

Panorama de proyectos de Inversión: APP's en Mexico

October 2018



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IFC: A MEMBER OF THE WORLD BANK

	IBRD International Bank for Reconstruction and Development Est. 1945	IDA International Development Association Est. 1960	IFC International Finance Corporation Est. 1956	MIGA Multilateral Investment and Guarantee Agency Est. 1988	ICSID International Center for Settlement of Investment Disputes Est. 1966
R O L E	To promote institutional, legal and regulatory reform	To promote institutional, legal and regulatory reform	To promote private sector development	To reduce political investment risk	To provide dispute resolution to mitigate non-commercial risks
T A R G E T	Governments of member countries with per capita income between \$1,025 and \$6,055	Governments of poorest countries with per capita income of less than \$1,025	Private companies in member countries	Foreign investors in member countries	International investors
P R O D U C T	<ul style="list-style-type: none"> • Technical assistance • Loans • Policy Advice 	<ul style="list-style-type: none"> • Technical assistance • Interest Free Loans • Policy Advice 	<ul style="list-style-type: none"> • Equity • Quasi-Equity • Long-term Loans • Risk Management • Advisory Services 	<ul style="list-style-type: none"> • Political Risk Insurance 	<ul style="list-style-type: none"> • Tribunals • Arbitration • Dispute Resolution

Shared Mission: To Promote Economic Development and Reduce Poverty

IFC: WHAT WE OFFER

INVESTMENT SERVICES

- Equity
- Loans
- Syndications
- Trade Finance and Supply Chain
- Securitized Finance
- Risk Management
- Blended Finance

\$55 bn Committed Portfolio (FY17)

ADVISORY SERVICES

- Innovative Solutions Combining IFC's Expertise and Tools to:
 - Help Create New Markets
 - Unlock Investment Opportunities
 - Strengthen Clients' Performance and Impact
 - Improve Environmental, Social, Corporate Governance Standards

Over 700 projects valued at \$1.5 bn (FY17)

IFC ASSET MANAGEMENT COMPANY

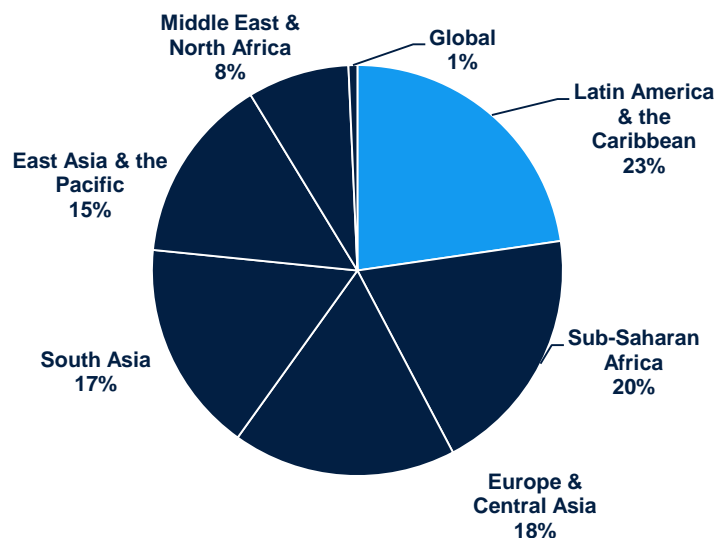
- Wholly-owned subsidiary of IFC
- Private equity fund manager
- Invests third-party capital alongside IFC

\$9.8 bn under management (FY17)

OVER \$245 BILLION INVESTED SINCE 1956

- Over six decades of experience in emerging markets
- Largest global development institution focused on private sector
- Founded in 1956 with **184** member countries
- **AAA**-rated by S&P and Moody's
- Equity, quasi-equity, loans, risk management and local currency products
- Takes market risk with no sovereign guarantees
- Promoter of environmental, social, and corporate governance standards
- Resources and know-how of a global development bank with the flexibility of a merchant bank
- Infrastructure and Natural Resources accounted for **18.1%** of commitments in **FY17**

FY 2017 Commitments by Region



FY 2017 Highlights

Portfolio (IFC's account)	\$55 billion
New Commitments	\$11.9 billion
Core Mobilization*	\$7.4 billion
# of Countries	75

