

European Sponsor of the Year 2011: Enerjisa

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Enerjisa a joint venture between Sabanci and Verbund has had a run of success in the project finance market since it closed Enerjisa 1 in 2008 an Eu1 billion (then \$1.6 billion) 12-year project facility backing the development of 10 hydro plants in Turkey. That deal laid the groundwork for a rapid portfolio expansion strategy that has not only delivered lender enthusiasm but also very competitively priced debt.

In 2007 Verbund bought 49.9% of Enerjisa Enerji from Sabanci for \$326.2 million. The move turned what had been a 2006 co- operation agreement between the sponsors into a fully fledged joint venture, with the intent of building a diversified power portfolio of up to 5,000MW and a minimum 10% share of the Turkish power market by 2015.

With two major portfolio project financings under its belt (Enerjisa 1 and 2), a smaller deal for the Arkun HEPP project closed, and the Tufanbeyli project due in the bank market in March, Enerjisa now looks set to deliver on its intent. It had a licensed capacity of 4,115MW, a further 1,000MW at the licensing stage and 1,653MW installed at the end of 2011 (2,000MW by the end of 2012 is forecast).

Aside from the corporate backing of its owners, which always provide equity support and guarantees during construction, much of Enerjisas success in debt raising has been due to a wider portfolio financing strategy that has enabled Enerjisa to retain a broad lender base without having exactly the same lenders on every deal it has done. It is a hybrid corporate/project strategy where all project revenues go into one account to service debt across the portfolio. Enerjisa, and not its existing lenders, retains control of the cash waterfall across the portfolio according to its priorities. Lenders on all the deals are treated pari passu and benefit from common covenants, cash flow, security and intercreditor arrangements.

The approach was first laid down in the master common terms agreement (CTA) for Enerjisa 1 in June 2008. This structure allowed for the financing of future single additional assets. Enerjisa 2, another Eu700 million multiple asset deal, followed in 2011 and the CTA was amended to allow for future investments in multiple assets. There is no limit on the amount of debt Enerjisa can raise for the portfolio in the future.

The portfolio approach has enabled Enerjisa to get tight pricing on most of its deals and created oversubscriptions in syndication. The 12-year Enerjisa 2 debt priced at only 225bp over Euribor during construction, just 30bp more than Enerjisa 1, despite the

global financial meltdown in the period between the deals. Furthermore, the majority of lenders on Enerjisa 1 also came into Enerjisa 2, and those that didnt National Bank of Greece and Akbank financed Enerjisas Eu350 million 236MW Arkun HEPP project, along with Yapi Kredi, in late December 2010.

The next financing Enerjisa plans to launch is Enerjisa 2.5, which will be out to the bank market in March. The deal will finance the Tufanbeyli project a greenfield 450MW lignite-fired project in south-east Turkey. The debt requirement is around \$700 million, of which a large portion will be K-Sure covered on the back of Koreas SK Group, along with Japans Itochu, acting as engineering procurement and construction contractors.

The deal will be similarly structured to the earlier phases, with a debt-equity ratio of 60/40 and an 11-year tenor. The involvement of K-Sure is expected to bring a number of banks that have not previously participated in an Enerjisa deal into the syndication. Given that margins on Turkish power deals have hit 650bp because of the cost of dollar funding to Turkish banks, the bank line-up will likely be predominantly international.

Enerjisa Generation Portfolio

THERMAL INSTALLED

- 930MW Bandırma
- 120MW Kentsa
- 120MW Adana
- 65MW Mersin
- 65MW Canakkale

THERMAL PROJECTS

- 1,000MW Bandırma II CCGT
- 450MW Tufanbeyli Lignite

HYDRO INSTALLED

- 142MW Hacininoglu
- 89MW Menge
- 48MW Birkapili
- 30MW Gazipasa
- 7MW Sucati

HYDRO PROJECTS

- 400MW Pervari
- 237MW Arkun
- 214MW Kandil
- 204MW Alparslan
- 180MW Kavsakbendi
- 145MW Kopru
- 121MW Incir
- 103MW Sariguzel
- 80MW Yamanli II
- 46MW Dogancay
- 45MW Cambasi
- 20MW Kusakli
- 8MW Dagdelen

WIND INSTALLED

- 30MW Canakkale

WIND PROJECTS

- 143MW Bares
- 39MW Dagpazari I
- 25MW Dagpazari II
- 10MW Bandirma

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