

# Competitive Financing of Offshore Wind Projects

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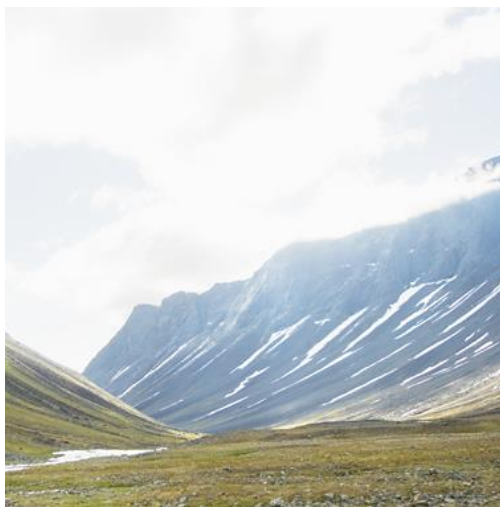
**Export Credit Norway**

Ivar Slengesol, Director of Lending – Industry and Renewable Energy

La Defense, 30 May 2018

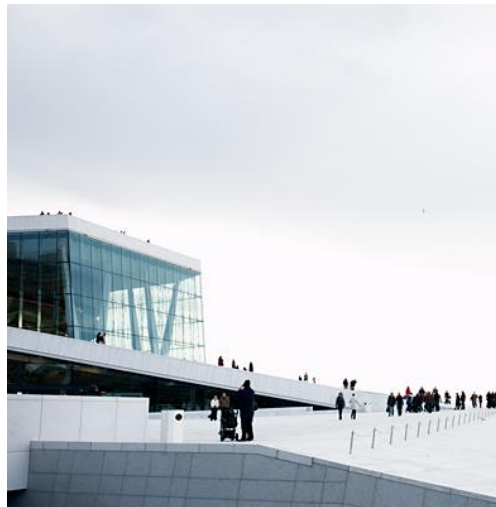


## Export Credit Norway: competitive financing to buyers of Norwegian capital goods and services



**STABLE LONG-TERM  
FINANCING**

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**FUNDING FROM THE  
NORWEGIAN GOVERNMENT**

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**COMPETITIVE  
INTEREST RATES**

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## The Norwegian export financing system

The Norwegian Parliament (Stortinget)

Ministry of Trade, Industry and Fisheries (NFD)

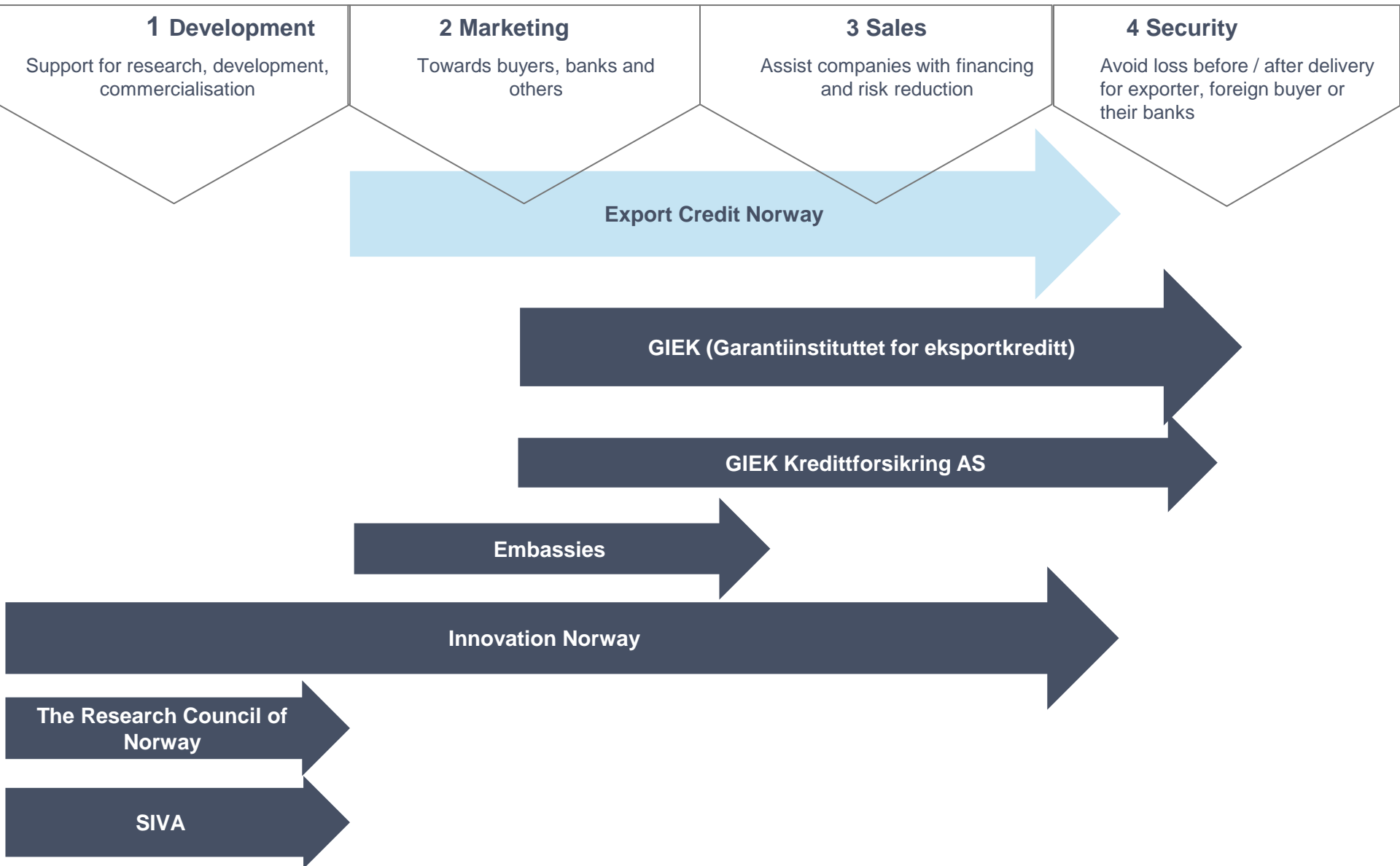
**EKSPORTKREDITT**  
Export Credit Norway