* Includes 3rd parties

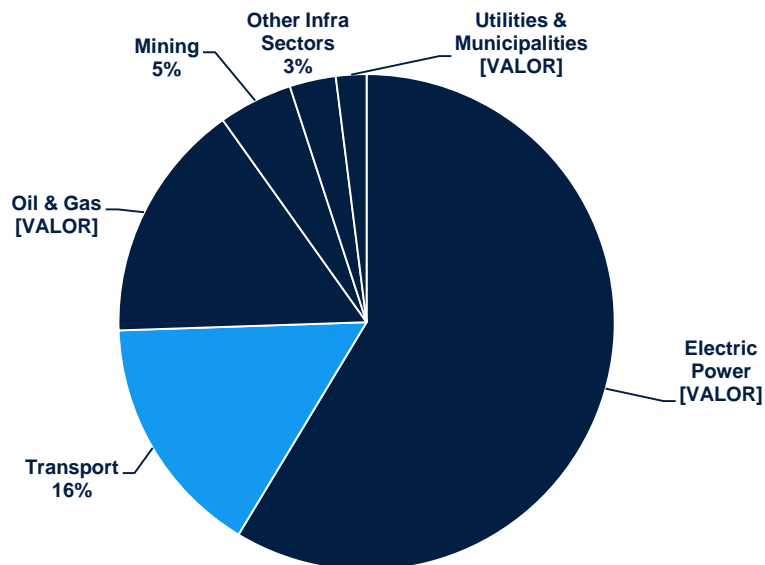
Note: IFC year-end is June 30th

FY17 INFRASTRUCTURE HIGHLIGHTS

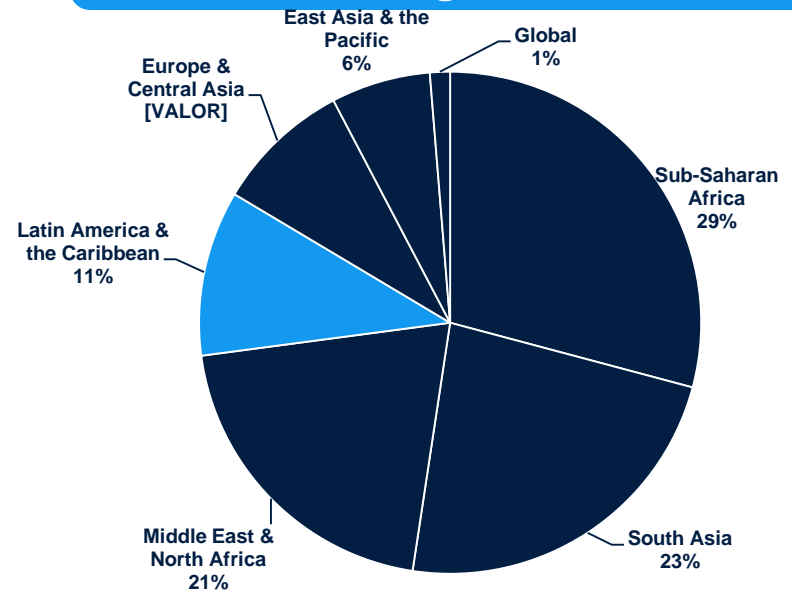
IFC OWN COMMITMENTS OF US\$ 2.1 BILLION

- **FY 2017 Commitment Activity***: US\$4.3 billion invested, including US\$2.1 billion for IFC's own account and US\$1.6 billion of mobilization
- **FY 2017 IFC Committed Portfolio***: US\$13.2 billion*

FY 2017 Commitment Activity by Sector



FY 2017 Commitment Activity by Region



Global Transport Practice: Various Sectors

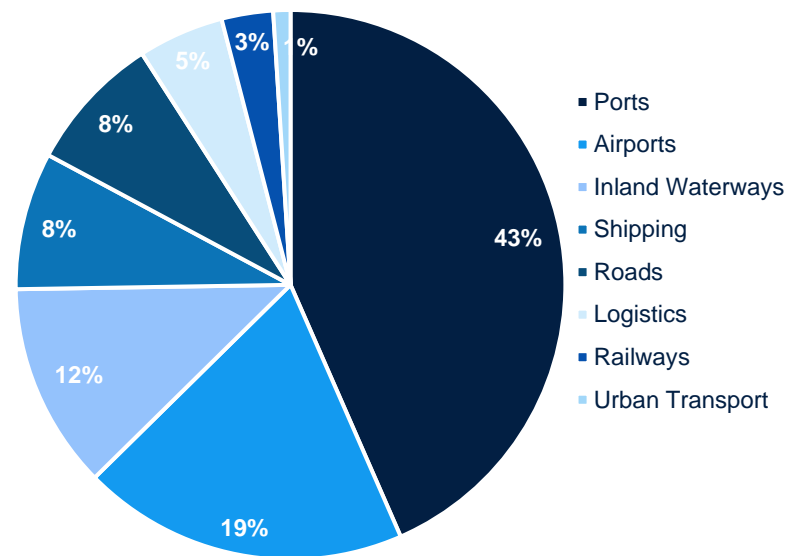


IFC – GLOBAL TRANSPORT PRACTICE

Overview

- IFC's Transport Practice commitment volumes average around US\$0.8-1.0 billion per year
- IFC's outstanding Transport portfolio is approximately **US\$2.2 billion**
- IFC is active in all Transport subsectors. **Ports** account for **43%** of the committed portfolio

Committed Portfolio by Sector



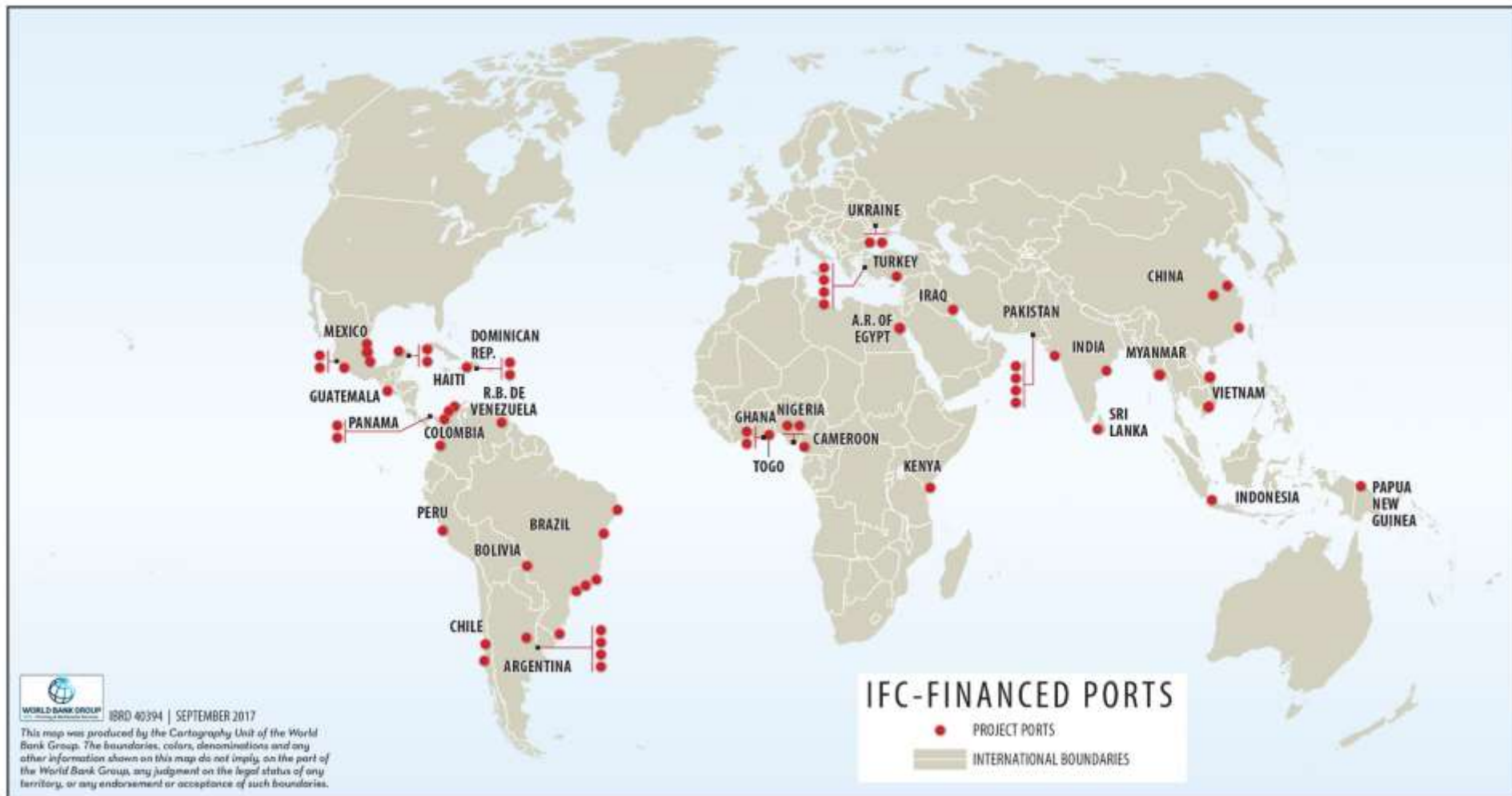
As of June 30th, 2017 for IFC's own account

