

Webinar EBRD Manufacturing and Services

– support to Portuguese corporates

15 March 2022



European Bank
for Reconstruction and Development

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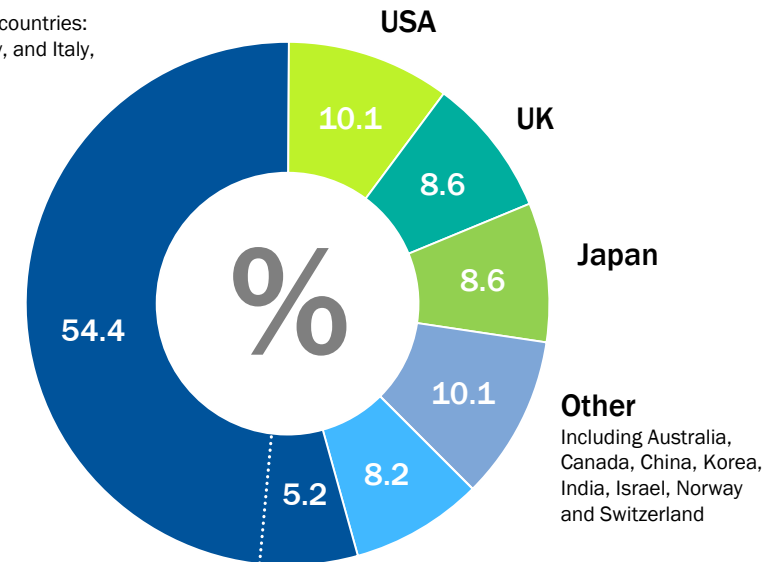
Introduction to EBRD

An international financial institution supporting the development of sustainable well-functioning market economies

1991	Established
1992	Russia and 11 other members of the former Soviet Union join
2007	The Czech Republic becomes the first country to “graduate” from the EBRD
2012	Starts investing in Egypt, Jordan, Morocco and Tunisia
2016	25th anniversary; China becomes 67th member
2017	Lebanon became a country of operation and the Bank also commenced operations in West Bank and Gaza
2018	India and San Marino become members
2019	Libya becomes a member
2021	United Arab Emirates (UAE) and Algeria become members

EU27 countries

Includes European Union and European Investment Bank (EIB) each at 3%
Among other EU countries: France, Germany, and Italy, each holds 8.6%