Financing on behalf of the Norwegian government  
Loans guaranteed by banks/financing institutions/GIEK

**GIEK**

Guarantees on behalf of the Norwegian government  
to Export Credit Norway, banks and others

# Norwegian instruments for innovation and development



## The parties involved in a transaction



*\*Loans from Export Credit Norway must be guaranteed by the Norwegian Guarantee Institute for Export Credits (GIEK) and/or one or more acceptable banks/financial institutions. The guarantors will issue loan guarantees in favour of Export Credit Norway after they have conducted a favourable credit assessment of the project and the borrower*



# General terms for project financing

- **70 % debt financing / 30 % equity.**
- **Repayment** generally 12 to 15 years.
- **Maximum Export Credit Norway loan amount.** Generally up to 85 % of the contract value delivered by Norwegian suppliers or their subsidiaries.
- **GIEK may guarantee for 100 % of Export Credit Norway loan amount.** The Export Credit Norway/GIEK loan tranche may be incorporated under one common loan agreement alongside one or more tranches from banks or other export credit agencies.
- A bank with a good credit rating to act as **lead arranger and agent bank.**
- Export Credit Norway may finance **local content** (sub-supplies from the project country) limited to 30% of the export value in the project.
- **Standard project finance covenants** will apply.
- Exporter or project sponsor must apply to Export Credit Norway before contract award.

## Fixed or floating competitive interest rates



**Fixed rate**  
«CIRR»

approx  
60%



**Floating**  
**interest rate**

approx  
40%

### CIRR loan (Commercial Interest Reference Rates)

- Fixed interest rate for the whole period
- The rate is adjusted by OECD on the 15th of every month
- Export Credit Norway quotes CIRR rate before contract award – **a free-of-charge fixed interest rate option**
- All OECD currencies available

### Market loan

- Priced in accordance with prevailing market conditions
- Floating rate (IBOR)
- Most convertible currencies available
- Compliance with state aid regulations

The interest rate choice may remain open until shortly before final drawdown of the loan.

The borrower may compare the fixed CIRR rate to the market-based interest rate and choose the most attractive option.



## Our product offerings:

Corporate  
loans

Project  
Financing

Credit line /  
Credit frame

SME  
Financing

Lease  
Financing

Intra Company  
Financing

Retrofit  
Financing

Governmental  
Financing

Lending to  
banks  
(«on-lending»)

# GIEK guarantees

## Buyer credit guarantee

Facilitates financing to buyers of Norwegian export. The loan can be from Norwegian or foreign banks or Export Credit Norway.