US\$10.4 billion for IFC's own account & mobilized since 2005

PORTS



IFC PORT INVESTMENTS WORLDWIDE



Total Investments: US\$4.4 billion since 2005

SAMPLE INVESTMENTS IN PORTS

Brazil



Brasil Port Logistica

\$27,300,000 Senior Loan
\$20,400,000 MCPP

Arranger and lender
FY 2017

Ghana



MPS Tema Port

\$195,000,000 Senior Loan
\$472,000,000 Syndication

Arranger and Lender
FY 2016

Myanmar



Myanmar Industrial Port
(MIP)

\$40,000,000 Subordin. Loan

Lender
FY 2016

Mexico



Contecon de Manzanillo

\$65,000,000 Senior Loan
\$52,500,000 Syndication

Arranger and Lender
FY 2016

Egypt



Sonker Bunkering Co.

\$70,000,000 Senior Loan
\$21,800,000 Subordin. Loan
\$21,800,000 Syndication

Arranger and Lender
FY 2016

Togo



Lome Container Terminal

\$133,644,500 Senior Loan

Lender
FY 2016-2011

Colombia



Terminal Contenedores
Buenaventura

\$54,000,000 Senior & Subord.
Loan
\$187,000,000 Syndication

Arranger and Lender
FY 2014-2011

Brazil



APM TERMINALS
BTP Santos

\$140,000,000 Senior Loan
\$582,000,000 Syndication

Arranger and Lender
FY 2014-2011

Peru



Callao Norte Port

\$75,000,000 Senior Loan
\$142,000,000 Syndication

Arranger and Lender
FY 2013

Turkey



Asyaport

\$75,000,000 Senior Loan

Lender
FY 2013

Ukraine



HPC Odessa

\$32,000,000 Senior Loan

Lender
FY 2012

Pakistan



Qasim International
Container

\$40,000,000 Senior Loan

Arranger and Lender
FY 2011-2010

Indonesia



Jakarta International
Container Terminal

\$30,000,000 Senior Loan
\$40,000,000 Syndication

Arranger and Lender
FY 2010

Argentina



Exolgan

\$40,000,000 Senior Loan
\$35,000,000 Syndication

Arranger and Lender
FY 2009

Panama



Manzanillo International
Terminal III

\$50,000,000 Senior Loan

Lender
FY 2005

PORT SPONSORS WORKING WITH IFC

APM TERMINALS  Lifting Global Trade.

 Terminal Investment Limited

 **Sonker**

 **DP WORLD**


GRUP TCB

 **PSA Marine**


Carrix

 **Gulftainer**

 **HPH**

 **International
Container Terminal
Services, Inc.**

AIRPORTS



IFC AIRPORT INVESTMENTS WORLDWIDE



Total Investments: US\$1.9 billion since 2005

SAMPLE INVESTMENTS IN AIRPORTS

Greece



Greek Airports

€70,000,000 Senior Loan
€200,000,000 Syndication

Arranger and Lender
FY 2017

Madagascar



Ravinala Airports

€30,800,000 Senior Loan
€100,000,000 Syndication

Arranger and Lender
FY 2017

Croatia



Zagreb Airport

\$45,000,000 Senior Loan
\$104,000,000 Syndication
\$16,000,000 Equity

Arranger, Lender, Investor
FY 2014

Jordan



Queen Alia Airport

\$120,000,000 Senior Loan
\$169,000,000 Syndication

Arranger and Lender
FY 2014-2008

Jamaica



Montego Bay I, II, III & IV

\$53,500,000 Senior Loans
\$53,500,000 Syndications

Arranger and Lender
FY 2013-2009-2006-2003

Russia



Pulkovo Airport

€70,000,000 Senior Loan
€100,000,000 Syndication

Arranger and Lender
FY 2011-2010

Dominican Republic



Punta Cana Airport

\$20,000,000 Senior Loan

Lender
FY 2010

Tunisia



TAV-Tunisia

€132,500,000 Senior Loan
€257,500,000 Syndication

Arranger and Lender
FY 2008

Peru



Lima JCI Airport

\$20,000,000 Equity

Investor
FY 2007

Cambodia



Cambodia Airport I & II

\$27,500,000 Senior Loan

Lender
FY 2007-2004

Georgia



Tbilisi Airport

\$27,000,000 Senior Loan

Lender
FY 2006

Dominican Republic



Aerodom I & II

\$60,000,000 Senior Loan
\$15,000,000 Syndication

Arranger and Lender
FY 2006-2005

AIRPORT SPONSORS WORKING WITH IFC



RAILWAYS



SAMPLE INVESTMENTS IN RAILWAYS

India



Continental Warehousing Corporation (CWC)

\$35,000,000 Senior Loan
\$25,000,000 Equity

Lender and Investor
FY 2016

Gabon



Setrag

€35,000,000 Senior Loan
€17,500,000 MCPP
€32,500,000 Syndication

Arranger and Lender
FY 2016

Russia




Brunswick Rail

\$167,500,000 Senior Loan
\$120,000,000 Subordin. Loan
\$260,000,000 Syndication
\$52,500,000 Equity