EBRD recipient countries
Who are members of the EU

EBRD recipient countries
Not members of the EU
Includes Russia at 4%

As at January 2021

For a full list of the shareholding of the EBRD visit:
www.ebrd.com/shareholders

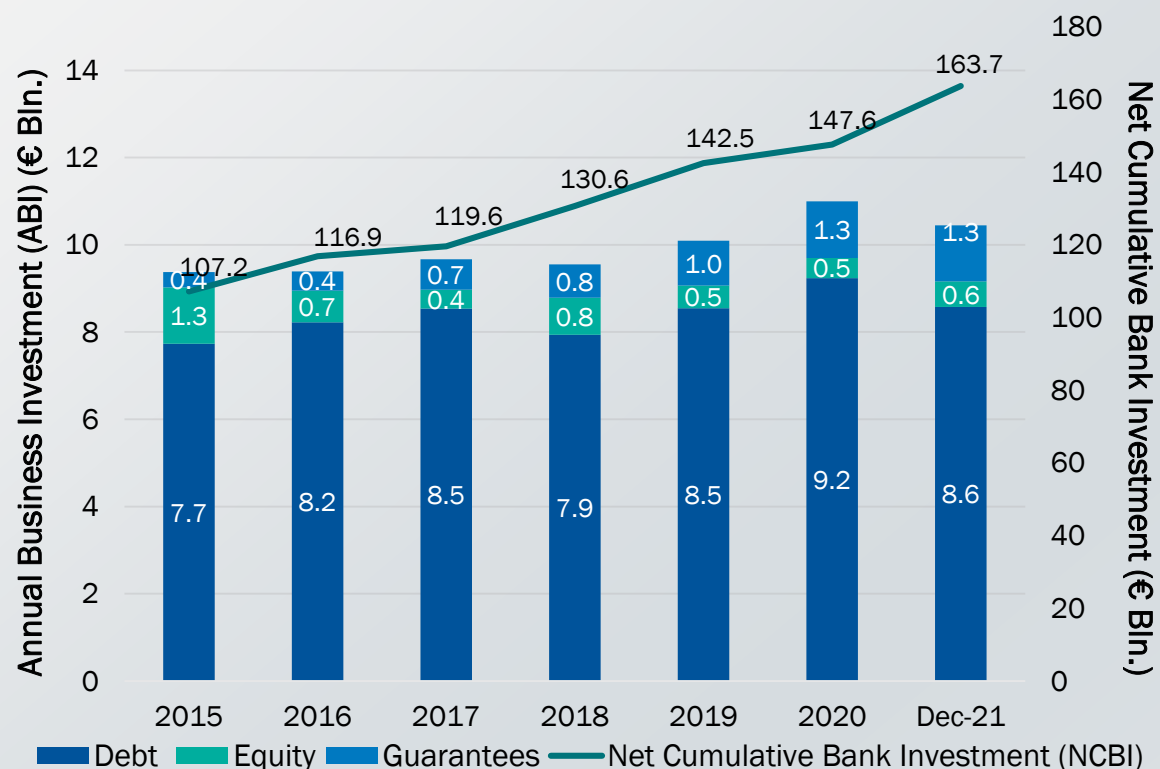
About EBRD

Largest investor in the region



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Since 1991, EBRD invested over €163.7 billion in more than 6,297 projects (as of Dec. 21)



Private sector share of cumulative investment
79%

Dec-2021:
Debt **82%**
Equity **6%**
Guarantee **12%**

EBRD Top 10 investee countries in 2021 (€ Mln.)

1	Turkey	2,002
2	Ukraine	1,065
3	Egypt	1,005
4	Greece	838
5	Uzbekistan	607
6	Poland	598
7	Kazakhstan	558
8	Romania	546
9	Serbia	499
10	Georgia	295

Central Europe and the Baltic states

- 01 Croatia
- 02 Czech Republic
- 03 Estonia
- 04 Hungary
- 05 Latvia
- 06 Lithuania
- 07 Poland
- 08 Slovak Republic
- 09 Slovenia



Southern and eastern Mediterranean

- | | |
|------------|-----------------------|
| 30 Egypt | 33 Morocco |
| 31 Jordan | 34 Tunisia |
| 32 Lebanon | 35 West Bank and Gaza |



South-eastern Europe

- 10 Albania
- 11 Bosnia and Herzegovina
- 12 Bulgaria
- 13 Kosovo
- 14 Montenegro
- 15 North Macedonia
- 16 Romania
- 17 Serbia