## Bond guarantee

Secures the foreign buyer against loss if the Norwegian exporter does not fulfil its offer, if the advanced payment is lost, or if the exporter does not carry out delivery.

## Buyer credit guarantee

For export related investments in Norway  
Provides a guarantee to a bank that finances a company's investment in Norway. The investment must directly or indirectly lead to export.

## Production loan guarantee

Can be provided to Norwegian exporters that need financing of production costs linked to a specific export contract.

## Contract guarantee

Protects the exporter from suffering losses during the production period as a result of contract non-fulfilment by a foreign buyer.

## Investment guarantee

Facilitates Norwegian investment in countries with high political risk. The guarantee may cover either equity or loans.

## Supplier credit guarantee

Ensures that the exporter receives payment for sales on credit to a foreign buyer.

## Other guarantees

- Letter of credit
- Power purchase
- Tender
- Building loan

*GIEK can cover both commercial risk (max. 90 %) and political risk (max. 100 %)*

**EKSPORT**KREDITT

**Thank you.**

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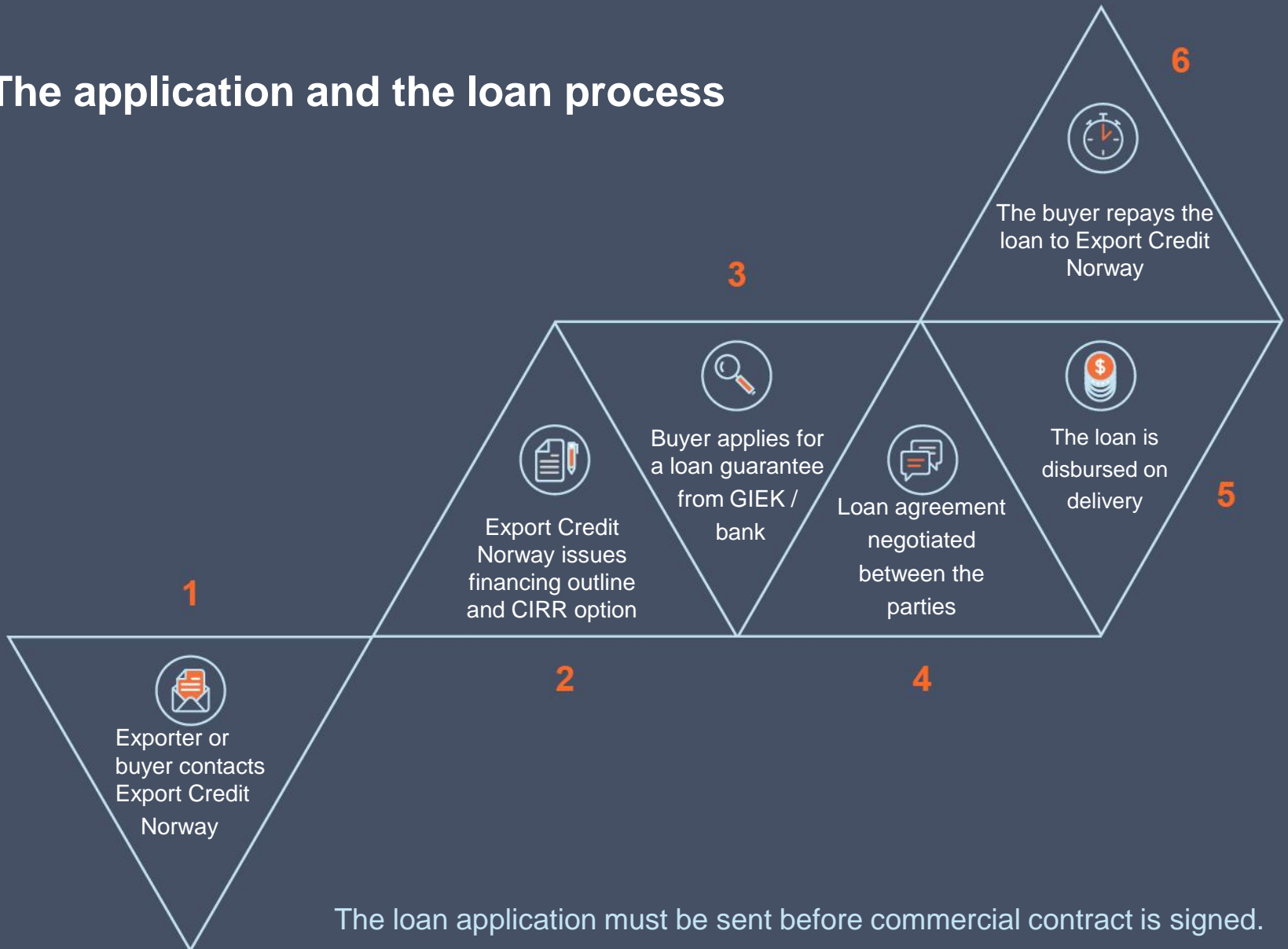