Arranger and Lender
FY 2013-2012-2011-2010-2008-2006

Kenya




Kenya Uganda Railway

\$22,000,000 Senior Loan
\$10,000,000 Subordin. Loan
\$20,000,000 Equity

Arranger, Lender and Investor
FY 2014-2013-2012-2007

Kazakhstan




Eastcomtrans

\$30,000,000 Senior Loan
\$20,000,000 Equity

Lender and Investor
FY 2013

Russia



Globaltrans

\$30,000,000 Senior Loan

Lender
FY 2011

Russia



Eurosib Terminal

\$33,000,000 Senior Loan
\$15,000,000 Subord. Loan
\$71,500,000 Syndication

Arranger and Lender
FY 2010

Tanzania



Tanzania Railways Limited (TRL)

\$44,000,000 Senior Loan

Lender
FY 2008

Peru




Peru Rail II

\$7,500,000 Senior Loan
\$1,500,000 Quasi-Equity

Lender and Investor
FY 2007

Brazil



MRS Logistica

\$50,000,000 Senior Loan
\$50,000,000 Syndication

Arranger and Lender
FY 2006

URBAN TRANSPORT



SAMPLE INVESTMENTS IN URBAN TRANSPORT

Colombia



Transambiental

\$16,691,414 Senior Loan
\$31,209,781 Syndication

Arranger and Lender
FY 2016

Turkey



Istanbul K Metro (I & II)

€110,000,000 Senior Loan
€50,000,000 Syndication

Arranger and Lender
FY 2016-2009

Turkey



Izmir Railcars

€20,000,000 Senior Loan

Lender
FY 2015

Montenegro



Podgorica Bypass/Roads

€20,850,000 Senior Loan

Lender
FY 2011-2012

Turkey



Izmir Tramway

€55,000,000 Senior Loan

Lender
FY 2014

MENA Region



TWG - Citi Group Co KSC

\$30,000,000 Senior Loan

Lender
FY 2010

ROADS



SAMPLE INVESTMENTS IN ROADS

India



Road Holdco

\$90,000,000 Quasi-Equity
\$10,000,000 Equity
\$73,550,000 Senior Loan
\$81,450,000 Syndication

Lender and Investor
FY 2015-2017

Senegal



Senac

€25,000,000 Senior and Subordinated Loans
\$35,264,600 Senior and Subordinated Loans

Lender
FY 2015-2011

Montenegro



Podgorica Bypass

€ 10,150,000 Senior Loan

Lender
FY 2011

Jamaica



TJH

\$58,172,000 Senior Loan and Equity

Lender and Investor
FY 2011

Mexico



Irapuato-Piedad

MXN 130,500,000
(equiv. \$12,427,000)
Partial Credit Guarantee

Lender
FY 2007

Brazil



Auto Ban

\$35,000,000 Senior Loan
\$31,000,000 Syndication

Arranger and Lender
FY 2006

Peru



Norvial

\$18,000,000 Senior Loan

Lender
FY 2003

Philippines



Manila North Tollways

\$46,000,000 Senior Loan

Lender
FY 2001

Panama



Corredor Sur

\$35,000,000 Senior Loan
\$35,000,000 Syndication

Arranger and Lender
FY 2000

LOGISTICS



SAMPLE INVESTMENTS IN LOGISTICS

China



Huochebang

\$31,000,000 Equity

Investor
FY 2017

Brazil



Loggi

\$2,500,000 Equity

Investor
FY 2017

China



Best Logistics
Technologies Ltd.

\$20,000,000 Equity

Investor
FY 2016

China



Zhengming

\$10,000,000 Senior Loan
\$5,060,000 Equity

Lender and Investor
FY 2015

Brazil



Vix Logistica

R\$200,000,000 (Equiv.
\$76,000,000) Equity

Investor
FY 2015

India



Snowman Logistics

\$9,400,000 Corporate Loans
\$5,400,000 Equity

Lender and Investor
FY 2013-2012-2009

Central America



Transamerica

\$15,000,000 Subordinat. Loan

Lender
FY 2008

Rwanda



Intraspeed

\$7,500,000 Subordinat. Loan

Investor
FY 2007

AIRLINES



SAMPLE INVESTMENTS IN AIRLINES

Nepal



Buddha Air II

\$7,000,000 Senior Loan

Lender
FY 2013-2009

Kenya



Kenya Airways

\$15,000,000 Pre-Delivery
Financing
\$25,000,000 Equity

Lender and Investor
FY 2012

Africa Region



AKFED Aviation

\$25,000,000 Corporate Loan

Lender
FY 2011

Colombia



Avianca

\$50,000,000 Corporate Loan

Lender
FY 2009

El Salvador



TACA

\$30,000,000 Pre-Delivery
Financing

Lender
FY 2005

Mexico



Volaris

\$40,000,000 Pre-Delivery
Financing and Corporate Loan

Lender
FY 2005

Chile



LAN

\$30,000,000 Stand-by
Revolving Credit Facility

Lender
FY 2004

India



Jet Airways

\$15,000,000 Quasi-Equity

Investor
FY 2002

AWARD-WINNING RECOGNITION FROM THE MARKET



Project Finance International

- **2017** Award: Transport Deal of the Year – Middle East and Africa: Madagascar Airport



Infrastructure Journal Global Awards

- **2017** European Airport Deal of the Year – 14 Greek Airports
- **2017** African Airport Deal of the Year – Madagascar Airport
- **2016** Award: African Ports – Tema Port New Container Terminal PPP



Trade Finance

- **2016** Company Award : Best DFI Americas
- **2015** Deal of the Year – Americas: CMSA Container Terminal Manzanillo



Latin Finance

- **2016** Best Port Financing: CMSA Container Terminal Manzanillo
- **2011** Best Multilateral/Development Bank: IFC



EMEA Project Finance Magazine

- **2015** Best Transport Infrastructure Deal – Africa: Sonker Bunkering Bulk Liquid Terminal
- **2013** Best Project finance Deal in Central and Eastern Europe: Zagreb Airport
- **2013** Best PPP deal in Central and Eastern Europe: Zagreb Airport



Global Transport Finance

- **2014** Airport Finance Deal of the Year – Middle East: Queen Alia International Airport



