

Financing FPSOs: How will projects be financed today and in the future?



Offshore Vessel & Rig Connect Asia:
FPSOs & Offshore Drilling Rigs

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Agenda

1. Introduction
2. Impact of the Current Downturn
3. Typical Financing Structures
4. Alternative Financing Sources
5. Conclusion



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Introduction



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SMBC – Overview

- SMBC is a multinational banking and financial services company with extensive global network.
- As at March 2015, SMBC holds US \$1.5 trillion* in assets and ranked one of the largest financial institutions in the world.
- Sumitomo and Mitsui companies were founded more than four centuries ago, in the 17th century.
- The current SMBC was established in 2001 following the merger of the two leading banks: Sakura, formerly Mitsui Taiyo Kobe; and Sumitomo Bank.

Credit Ratings for SMBC

	Moody's	S&P	Fitch
Long Term	A1	A	A
Short Term	P-1	A-1	F1

Correct as of 17 November 2015

Chairman of the Board

Teisuke Kitayama

President

Takeshi Kunibe

Capital Stock*

¥ 1,770.9 bn

Head Office

1-1-2, Marunouchi, Chiyoda-ku, Tokyo, Japan

Number of Employees*

26,415

Network*

Domestic Branches 441
Overseas Branches 16

Total Assets*

US 1.5 trillion

Capital Ratio*

17.93%

*Information as of 31 Mar 2015

*Assets : ¥183,442,585 Million
FX Rate: ¥123.583 / USD \$1



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Awards

SMBC group was named "Global Bank of the Year 2014" by Thomson Reuters' PFI Yearbook 2015. This is the 3rd time that SMBC group won this award following Global Bank of the Year 2008 & 2012



Global Bank of the Year Sumitomo Mitsui Banking Corporation

"SMBC is certainly consistent. It topped the Thomson Reuters Project Finance International loan league tables in the first three quarters of 2014 by being top in Asia-Pacific and second in the Americas and Europe, Middle East & Africa."

"Advisory, a pretty good year, actually. The bank advised the Japanese sponsors on the Freeport LNG financing and it took a big ticket on the other mega US LNG financing, Cameron. In Asia, it advised on one of the few local LNG financings this year, the Donggi Senoro deal, the largest LNG deal in Indonesia since 2006."

Source: Thompson Reuters "PFI Yearbook 2015"

Americas	
Deal of the Year	Corpus Christi LNG
Power Deal of the Year	Salem Harbor
LatAm Renewable Deal of the Year	Conejo Solar
Renewable Deal of the Year	Block Island
Oil & Gas Deal of the Year	Squarema FPSO

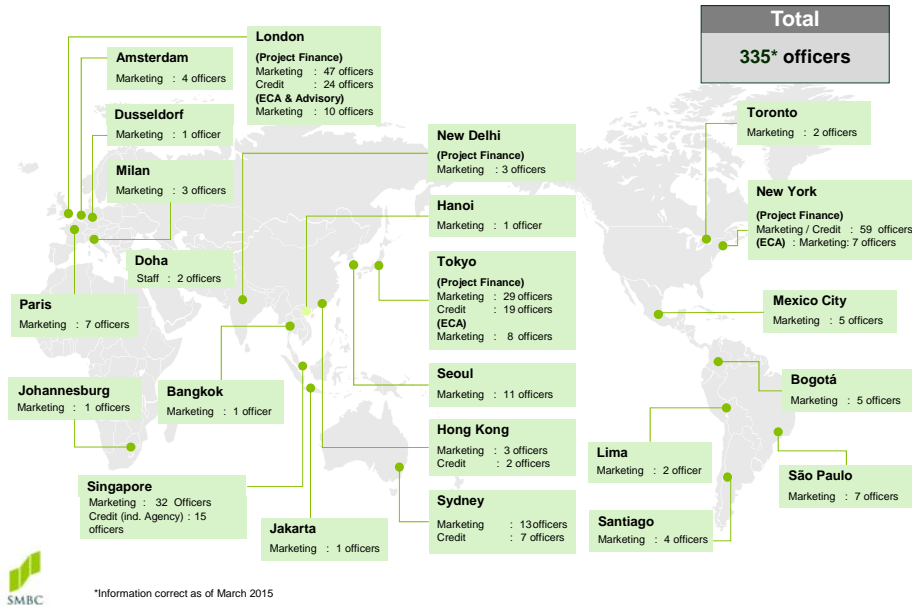
EMEA	
Power Deal of the Year	Gallopier
Infra Deal of the Year	Thames Tideway
PPP Deal of the Year	Umuiden