Eastern Europe and the Caucasus

- 18 Armenia
- 19 Azerbaijan
- 20 Belarus
- 21 Georgia
- 22 Moldova
- 23 Ukraine

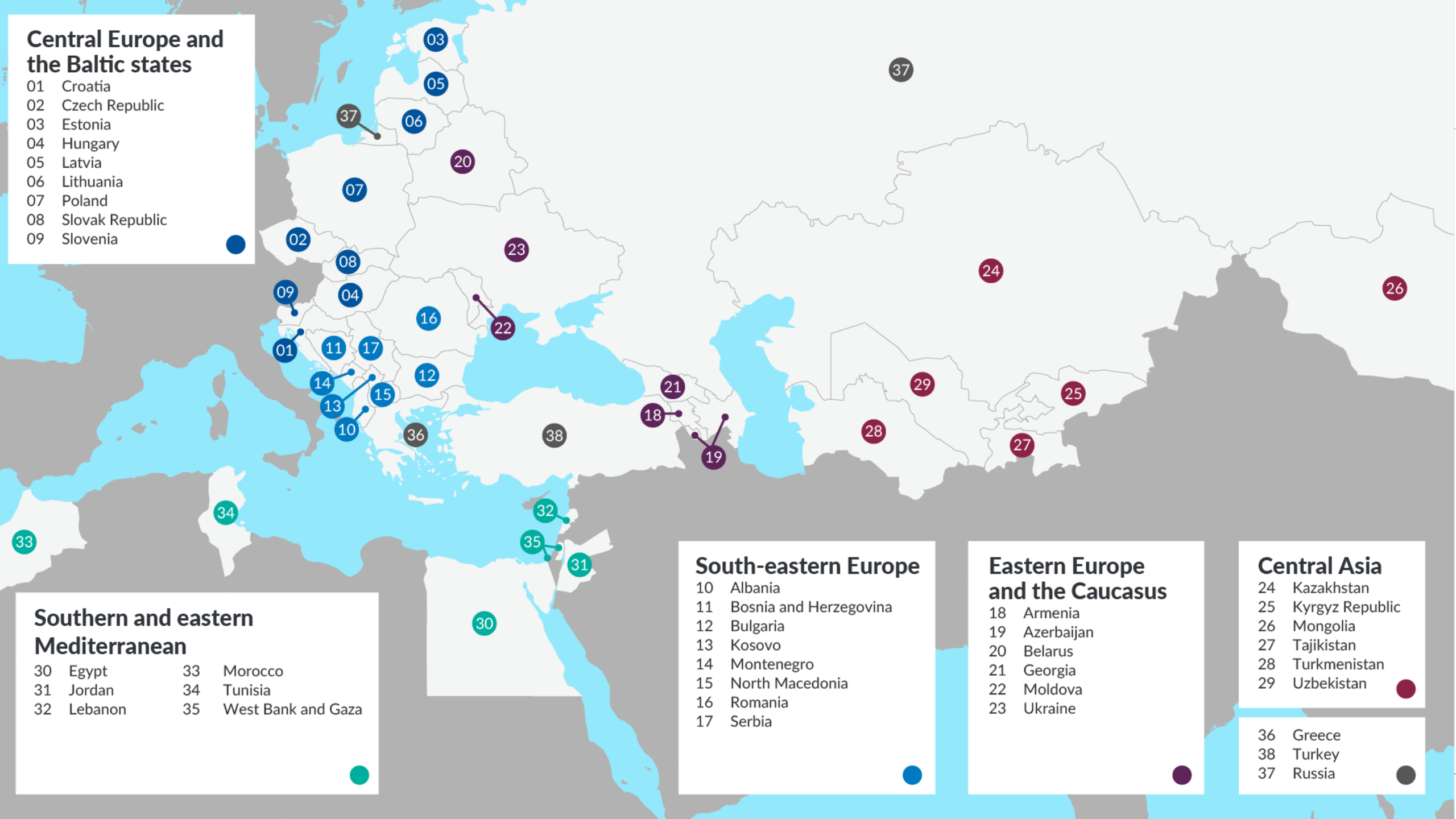


Central Asia

- 24 Kazakhstan
- 25 Kyrgyz Republic
- 26 Mongolia
- 27 Tajikistan
- 28 Turkmenistan
- 29 Uzbekistan



- 36 Greece
- 38 Turkey
- 37 Russia



EBRD's value proposition for investors



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Local knowledge, risk mitigation, market leadership

- ➔ **Strong local presence** with 52 resident offices in 38 economies
- ➔ **Political leverage** with a unique mandate and shareholder structure
- ➔ **Supports legal and regulatory improvements** to facilitate private investments
- ➔ **Capacity building** for clients with low-cost technical assistance in project preparation and implementation
- ➔ **Debt finance** with innovative products and longer tenors
- ➔ **Equity finance** supporting strategic investors, and through equity funds
- ➔ **Environmental finance** mitigating risks, unlocking energy and resource efficiency gains
- ➔ **Local-currency finance** to help mitigate currency risks
- ➔ **Co-financing and syndication program** including as lender of record

EBRD's financing instruments



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Exact terms depend on specific needs and market conditions

	Debt	Equity	Guarantees
Typical size	€1 – 300 million (average €20 million)		Typically €50,000 – €50 million
Maturity	Typically 5-7 years Up to 12 years	Typically from 3-7 years	1 month to 3 years
Currency/terms	Major foreign currencies or local currency; floating/fixed		
Approach	Corporate loans Project loans	Minority stake (max. 35%)	Trade Facilitation Programme with banks
Structures	<ul style="list-style-type: none"> • Senior, subordinated, convertible loans or bonds • Project finance 	<ul style="list-style-type: none"> • Pure or “structured” equity 	<ul style="list-style-type: none"> • Trade finance guarantees & cash advances
Applications	<ul style="list-style-type: none"> • Capex for expansion/modernisation, including resource efficiency improvements • Ownership change: acquisition, consolidation, privatisation • PPPs • Working capital 		<ul style="list-style-type: none"> • Guarantee of issuing banks in countries of operations in favour of confirming banks in the rest of the world