Project Finance Magazine

- **2013** European Airport Deal of the Year: Zagreb Airport



Euromoney Project Finance

- **2013** Deal of the Year: Mersin Port
- **2012** Deal of the Year – Central and Eastern Europe: Brunswick Rail
- **2010** African Transport Deal of the Year: SENAC Dakar Diamniadio Toll Road
- **2010** European Airport Deal of the Year: Pulkovo Airport

Deals of the Year

Infrastructure Investor

- **2011** Deal of the Year - Africa: Kenya Uganda Railway (RVR)
- **2010** Transport Deal of the Year: Pulkovo Airport (Russia)
- **2010** Best Multilateral Agency: IFC



Infrastructure Investments in Mexico



IFC's Infrastructure and Natural Resources Experience in Mexico

Evolution of IFC's role & participation in Mexico's infrastructure / representative projects:

- 1998: First IPP (Independent Power Producer) in Mexico => Merida III
- 1999: Supported investments in the port sector => Punta Langosta Cruise Ship Terminal
- 2000–2003: IPPs thermal power generation (“early” thermal power investments) => Saltillo, Rio Bravo, Rio Bravo III and IV
- 2004: Expansion / fleet renewal program (intercity bus fleet / fuel efficiency) => IAMSA
- 2006: Low cost airline (start-up) => Volaris
- 2007: Partial credit guarantee to support Mexico's first PPS road (Public Private Partnership) => Irapuato – La Piedad
- 2007: First food-grade PET recycling facility => Petstar
- 2010 - 2011: Two of the first self-supply wind power projects in Oaxaca => EURUS and EDF La Mata-La Ventosa
- 2013: First utility-scale solar power project in Mexico => Aura Solar
- 2014: First partially automated container terminal in Mexico and LAC => APMT Lazaro Cardenas
- 2014/15: Investments in Contecon Manzanillo port (2.2m TEUs) and Tuxpan (580k TEUs)
- 2017: Financing of one of the first renewable energy projects to reach financial close following the implementation of Mexico's energy reform => Solem 290MW Solar PV projects (Solem 1 and Solem 2)

IFC's Infrastructure and Natural Resources Experience in Mexico

Power in Mexico

- IFC has played a catalytic role in the power space in Mexico.
- Long-term involvement in the sector including recent investments in the first utility scale solar PV plant in Mexico (Aura Solar), and one of the first RE projects to reach financial close following Mexico's energy sector reform (Solem)

> US\$1.3bn mobilized, comprising 2,782 MW of capacity



400 MW Merida III
CCGT-Thermal power

\$120,000,000
Senior Loan
(IFC A & B Structure)

Lead Arranger
1996



495 MW Rio Bravo II
CCGT- Thermal Power

\$115,000,000
Senior & Sub Loans
(IFC A & B Structure)

Lead Arranger
2000



250 MW Saltillo
CCGT- Thermal Power

\$80,000,000
Senior Loans
(IFC A & B Structure)

Lead Arranger
2000



495 MW Rio Bravo III
CCGT-Thermal Power

\$176,000,000
Senior & Sub Loans
(IFC A & B Structure)

Lead Arranger
2003



495 MW Rio Bravo IV
CCGT-Thermal Power

\$177,000,000
Senior & Sub Loans
(IFC A & B Structure)

Lead Arranger
2003



250 MW Eurus
Wind Power

\$375,000,000
Senior & Subordinated
Loans

Lead Arranger
2010



68 MW La Mata
Wind Power

\$138,000,000
Senior & Subordinated
Loans

Lear Arranger
2010



39 MW Aura Solar
Solar Power

\$75,000,000
Senior & Subordinated
Loans

Lear Arranger
2013



Alten
290 MW Solem 1 & 2
Solar PV

\$45,000,000
Senior Loans
\$2,000,000
Swaps

2017

Ports in Mexico

- Active involvement in the port segment in Mexico, especially over the past 5 years, by supporting selected key global sponsors.



Punta Langosta
Cruise Ship Terminal

\$8,000,000
Equity & Syndication

Lead Arranger
1998



SSA Marine (Carrix)
Port Terminals

\$45,000,000
Senior Corporate Loan

2004



1.27m TEUs APM LC
Spec. Container Terminal

\$335,000,000
Senior Loans
(IFC A & B Structure)

Lead Arranger
2013 & 2015



574k TEUs Tuxpan
Multipurpose Cargo
Terminal

\$225,000,000
Senior Loans
(IFC A & Parallel)

Lead Arranger
2015



2.2m TEUs CMSA
Container Terminal

\$117,500,000
Senior Loans
(IFC A & B Structure)

Lead Arranger
2015

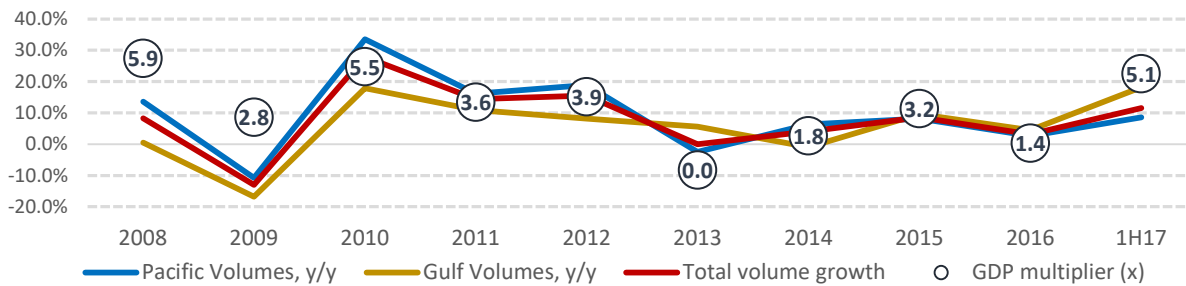
> US\$1,700 million mobilized to date

IFC MEXICO: CURRENT CORE INFRASTRUCTURE PROJECTS



Core Infrastructure – Port investments overview

Mexico container vol. (lower growth & multiplier)