# Appendix for distribution

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# The application and the loan process



The loan application must be sent before commercial contract is signed.



# What should the application include?

- **Name** of buyer, borrower and supplier
- **Type** of delivery and **time** of delivery
- Estimated contract **value**
- Estimated Norwegian **content** in the contract
- Type of **loan, amount, currencies, tenor**

APPLY  
TODAY

[eksportkreditt.no](http://eksportkreditt.no)



# The free interest rate option (CIRR)



## CIRR Loans

Fixed pre-contract interest rates for the period 15.02.–14.03.2018 in % pa.

	<b>&lt; 5 years</b>	<b>5½ – 8½ years</b>	<b>9-12 years</b>
NOK	2.55%	2.55%	2.55%
USD	3.35%	3.58%	3.71%
EUR	0.78%	1.14%	1.46%

## Market Loans

Indicative price levels as of February 2018 for loans with 100% ECA guarantee\*

	Margin over IBOR in basis points (bps)			
<b>Market binding period</b>	<b>3 years</b>	<b>5 years</b>	<b>8 years</b>	<b>10 years</b>
USD – 3 Months Libor	60	70	85	95
EUR – 3 Months Euribor	35	40	60	70
NOK – 3 Months Nibor	40	50	70	85

\* excluding guarantee premiums

## Mobile telephone masts in Gabon



### Exporter

- **Company:** Eltek AS
- **Location:** Drammen, Norway
- **Industry:** Power conversion technology
- **Employees:** 197\*
- **Operating income:** NOK 2 244 million\*

### Product

- **Type:** Electricity supply systems for 350 mobile telephone masts

### Buyer

- **Company:** Energy Vision Ltd.
- **Location:** Mauritius
- **Industry:** Telecom Power Infrastructure Services
- **Employees:** 40
- **2017E revenue:** USD 3.8 million

### Financing

- **Solution:** SMB B-loan
- **Guarantors:** GIEK (90%) Eltek (10%)



## Norwegian gas cylinders capture the Uruguayan domestic market



### Exporter

- **Company:** Hexagon Ragasco
- **Location:** Raufoss
- **Industry:** Manufacturer of composite LPG cylinder
- **Employees:** 155\*
- **Operating income:** NOK 492 million\*

### Product

- **Type:** Composite LPG cylinders
  - Plastic
  - Transparent
  - Each container's weight is a quarter of that of a steel bottle
- **Location:** Uruguay
- **Quantity:** 39 000 cylinders

### Buyer

- **Company:** Megal
- **Location:** Uruguay
- **Industry:** Gas Supplier
- **Employees:** 80
- **Operating income:** NOK 29 million

### Financing

- **Solution:** SMB B-loan
- **Guarantors:** GIEK (90%) and Hexagon (10%)

# Record ship Normand Maximus



## Exporter

- **Company:** Vard Brattvaag
- **Location:** Møre og Romsdal, Norway
- **Industry:** Shipyard
- **Employees:** 220
- **Operating income:** NOK 4 858 million\*

## Product

- **Type:** Vertical lay system (VLS) vessel "Normand Maximus"
  - The largest VLS ever built at a Norwegian shipyard.
- **Length:** 178 meters
- **Gross tonnage:** 26 832 t
- **Flag:** Norway
- **Home port:** Skudeneshavn

## Buyer

- **Company:** Solstad Farstad ASA
- **Location:** Skudeneshavn
- **Industry:** Shipowner
- **Employees:** 3.000
- **Operating income:** NOK 2 581 mill.

## Financing

- **Solution:** Ship financing
- **Guarantors:** GIEK