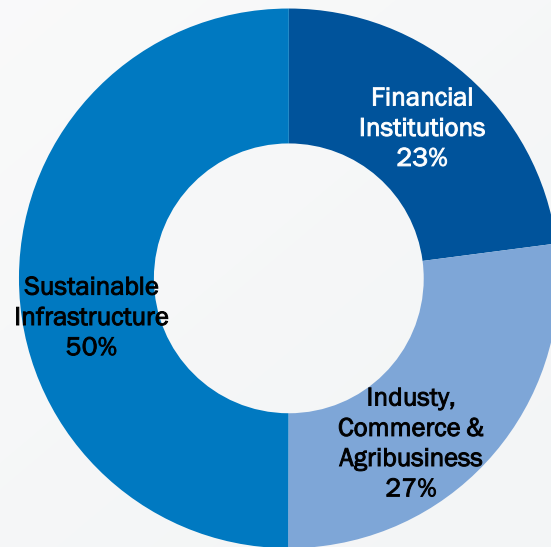
Portfolio distribution by sector and region



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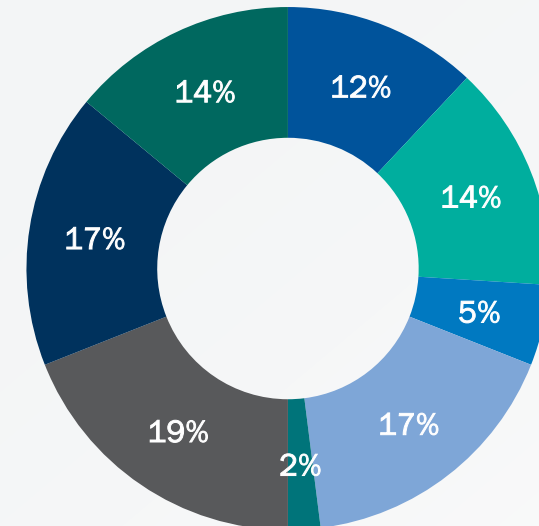
EBRD Portfolio (as at end December 2021): €50.227 billion

Sector



- Financial Institutions
- Industry, Commerce & Agribusiness
- Sustainable Infrastructure

Region



- Central Asia
- Cyprus and Greece
- Eastern Europe & Caucasus
- South-Eastern Europe
- South-Eastern Mediterranean
- Central Europe
- Turkey

What we finance

Projects may be considered for EBRD assistance if they:

- Are located in a country where the EBRD operates
- Have good prospects of being profitable
- Have significant equity contributions in cash or in kind from the project sponsor
- Would benefit the local economy
- Satisfy the EBRD's environmental standards as well as those of the host country

What we don't finance

- Defence-related activities
- Tobacco industry
- Substances banned by international law
- Stand-alone gambling facilities
- In addition, we may not finance certain products or processes due to their environmentally harmful nature or if adverse impact cannot be adequately mitigated



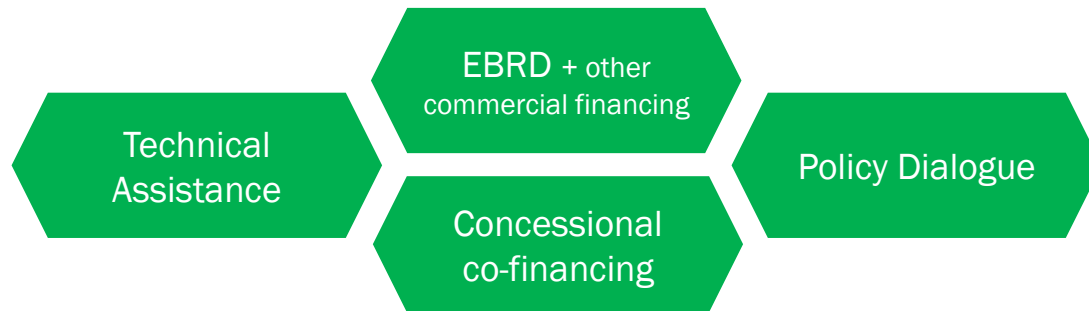
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Green Economy Transition (GET)

GET is the EBRD's strategic approach to increase the Bank's green impacts, and the business represented by projects which benefit the environment or help address climate change

- Energy efficiency
- Renewable energy
- Climate resilience
- Resource efficiency & circular economy
- Pollution control, environmental compliance, natural capital

GET operational model



Using a wide range of proven financing tools and business models to enhance climate and green action with focus on private sector and sub-sovereign investments (e.g. FINTECC, GEFF, Green Cities etc.)