Investment Drivers

- volume growth rates,
- competitive dynamics
- macro economic stability

APM Terminals Lazaro Cardenas

- Specialized container terminal in Lazaro Cardenas port (Michoacán State).
- Phase I capacity of 1.27 mn TEUs.
- First shipment received in February 2017.
- Maersk Line (ML) is the anchor client. ML is the largest shipping line globally.
- Sponsor => APM Terminals (leading operator)
- Total IFC A/B Loans US\$335 million (out of which IFC committed US\$110 mn).
- ML's volumes have been growing above the port's growth rate in the past years (>5%).
- Ramp-up will speed in coming months given Company has secured authorizations to use full quay length 750 mts.
- ML acquiring Hamburg Sud

Tuxpan Port Terminal

- Multipurpose cargo terminal built in Tuxpan (Veracruz State).
- Capacity 576 k TEUs.
- Sponsor => FRS Capital Corp through SSA Mex
- SSA is present in other ports in Mexico.
- Terminal opened in February 2016.
- A Loan US\$75 mn + c.US\$150 mn mobilized.
- Low volume despite evident competitive advantage. No anchor lines/ contracts.
- Nearby terminals are competing to defend market share (mostly Veracruz' terminals).

CMSA Manzanillo Port

- Specialized container terminal in Manzanillo, State of Colima (Pacific cost).
- Phase I and II comprised IFC's financing. Capacity at completion of 1.35mn TEUs.
- Maersk and MSC are anchor clients, representing 25% of total revenues.
- Sponsor => ICTSI (leading operator)
- Total IFC A/B Loans US\$117.5 million (out of which IFC has disbursed US\$84.5 mn).
- ICTSI growth due to increase market share
- Manzanillo's port volumes growth uncertain due to NAFTA renegotiation and increasing competition from Lazaro Cardenas.

OVERVIEW

- ▶ IFC has supported **the port sector** in Mexico since it went through structural reforms that opened the sector to private investment.
- ▶ Recently (FY14-FY16) IFC closed **three large transactions** for container/multi-purpose terminals in Manzanillo, Lazaro, and Tuxpan involving **US\$1,700 million**.
- ▶ IFC Mexico infra portfolio as of December 2017 was dominated by **ports (around 81%)** followed by renewable energy (19%).
- ▶ The team has taken various steps to scale up investments in other sub-sectors such as **integrated logistics, storage and management of fuels, roads platforms in order to diversify** our portfolio.
- ▶ Integrated logistics and 3PL players display high growth potential and hence are good candidates for IFC **equity investments** or quasi-equity instruments.

AREAS OF FOCUS

- ▶ Government **budget restrictions** may open the door to PPP type solutions for transport infrastructure, particularly in airports and rail.
- ▶ IFC will follow closely **PPP opportunities** related to the new **airport in Mexico City** and **others** that have the potential for expansions-concessions as result of increasing passenger traffic into Mexico.
- ▶ In terms of ports, the focus is now on integrated and multi-modal approaches that also include **bulk** (grains/minerals terminals) and **liquid terminals** that handle refined products to further support implementation of ongoing **energy sector reform**.
- ▶ **Warehousing and storage** linked to the **agri-sector** is also growing at a rapid speed and offers interesting opportunities for investment.
- ▶ Roads and highways both concessions and PPP model are largely proven in Mexico. IFC will focus on **innovative delivery structures**, particularly in the form of **diversified investment platforms** with significant space to develop **greenfield** projects.
- ▶ IFC will pursue innovative delivery solutions to **mass-transport** as part of their **Smart Cities initiative**. Particularly supporting solutions that offer cleaner and more efficient public transport such as **electromobility** and further development of **BRT** integrated systems.

OVERVIEW

- ▶ Continue **supporting** the implementation of Government of Mexico (“GoM”) the **energy reform process**.
- ▶ IFC informally **engaged** with the GoM in the reform’s early implementation stages to convey **lessons learned** in other markets and to provide direct feedback on **regulation and bankability of contracts** with the objective of enabling and accelerating private sector investment and competition in the sector, including the ongoing **transmission line tenders**.
- ▶ Support the **Energy Transition Law (“ETL”)** supports (i) a transition to **cleaner generation** sources (target of 35% of total electricity production from clean energy by 2024 vs. 20% in 2014), and (ii) a gradual increase in clean energy quotas for electricity demand through introduction of a **new market for clean energy certificates (“CELS”)**. This sets the stage for the system’s operator to administer a series of competitive power generation auctions through which clean energy projects could bid on long-term provision of CELs, energy, and/or capacity.
- ▶ 2016-2017 - the auctions have resulted in unparalleled competitive average prices (US\$48/MWh, US\$34/MWh and US\$20/MWh respectively). Contracts were awarded largely to wind and solar power generation projects.

AREAS OF FOCUS

- ▶ Continue to support Mexico’s power sector reform through:
 - ▶ Interaction with authorities on: (i) **storage** regulation (in coordination with IBRD); and (ii) **auction mechanisms** and involvement of private sector off-takers/ demand in mid-long term auctions.
 - ▶ Continue evaluation of **equity investment opportunities** alongside the China Mexico Fund in a diversified **generation/commercialization vehicles**.
 - ▶ Continue to lead and support financing of renewable energy projects participating in **long-term renewable power auctions**; close collaboration with other DFIs regarding financing structures to further involve commercial banks going forward.
 - ▶ Approaching corporate clients to discuss **corporate finance opportunities (green bonds)**.
 - ▶ Explore opportunities with significant **merchant risk / market** price exposure in the nascent wholesale electricity market
- ▶ Explore **PPP** opportunities that may arise in the **transmission** sector as a result of the reform. First tender expected to be launched in September 2017.
- ▶ Explore and support **Distributed Generation** schemes;

OVERVIEW

- ▶ Mexico is one of the **most water-stressed countries**, with renewable freshwater resources per capita decreasing by two thirds since 1960. The sector is suffering from a lack of investment in infrastructure and insufficient generation of funds that are needed to improve **operational efficiency** for wastewater treatment assets and to address water scarcity and water resource contamination.
- ▶ This challenging environment for investment has resulted in low levels of efficiency at the utility level, as **only 50% of water utilities operational costs is actually recovered**. This has compromised the financial position of the majority of **publicly-run** water utilities in Mexico.
- ▶ Historically, water projects have **heavily relied on the support of the Federal Government (GoM)**, however, as a result of the downturn of commodity prices, particularly oil, the GoM has been forced to **cut subsidies** and transfers to publicly-run water utilities of **70% in average**.
- ▶ IFC team believe there is a strong business case in Mexico due to the following factors:
 - ▶ Reduced fiscal headroom and limited indebtedness capacity to develop and maintain water infrastructure
 - ▶ Reduced GoM financial support/**budget constraints**
 - ▶ Pressure to reach **higher performance standards** and financial autonomy
- ▶ We expect that the combination of these factors **will enable a more appropriate environment for private investments** in the water sector in Mexico.