Asia Pacific	
Mining Deal of the Year	Oyu Tolgoi
Telecom Deal of the Year	Crown Castle
Solar Deal of the Year	Shidonikatahira
Refinancing Deal of the Year	Sports Hub



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SMBC – Global Project Finance Coverage













Recent FPSO Transactions (1/2)

Indonesia Ongoing Bumi Armada Madura FPSO Amount Confidential Financial Advisor to Sponsors 	Angola 2015 Bumi Armada Olombendo FPSO US\$1,119,702,500 Financial Advisor to Sponsor Mandated Lead Arranger 	UK North Sea 2015 Bumi Armada Kraken FPSO US\$755 million Financial Advisor to Sponsor Mandated Lead Arranger 	Brazil 2015 Odebrecht O&G Teekay Offshore Partners Pioneiro de Libra FPSO US\$803.7 million Mandated Lead Arranger 	Brazil 2015 SBM Offshore/ Mitsubishi Corp/ NYK Cidade de Saquarema FPSO US\$1.55 billion Mandated Lead Arranger
Misia/Thailand 2014 First Reserve Petrofac West Desaru MOPU Jasmine FPSO US\$225 million Mandated Lead Arranger 	Brazil 2014 SBM Offshore/ Mitsubishi Corp Cidade de Marica FPSO US\$1.1 billion Mandated Lead Arranger 	Indonesia 2014 M3nergy Bukit Tua FPSO US\$230 million Mandated Lead Arranger Coordinating Bank 	Australia 2013 Bumi Armada Balnaves FPSO US\$200 million Mandated Lead Arranger Documentation Bank 	Indonesia 2013 BW Offshore Kangean FPSO US\$250 million Mandated Lead Arranger



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Recent FPSO Transactions (2/2)

Malaysia 2013 Sapura Kencana/ Petrofac Berantai FPSO US\$315 million Mandated Lead Arranger 	Indonesia 2012 Golar LNG Partners LP West Java FSRU US\$175 million Mandated Lead Arranger Coordinating & Structuring Bank 	Vietnam 2012 PetroVietnam/ Misc Berhad Ruby II FPSO US\$237 million Mandated Lead Arranger Coordinating Bank 	Brazil 2012 Mitsui & Co/ Modec Mitsubishi/ Marubeni Cernabi FPSO US\$1125 million Mandated Lead Arranger Bookrunner 	Brazil 2012 SBM Offshore Cidade de Ilhabela FPSO US\$1050 million Mandated Lead Arranger 
Vietnam 2011 Bumi Armada TGT 1 FPSO US\$341 million Mandated Lead Arranger Coordinating Bank 	Brazil 2011 SBM Offshore/ Queiroz Galvao Olei E Gas/ NYK/ Itochu Cidade de Paraty FPSO US\$1000 million Mandated Lead Arranger 	Brazil 2011 Mitsui & Co Modec Mitsubishi Corp Guara FPSO US\$812 million Mandated Lead Arranger 	Brazil 2011 Teekay Corp Odebrecht FPSO Cidade de Itajai US\$300 million Mandated Lead Arranger Bookrunner 	Indonesia 2010 MISC Berhad MVOT US\$237 million Mandated Lead Arranger Coordinating Bank 



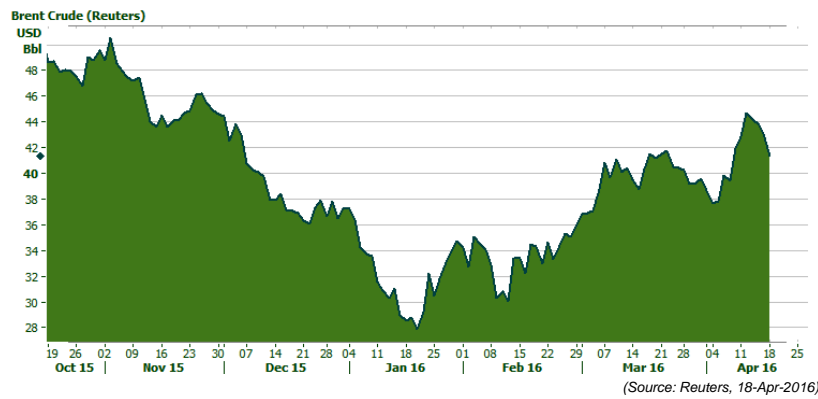
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Impact of the Current Downturn