The Bank started tracking its climate finance since 2006 when it launched the first mainstreaming initiative targeted at energy efficiency and renewable energy. The current Green Economy Transition approach builds on successive green strategies since

FINANCED
2,000+
green projects

1,400+ directly financed green investments or projects with green components, and

490 credit lines to local financial institutions for on-lending to smaller green projects

SIGNED
€37 billion
of green financing

For investments with total costs of €230 billion

Since 2018 green financing has represented 37% of EBRD's total new business volume

HELPED AVOID
100 million
tonnes of CO₂/year

More than the annual energy use related emissions of Romania

+ 400 million m³/year in reduced water consumption since 2013 = more than half the annual water use of London's population

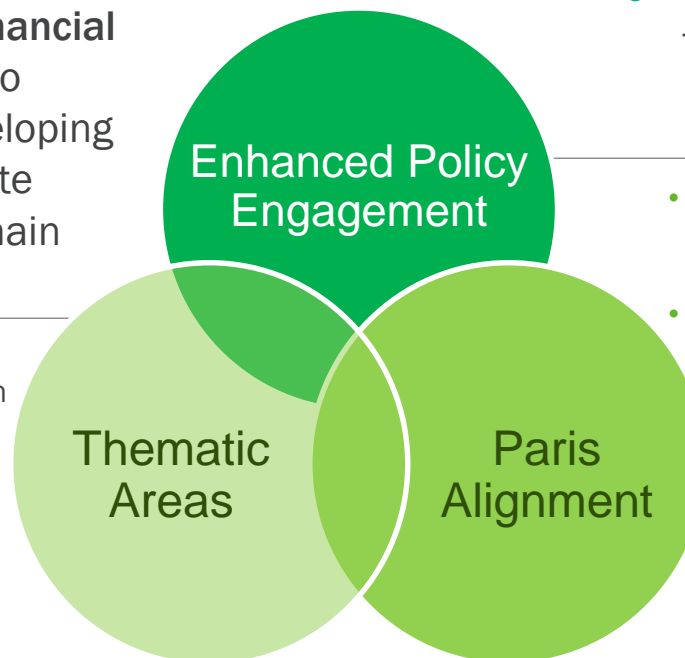
The new GET approach aims to **accelerate the transition** to green, low-carbon and resilient economies, and to contribute to achieving a net zero carbon world by 2050

As a signatory of the **TCFD (Task Force on Climate related Financial Disclosures)**, the Bank is also supporting its clients in developing strategies to report on climate impact, through the value chain

Focus across intervention areas to increase scale and foster innovation

- Green Financial Systems
- Industrial Decarbonisation
- Energy Systems Integration
- Sustainable Connectivity
- Cities & Environmental Infrastructure
- Green Buildings
- Sustainable Food Systems
- Natural Capital

In addition Energy Efficiency and Climate Resilience remain cross-cutting themes along with Digitalisation



By 2025 the EBRD aims for

- a **green finance ratio of over 50%** of the Bank's annual investments
- to help avoid at least 25 million tonnes of GHG emissions

- Policy engagements that focus on long-term and low-carbon strategies and greening financial systems
- Building capacity and awareness for climate risk management

- Checking the Bank's projects for alignment with the Paris Agreement goals. Screening direct EBRD investments will start in 2021; all other financing from 2022.
- Scaling up efforts to mobilise climate finance
- Taking account of Just Transition approaches

Sector coverage



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Manufacturing and Services



Agribusiness



Property and Tourism



Telecommunication, Media and Technology



Natural Resources



Financial Institutions



Municipal and Environmental Infrastructure



Transport



Power and Energy



Equity Funds





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Working with EBRD in the corporate sector : Manufacturing and Services (M&S)