AREAS OF FOCUS

- ▶ IFC team in Mexico has signed and **MoU with a top water services provider**, to jointly explore business opportunities together in the water and waste water spaces.
- ▶ Develop a diversified **investment vehicle** to deploy equity in greenfield and brownfield water and waste projects in Mexico. The Platform intends to **bid for new public concessions/Public Private partnerships (PPP)** as well as to explore commercial and industrial (“C&I”) / private-to-private investment opportunities in the sectors already mentioned.
- ▶ For IFC the waste and water sectors remain **attractive** mainly due to: i) adequate sectorial **risk/return profile** (depending on the authority – political risk), ii) strong **replicability** and iii) **development impact** and additionality.
- ▶ Support and develop sustainable **treatment of waste**: i) treatments previous final disposal (MBT, MRF, etc), ii) waste to energy, iii) biogas from anaerobic digestions processes, landfill gas to energy.
- ▶ Support upstream engagements at a WRG group level such as the **Irrigation programe**, Water Investment Growth Initiative (**WIGI**) and the Water Innovation Platform.

IFC Financing Products and Advisory Services

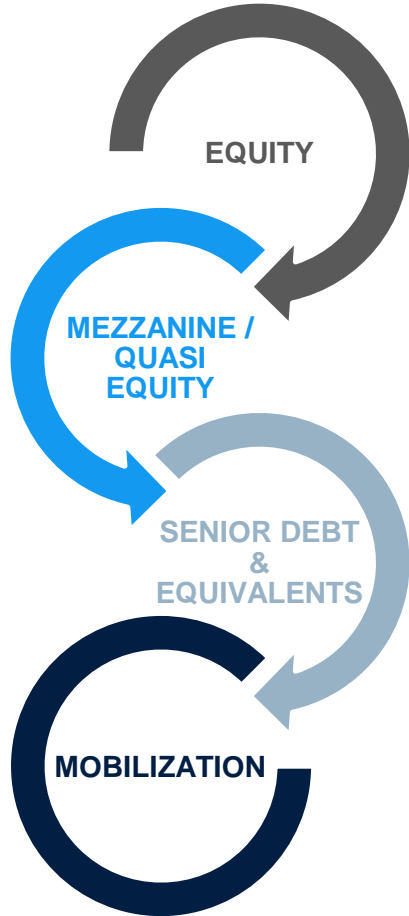


6 How to work with IFC and Product Offering

A one-stop financial shop for the private sector in emerging markets



A COMPREHENSIVE RANGE OF FINANCING INSTRUMENTS



THE IFC PRODUCT OFFERING

- 6-8 years investment**
Common or preferred equity
Minority shareholder
Passive partner – depending on companies' needs
- Subordinated loans**
Income participating loans
Convertible loans
- Corporate loans:** reserve based lending, straight corporate debt, partial credit guarantees for bonds
Long-term project finance: greenfield, expansion
- Debt mobilization** from other lenders through A/B Loan structure and parallel lenders.
Equity mobilization through self-managed funds and other co-investors.
Over 60-cofinanciers: commercial banks, funds, DFIs

MAIN CONDITIONS

- Up to **20%** of the capital but can also bring **self-managed funds** to reach stakes of up to **49%**
- Up to **25%** of project cost in greenfield investments (IFC's own account)
Up to **50%** of project cost in modernization investments (IFC's own account)
- Up to **100%** of debt financing (IFC's own account + **mobilization**)
- Fixed and floating rates**
- MXN & US\$** currencies
- Up to **20-year** tenors



IFC'S INVESTMENT PARAMETERS

Commercially Sound

- IFC invests exclusively in for-profit projects and charges market rates for its products and services

Market Catalyst

- IFC generally finances no more than 25-50% of total project cost
- Never the largest shareholder, typical stake up to 20%
- Typical ticket size \$20-50m, but can go to \$100m +
- Able to mobilize additional debt (B loan program) and equity funds (AMC)

Long-term Horizon

- IFC invests for the medium-to-long term

Environmentally & Socially Responsible

- Each investment assessed for E&S risks by in-house team of experts, and action plan put in place to mitigate risks
- Increasingly relevant for clients, i.e. land acquisition, carbon footprint, community buy-in
- Facilitates debt raising (Equator Principles)

Corporate Governance

- Detailed corporate governance assessment carried out (dedicated internal resources)
- Work on governance issues with companies pre-IPO and those already listed
- Roster of quality independent directors
- Facilitates exit, especially in public markets

A VALUABLE PARTNER

Stamp of Approval

- Brand strengthening given high IFC parameters
- Catalytic role as IFC can bring other investors to the table
- Relationship with local governments, World Bank affiliate

World Bank as Long Term Partner

- Synergies with the World Bank
- Global business relationships
- Access to conferences and events

Mobilizing Resources

- Equity firepower through AMC managed funds mobilization
- Mobilized loan funding from local and international banks, funds, insurance companies and other development institutions

Risk Management

- Country risk mitigation
- Social and environmental risk management
- Countercyclical role during crisis periods

**IFC's
ADDED
VALUE**

Network of Experts

- Expertise and experience needed to make a difference
- Global knowledge through our specialists
- Global relationships with key business players

Technical Assistance

- Corporate governance best practices
clean production, safety and risk management
- Informal counseling and advisory on any sectorial issue

FONDO CHINA-MEXICO

El último Fondo de AMC: el Fondo China-México (CMF) está orientado a invertir mayormente en oportunidades de energía e infraestructura en México

VALOR AGREGADO DE IFC



- La **Asset Management Company** (AMC), una subsidiaria de IFC, administra fondos de terceros para coinvertir con IFC en diferentes sectores y países de forma global