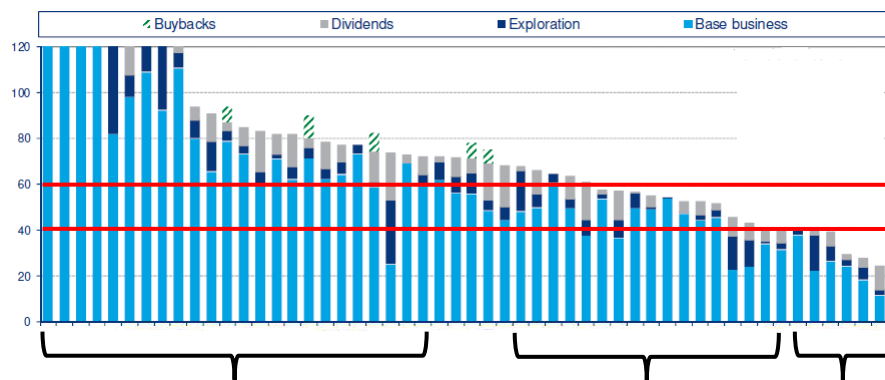
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Oil Price Trend



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Oil Companies' Cashflow



Source: Wood Mackenzie



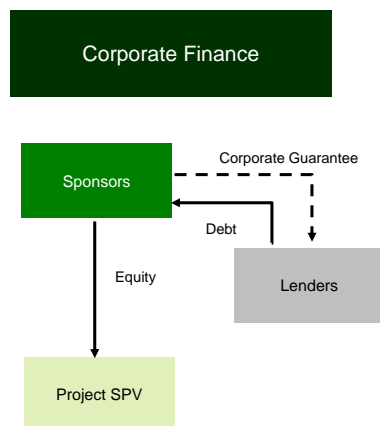
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Typical Financing Structures



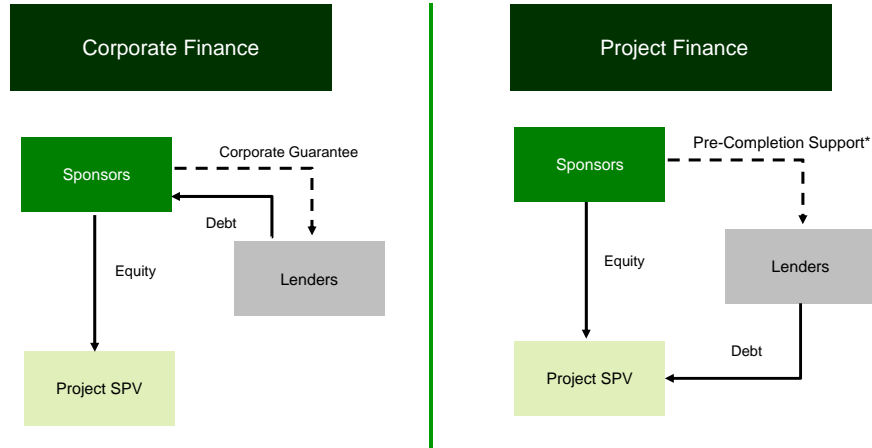
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Typical FPSO Financing Structures



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Typical FPSO Financing Structures

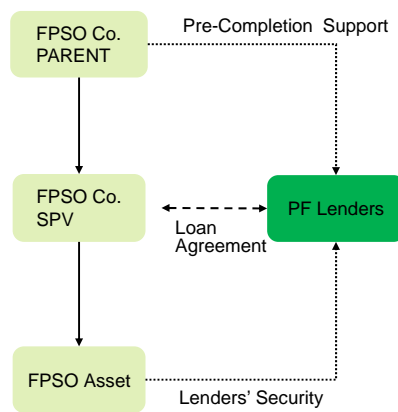


* Note: Pre-Completion Support typically falls away after the Project has reached Final Acceptance