Manufacturing and Services

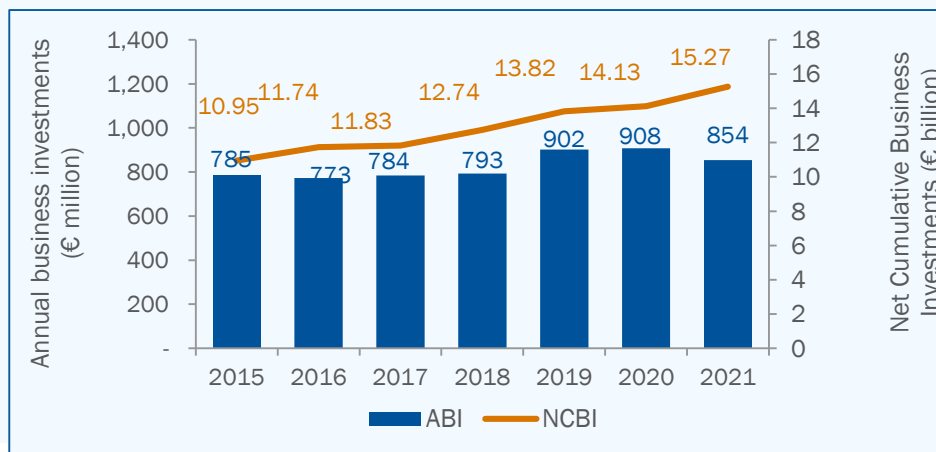
Achievements



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M&S outline

EBRD M&S is the single largest investor in the pertinent sectors across Central and Eastern Europe and the Commonwealth of Independent States



2019

62 projects signed

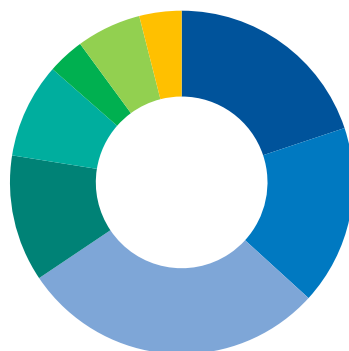
2020

56 projects signed

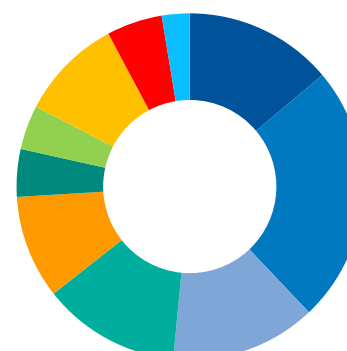
2021

54 projects signed

M&S portfolio as at 31 December 2021: €3.87 billion (273 projects)



- Turkey 20 %
- E. Europe & Caucasus 17%
- Central Europe 29%
- S.E. Mediterranean 12%
- S.E. Europe 9%
- Russia 3%
- Central Asia 6%
- Cyprus & Greece 4%



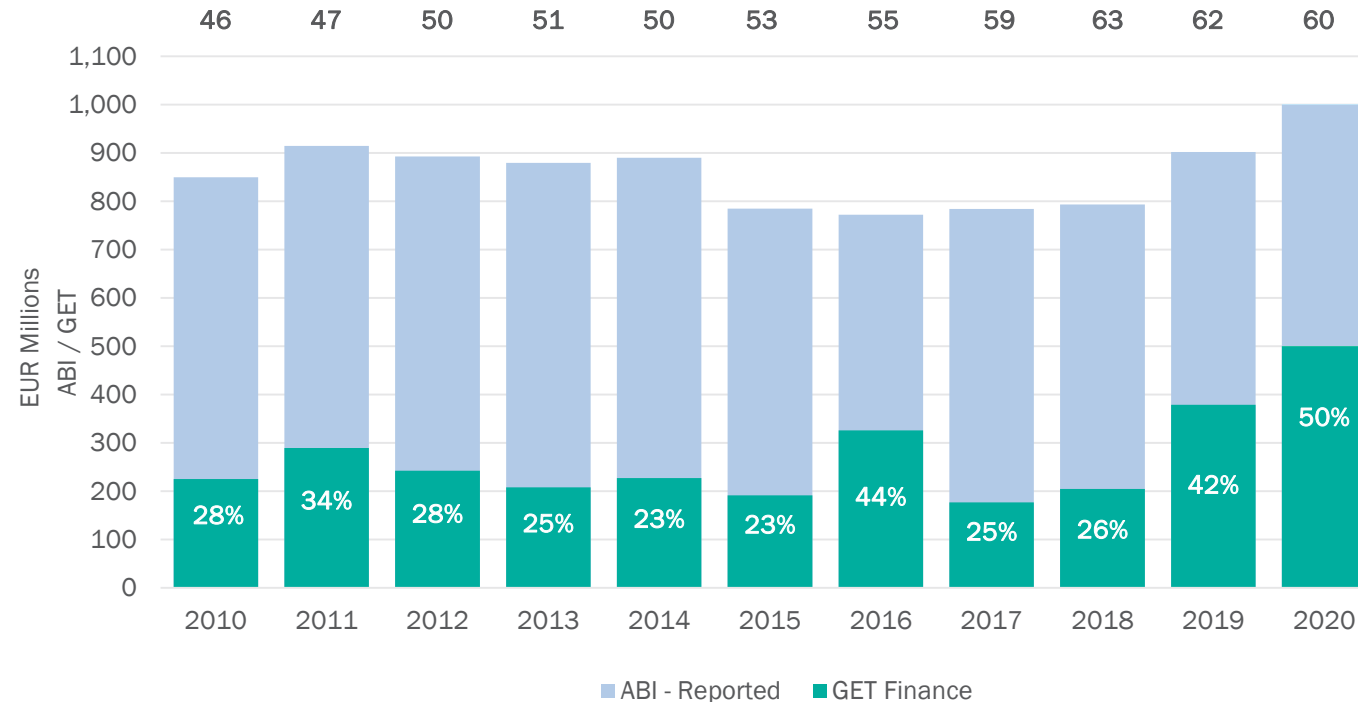
- Metal Manufacturing 14%
- Chemicals 24%
- Forest Industries 14%
- Automotive 13%
- Retail and Consumer Goods 10%
- Healthcare 4%
- Miscellaneous 4%
- Building Materials 10%
- Pharmaceuticals 5%
- Aerospace 3%

