

# Financing with the Danish ECA

24-11-2016

SmartReFlex, Renewable district heating and cooling





# About EKF

- › Denmark's official export credit company
- › 94 years of experience
- › Owned and guaranteed by the Danish state
- › Works on commercial terms
- › Operates under international rules and regulations, including standards for CSR-evaluations



# What we do

Financing to Danish exporters:

- › Credit facility to expand a business
- › Credit facility to produce and deliver large contracts

Financing to buyers abroad Denmark:

- › Loan to a company with a financial track record (balance financing)
- › Loan to project companies with no financial record (project financing)

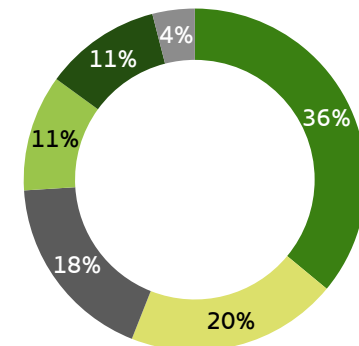


# What does EKF require?

Generally, EKF has three requirements:

- › The transaction must be creditworthy
- › The transaction must be conducted in a responsible manner
- › The transaction must create growth in Denmark

# EKF in the world (all sectors)



- Western Europe
- Asia/Pacific
- Americas
- Eastern Europe and CIS
- Near and Middle East including Turkey
- Africa

*Issued guarantees in total, 2015*

**USD 8 billion**

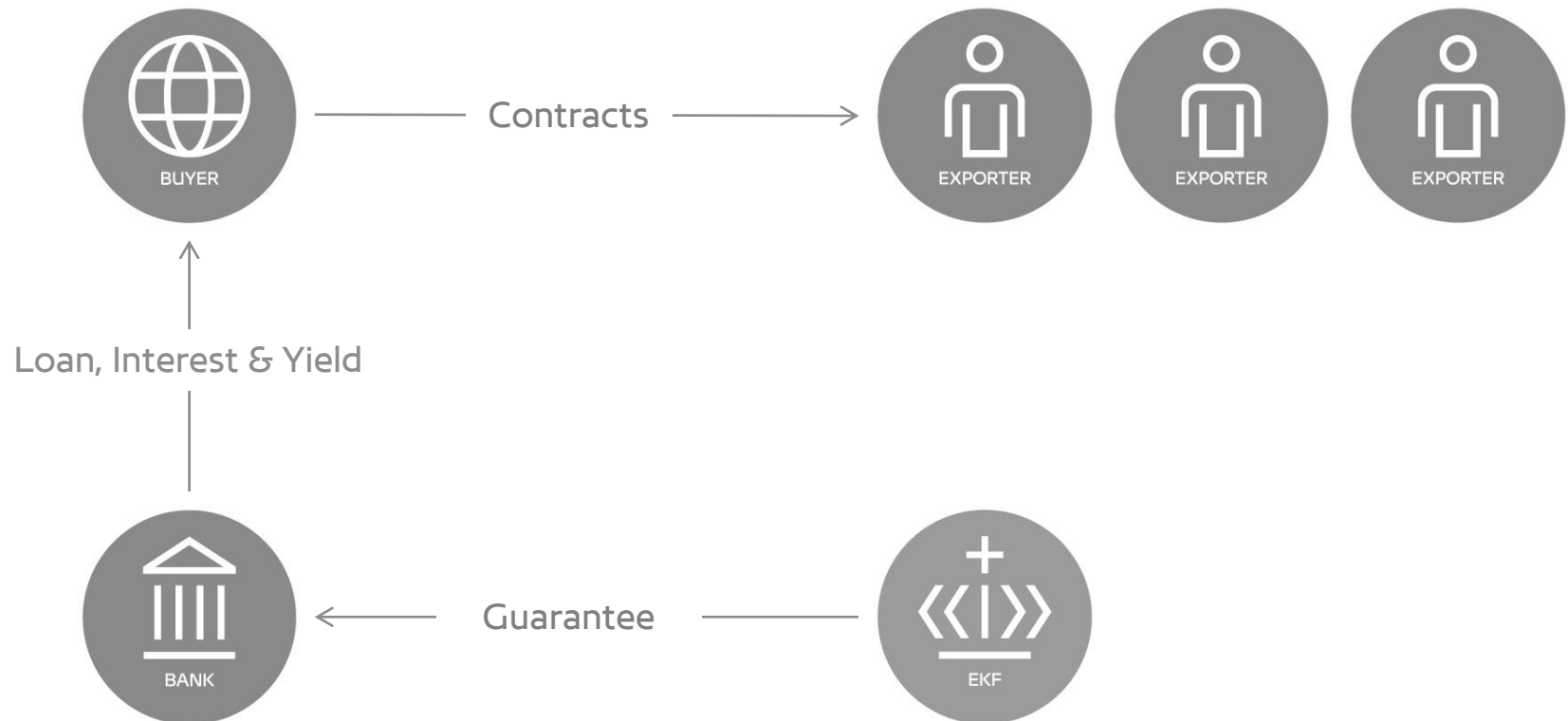


*Line of credit*



# Line of credit

*How it works*



# Advantages

- › The buyer has certainty of the availability, pricing, tenor and terms of financing when buying Danish equipment.
- › The Danish exporters still face the competition, but they come with an established financing package.
- › The bank has certainty of risk-sharing with a AAA-rated Agency, the EKF. EKF covers up to 95 per cent of the risk.