US\$11 bn
Activos administrados

10
Fondos administrados

31
Inversionistas de alto calibre

US\$4.1 bn
Inversiones comprometidas

60
Compañías de portfolio

- La AMC aprovecha la **red global**, el **conocimiento de industria**, la **gama de productos (deuda senior)**, la **experiencia** y la **trayectoria de inversión de IFC**

PANORAMA GENERAL DEL CMF

Tamaño del Fondo

Objetivo de Inversión

Capacidades Técnicas

Condiciones de Inversión

- El CMF fue lanzado oficialmente en diciembre de 2014 con un cierre inicial de **US\$1.2 bn** captado de cuatro accionistas limitados **chinos y mexicanos**
- El CMF va a coinvertir con IFC en empresas, entidades y otro tipo de estructuras de todos los sectores en México. La **gama de instrumentos** incluye **capital, quasi-capital y mezzanine**
- El **equipo del Fondo tiene experiencia significativa en operaciones de capital privado en mercados emergentes** y un historial de desarrollo de negocios nuevos, particularmente en el caso de **México**
- A **Septiembre de 2017**, el CMF tiene comprometido un total de **US\$320 millones** en el los sectores **petrolero (Citla)** y **telecomunicaciones (Atlan)**

Accionista Minoritario
Hasta 49% de tenencia accionaria (inc. la participación de IFC)

Monto del Ticket
US\$50-250 m con un rango óptimo de US\$100-150 m

Plazo del Fondo
12 años, periodo de inversión de 5 años. El plazo se puede extender hasta por 2 años.

Servicios de Asesoría en APP's en Mexico



Misión de PPP Transaction Advisory

✓ Misión

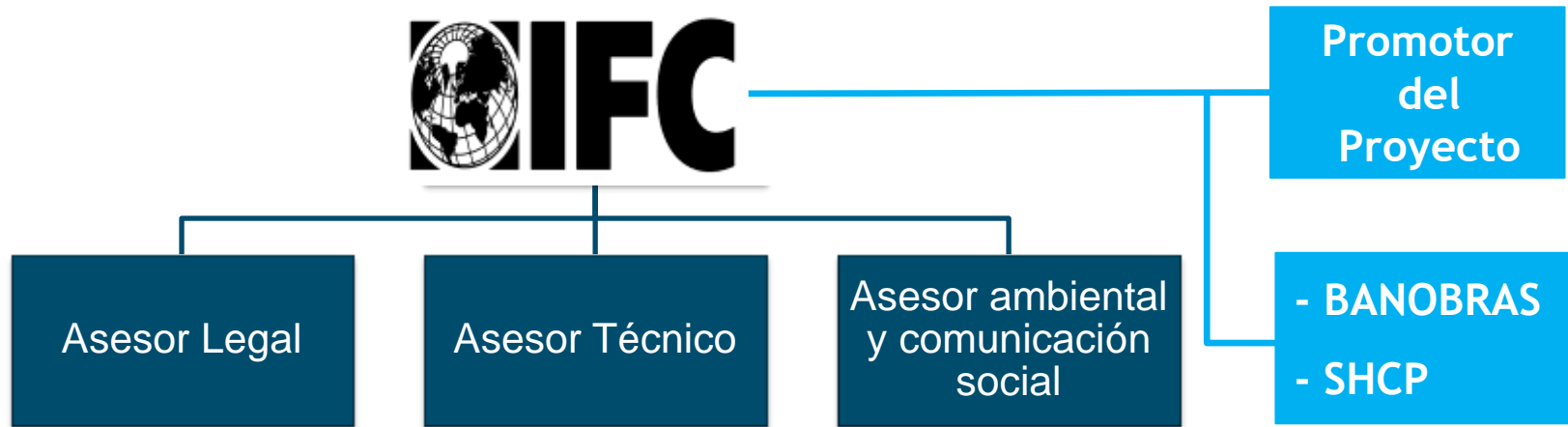
- Ayudar a gobiernos nacionales y sub nacionales en la estructuración y licitación de proyectos de infraestructura con participación privada.
 - Lograr crecimiento económico y mejores estándares de vida.

✓ Principales sectores

- Agua y saneamiento
- Transporte masivo
- Municipales: manejo de residuos, alumbrado público, recuperación de áreas públicas, etc.
- Energía convencional y renovable (generación, transmisión y distribución)
- Sectores sociales: educación y salud

Rol transaccional de IFC: Líder de la estructuración

Como Asesor Líder y Financiero, IFC coordina la selección transparente y competitiva de consultores de renombre nacional e internacional, siempre en coordinación con las entidades licitantes



Implementación de APP: FASE 1 - Estructuración



TAREAS

- ▶ Definición estratégica del proyecto
- ▶ Apoyo en la obtención aprobaciones e interface con diferentes grupos de interés
- ▶ Firma del mandato con IFC
- ▶ Identificación y selección de consultores técnicos, legales, etc.
- ▶ Preparación y redacción de pliegos de licitación (TORs) para la selección de consultores
- ▶ Asignación y gestión de contratos para servicios especializados de asesoría
- ▶ Coordinación de la debida diligencia para la integración/ estructuración técnica, financiera y legal del proyecto.
- ▶ Análisis y evaluación de opciones de estructura del proyecto
- ▶ Preparación del reporte de recomendación de IFC sobre estructura del proyecto
- ▶ Apoyo para la aprobación de la estructura del proyecto por parte del cliente y diferentes grupos de interés
- ▶ Aprobación de Fase 2 por el cliente (ver siguiente diapositiva)
- ▶ Apoyo para la aprobación de condiciones contractuales del mandato con IFC para la Fase 2

Implementación de APP: FASE 2 - Licitación



TAREAS

- ▶ Elaboración de pliegos de condiciones precedentes y contractuales en conjunción con consultores legales y técnicos
- ▶ Apoyo en la elaboración y presentación del proyecto al mercado
- ▶ Apoyo en las diferentes tareas de sondeo de mercado del proyecto
- ▶ Apoyo al cliente durante la ceremonia de presentación de ofertas
- ▶ Evaluación de propuestas
- ▶ Selección de la firma ganadora del proyecto
- ▶ Apoyo al cliente durante las negociaciones post asignación de contrato
- ▶ Análisis de cumplimiento de las condiciones precedentes para el cierre financiero

IFC TRANSPORT CONTACTS

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