Manufacturing and Services Green Economic Transition (GET)



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M&S aimed to **increase the GET share** of its annual business investment (“ABI”) up to **30% by YE 2020**



Key levers for M&S projects are:

- Investments in resource and energy efficiency improvements
- Circular economy support and initiatives
- Development of low carbon pathways and strategies

Manufacturing and Services

Enhancing human capital



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EBRD's Gender and Economic Inclusion approach addresses clients' skills and workforce related needs while broadening employment and training opportunities for young people, women and other disadvantaged groups

EBRD offers a range of support options for advancing human capital in line with client companies' operational activities and goals

Establishing new learning programmes to address critical skills mismatches and shortages

Improving HR policies and practices to encompass greater diversity aligned with best practices

Addressing key labour market obstacles to economic inclusion through engagement at the policy level

Some recent examples:

- **Albania:** Establishment of a new in-house training academy for welders and weld inspectors
- **Kazakhstan:** Development of a mechatronic engineering degree programme in partnership with local universities
- **Uzbekistan:** Gender equal opportunities programme and external accreditation for a fertilisers manufacturer
- **Belarus:** Capacity building support on disability inclusion for a large garment manufacturer and retailer
- **Egypt:** Establishment of a Sector Skills Council for metals manufacturing sub-sectors
- **Turkey:** Development of vocational skills standards in the automotive manufacturing and healthcare services sectors

Manufacturing and Services

Clients



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EBRD M&S clients include small and medium-sized enterprises and also some of the world's industry leaders in the covered sectors





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M&S Selected Projects

Long-term financing to support new technologies and R&D



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Project highlights

- EBRD is providing Polish largest pharmaceuticals producer Polpharma with a PLN 200 million (€45 million equivalent) loan for inter-alia (i) introduction of new technologies and enhancement of in-house **R&D competencies**, and (ii) **Go Green Programme** aimed at minimising the environmental and climate impact of the company's operations
- The Bank's additionality derives from crisis response and following international best practices in the areas of gender inclusion and environmental reporting
- The company's long-term reporting strategy will include the inclusion of best reporting practices including **TCFD recommendations** as well as "**ESG reporting guidelines**", jointly developed by the EBRD and the Warsaw Stock Exchange for publicly listed entities

Supporting dedicated green financing in a Schuldschein issuance in the automotive sector