# How to get started

- › The buyer identifies a group of Danish technology & equipment providers, an investment budget and financing need over a certain time-frame.
- › EKF conduct a CSR-compliance test of the buyer' activities, if connected with larger projects a project-specific CSR-test will apply.
- › EKF check with each of identified Danish exporter whether the required Danish Economic Interest will be met.
- › EKF, bank and buyer agree on terms of the credit line, how it's managed.

# A note on rules & regulation

A management agreement between EKF and bank secures that each individual utilisation of the line of credit is acceptable to EKF & in compliance with OECD-rules.

For example:

- › Each utilisation of the credit must be linked to a corresponding export contract.
- › The buyer pays min. 15 per cent cash up front to get up to 85 per cent funded at the bank for each individual contract.
- › The credit amount does not exceed the amount fundable according to OECD-rules (import value/local works limitation).
- › During the utilisation period each utilisation accumulates under the credit line until SPOC (F.x. utilisation over 12 mths./SPOC in 12<sup>th</sup> month. ).
- › Maximum tenor of 8½ years - however longer tenor can be justified for renewable energy investments.



# Sometimes it's not the project that needs financing....

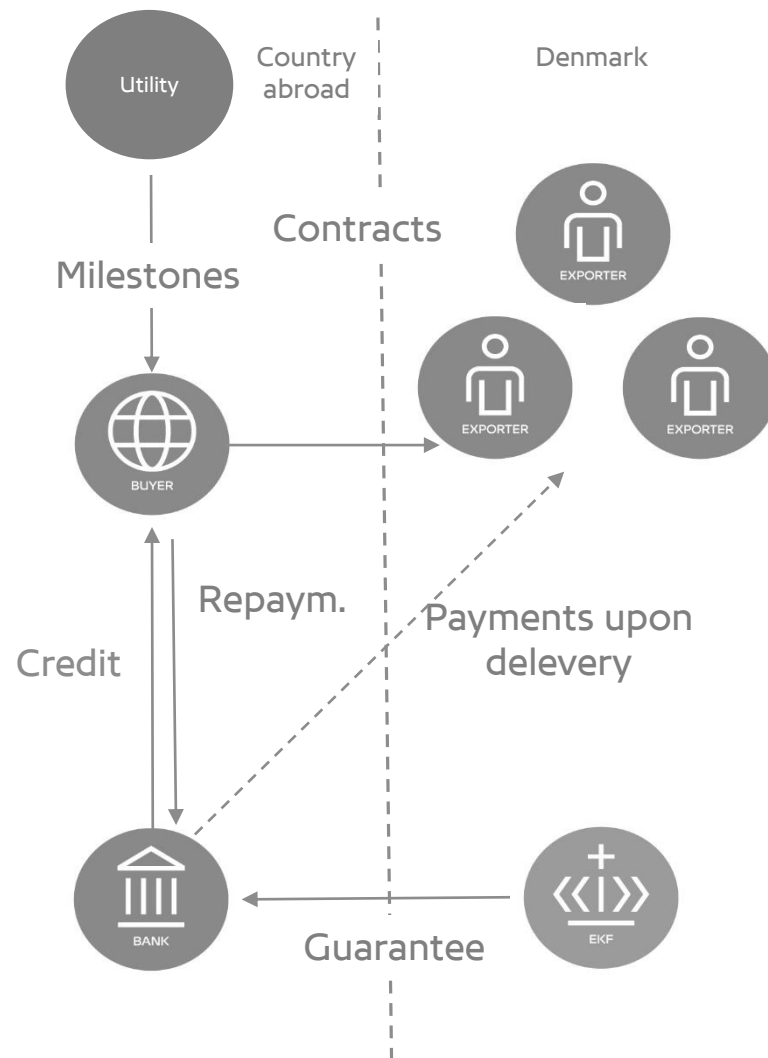
The Danish export success is partly based on value-adding equipment from Danish sub-suppliers

...and EKF can help to arrange a construction finance when you are buying from Danish sub-suppliers



# Construction credit as a Shopping Line

- Bundling purchases from Danish sub-suppliers to a contractor as a buyer of the equipment's.
- The contractor request credit from the Danish sub-suppliers as a consequence of it receive payments later according to the milestone plan – working capital issue.
- Funding via a domestic credit via a local bank or local branch of an international financial institution.
- Tenor set to mirror DHC construction period, however below 24 months. Bullet pmt.
- The repayment on the credit match the milestone payments from the utility to contractor.
- Designed to fund purchases for either a specific or multiple specific projects.



# EKF's observations on DHC

## Opportunities:

- ✓ Proof of concept DH
- ✓ Danish companies allocates more resources in DHC
- ✓ EU's focus on phasing out the use of fossil fuels and recycling of waste heat
- ✓ EKF is able to assist with financing in difficult markets

## Issues:

- Investment decision depends on legislation and local tariff systems
- No mandatory connections to DH systems lead to uncertainty about the projects economy





# Thank you for listening

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