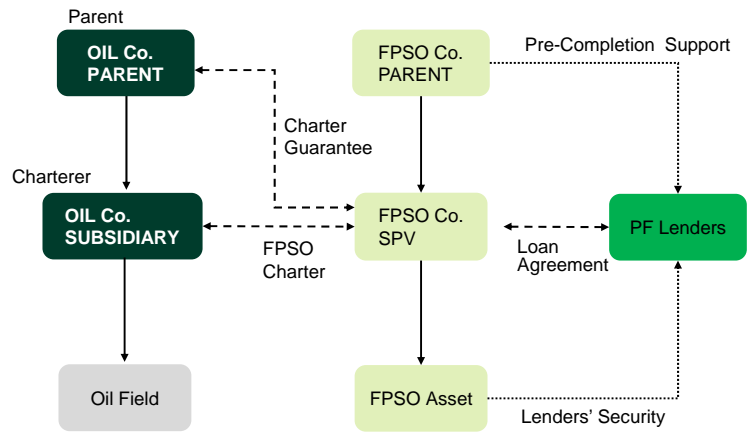
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Project Finance Structure: Explanation



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Project Finance Structure: Explanation



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Impact from Current Downturn

Corporate Finance

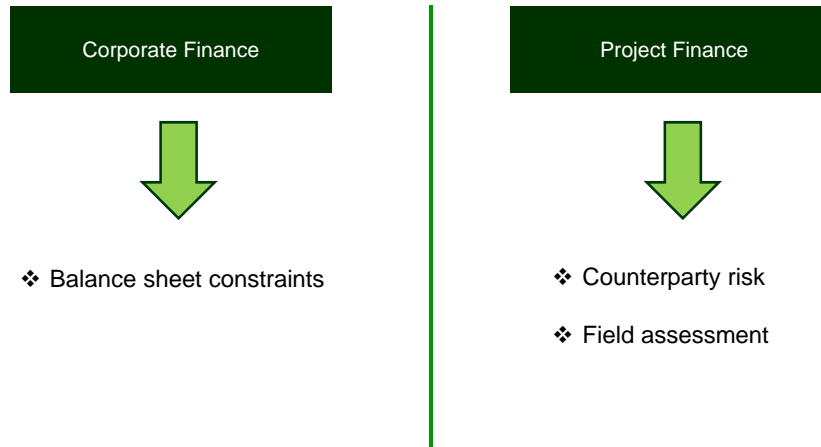


❖ Balance sheet constraints



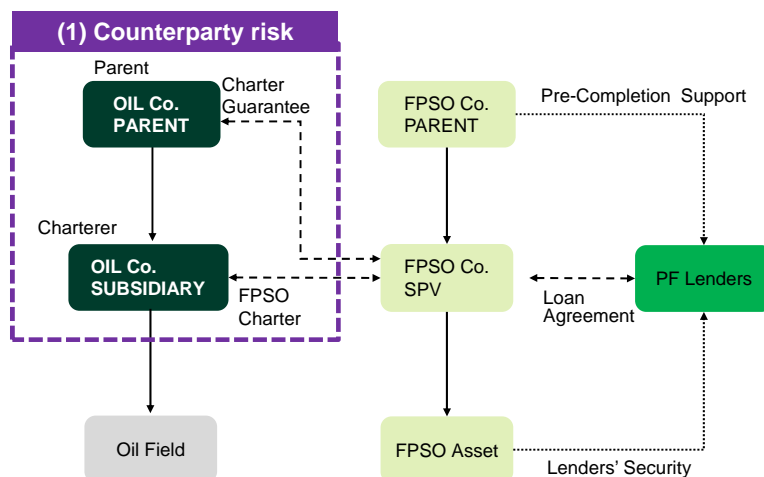
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Impact from Current Downturn



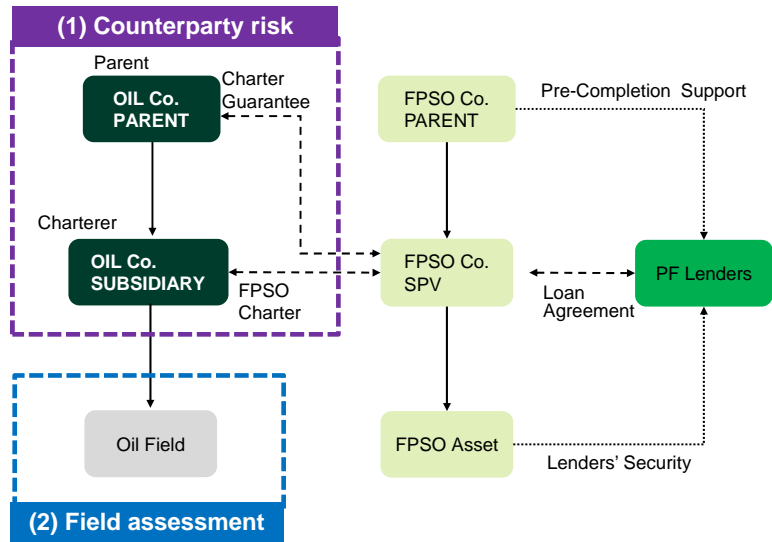
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Project Finance Structure: Impact



