending

Reserve Based Lending is a financing technique combining flexibility and a project-based approach

It is a non-recourse type of financing which offers the possibility of adjusting the borrowing capacity during the life of the Facility through a regular review of the performance of the field.

Principles

- Reserve Based Lending is an asset-based type of financing where the balance sheet of the borrowing entity has little importance in the analysis.
- The amount available under the facility (the « Borrowing Base ») is driven by the cash flow arising from the oil & gas proved reserves and determined pursuant to a DCF method.

Purposes

- Financing of development programs
- Financing of general corporate expenses
- Refinancing of acquisition loans
- Funding acquisitions



Advantages

- + Non-recourse nature
- + Revolving facility
- + Optimized borrowing capacity
- + Highly flexible facility

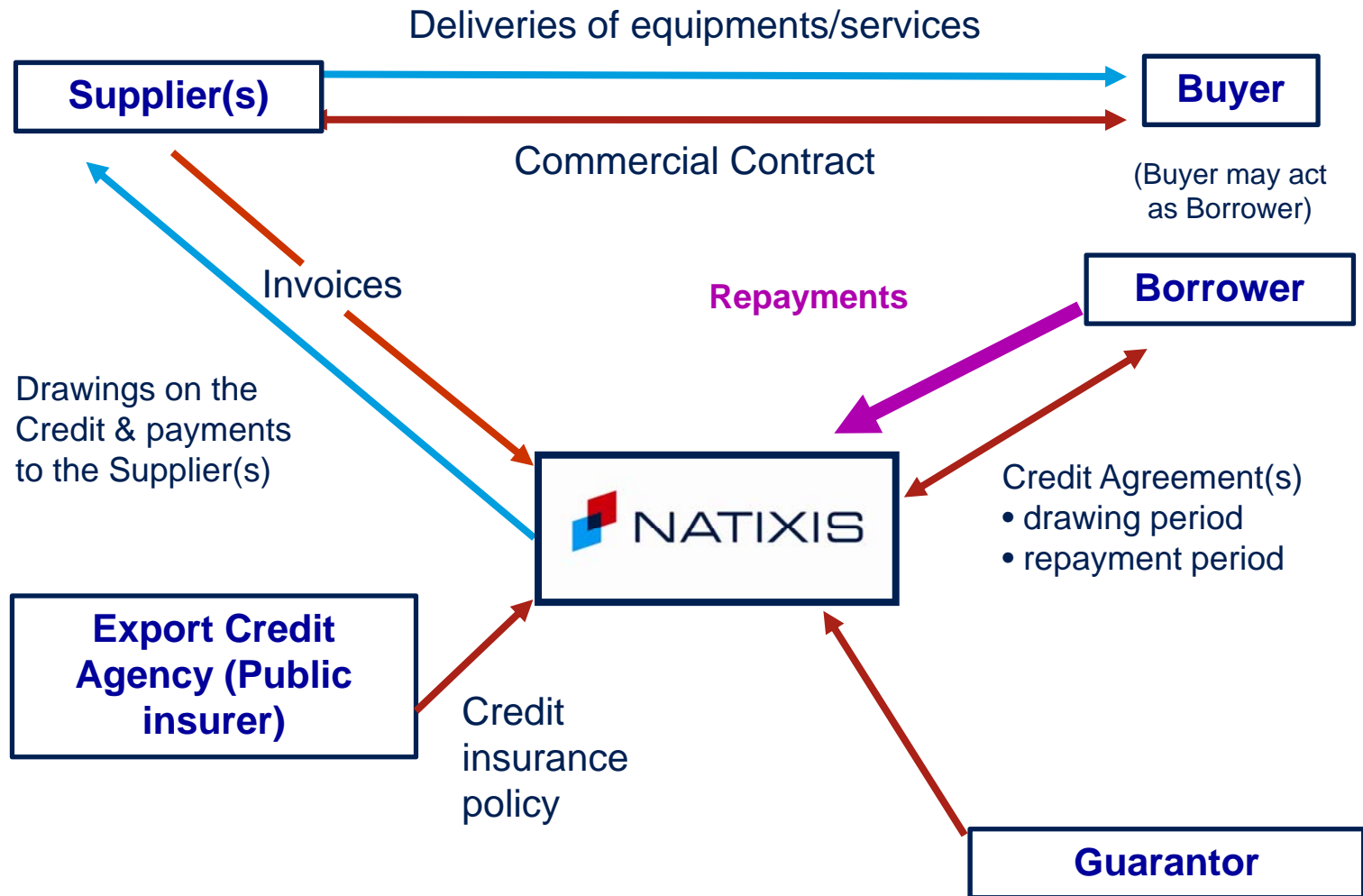
ECA backed finance: a unique way to finance energy investment

- Main principles of Export credit
- Export Credit Basic Scheme
- Key factor of succes to finance an ECA financing

Main principles of an export credit

- Within OECD countries, Export Credit supported by Export Credit Agencies (ECAs) is subject to a set of rules: the OECD Arrangement.
- The credit is granted by a bank to the foreign buyer to pay for purchase of goods and services
- The financing is supported through Export Credit Agency (ECA) coverage.
- Export Credit is submitted for approval by the Export Authorities which determines the main characteristics of the credit (tenor, currency, availability of fixed rate...)

Export Credit basic scheme



Key factors of succes in structuring an ECA financing

- Energy projects are: Long Term, Unique, and very specific projects.
- To implement an ECA financing successfully, the bank should :

Work in total confidence with the suppliers and buyers,

Have a long and successful experience in this sector and be able to explain specific constraint (Environmental, Tenor, technical,...),

Have a strong relationship and capacity for lobbying with Authorities and ECAs

Have the capability to join forces with Local banks in order to build the most competitive financing solution

At Natixis, we try to be different, by mixing tailor-made solutions to provide the specific financing that will fit with each individual project.



Thank you...