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SCHAEFFLER



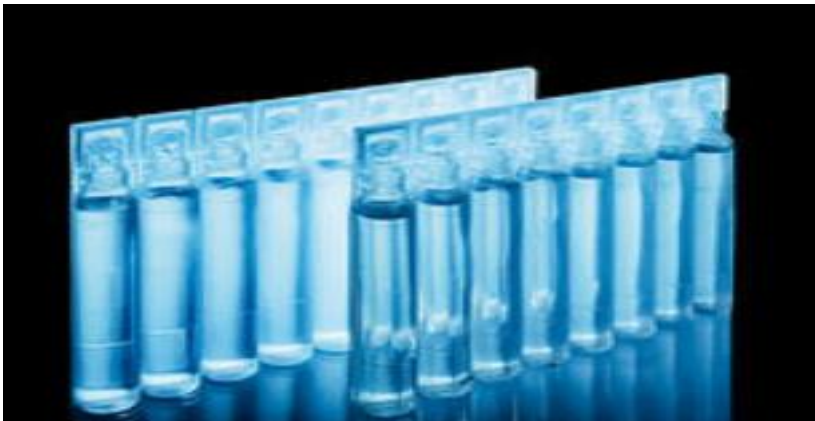
Project highlights

- €75 million participation in a Schuldschein issuance of Schaeffler, a leading tier-one global automotive supplier focussing on e-mobility and electrification
- The EBRD's participation will support the Company's strategy of expansion in the electrification and decarbonisation of the mobility segment
- The EBRD funds will be used exclusively in Schaeffler's subsidiaries in Hungary and Slovakia for R&D and production of components which are essential in electric vehicles, e.g. e-motors and e-axle dedicated to battery electric vehicles
- EBRD has been critical to support the Project with the longest tenor (8 years). This Schuldschein is issued under Schaeffler's Green Finance Framework which conforms with ICMA Green Bond Principles and LMA Green Loan Principles

Capex financing for injection pharmaceutical products manufacturing in Uzbekistan



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Project highlights

- US\$ 11.2 million senior secured loan to Mutabar Medical Standard, a subsidiary of Jurabek Laboratories, one of the largest privately owned pharmaceuticals producers in Uzbekistan
- The loan financed the construction of a new pharmaceutical ampoules manufacturing plant with total project cost of US\$ 17.5 million
- The Bank also provided a second senior secured loan of US\$ 5.1 million in 2020 to support the company's working capital requirements
- The capex project introduces processes and products that are beyond local standards and supports exports to neighbouring countries in Central Asia

Capex financing for ESCO expansion in Serbia



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Project highlights

- €7 million senior loan to Istrabenz Plini Beograd, a subsidiary of SIAD S.p.A. (a leading Italian chemical group) to support its expansion and development in Serbia
- The loan will finance the company's construction of an industrial gas filling station near Belgrade
- The project will increase gas volumes available to the borrower to supply higher local demand and potentially cover other countries in the Western Balkans
- The loan also support the creation of a platform for the development of the borrower's ESCO business in Serbia, which ultimately will lead to a reduction of CO2 emissions
- Such energy services are already provided in Slovenia to industrial companies and households

Participation in Eurobond issued by Cement Producer



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Project highlights

- €15 million participation in a €250 million senior unsecured Eurobond issued by Titan Cement Group (Titan)
- Titan is a vertically integrated cement and building materials producer with operations in 14 countries and around 5,400 employees worldwide
- With this investment, EBRD supports the development of capital markets for Greek corporates and encourages Titan to strengthen its Environmental, Social and Governance reporting in line with best practice and EU guidelines as well as to implement timely the recommendations of the EU Sustainable Finance Strategy



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Portuguese FDI Case Studies

Case study: Logoplaste Ukraine



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Logoplaste

Logoplaste Ukraine, subsidiary of Logoplaste Group (Portugal), one of the world's largest producers of rigid plastics packaging

EBRD finance

EUR 4.1 million loan secured by Logoplaste corporate guarantee

Use of proceeds and EBRD value added/impact

- The loan supported Logoplaste Ukraine in acquiring, modernising, and operating the packaging facilities of SC Johnson Ukraine.
- This industrial investment by an international medium-sized Portuguese company in Ukraine will set an example for other medium-sized European companies to consider that market.

Signed in 2009



Case study: Frulact Morocco



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Frulact Group, founded in Portugal in 1987, has grown from a small local enterprise into one of Europe's five leading fruit-processing companies. Longstanding clients include Danone, Senoble, Lactalis and Yoplait. The international expansion of the group started in 1998 when it entered the Moroccan market.

EBRD finance

**EUR 4 million
loan**

Use of proceeds and EBRD value added/impact

- Supporting the expansion of its activities in Morocco and to help to develop a new processing factory for strawberries, peaches and other fruits in the Larache region.
- The investment will help Frulact to increase its fruit-processing capacity in Morocco by 75 percent and provides an important link in the value chain between local agricultural producers and large dairy companies.
- Local fruit producers will benefit directly from Frulact's high quality standards and know-how and is evidence of Frulact's successful integration into global markets and of confidence in the Moroccan economy to other foreign direct investors



EBRD Manufacturing and Services

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