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Project Finance Structure: Impact



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Alternative Financing Sources

Possible Financing Sources

Project Bonds



FPSO
Project



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Possible Financing Sources

Project Bonds



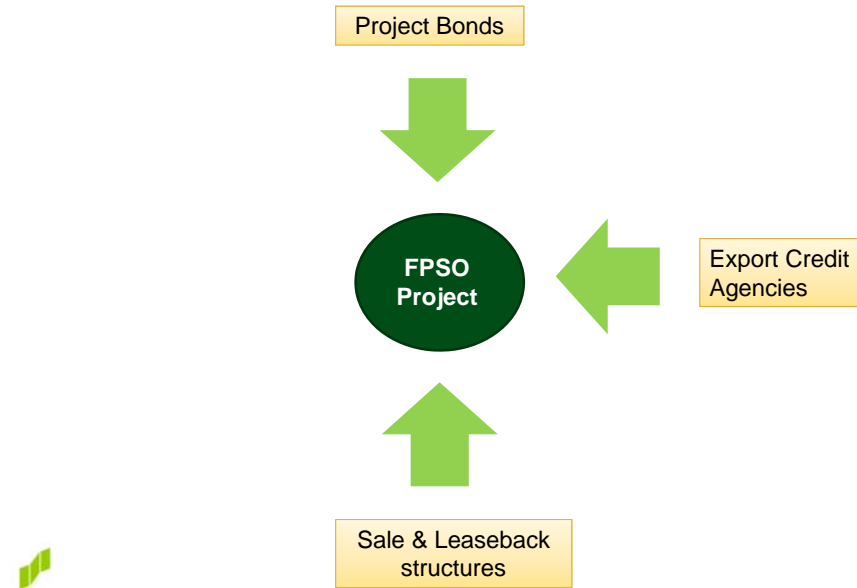
FPSO
Project

Export Credit
Agencies



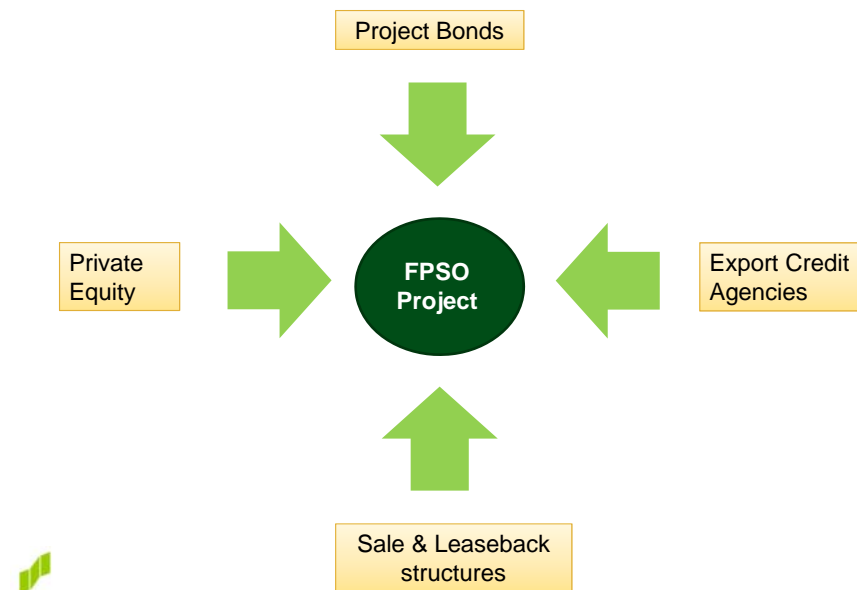
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Possible Financing Sources



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Possible Financing Sources



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Conclusion



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Conclusion

- “Right” FPSO projects can attract project finance



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- Sponsors' tendency towards cost-effective financing



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- “Right” FPSO projects can attract project finance
- Sponsors' tendency towards cost-effective financing  Bank Debt



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Conclusion

- “Right” FPSO projects can attract project finance
- Sponsors’ tendency towards cost-effective financing  Bank Debt
- Balance flexible charter provisions with project bankability



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Thank You



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