

# IJ League Tables – everyone's not a winner

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It's that time of year again... League Table Time. Back in the day, we used only to publish them twice a year and – frankly – that was quite enough. But no, you turn your back for seven years and it's gone quarterly. Huzzah.

As you can well imagine, in the run-up to making the league tables live – before anyone else – our toiling analysts plough through Dickensian drifts of submissions, sorting the wheat from the chaff – the toll roads from the crematoria and speciality swimwear / lingerie companies.

Yes, it's quite delicious to inform you that one of our delightful subscribers – possibly a law firm with a distinctly Iberian flavour – tried to smoke a panties company acquisition past our eagle-eyed analysts. Fat chance, buster... even if we do respect the infrastructure work involved.

As always when we publish our findings, it's interesting to gauge responses.

At one end of the scale, you have the table toppers (a select handful of players) who go all Conan The Barbarian, proclaiming the joy of crushing their enemies to see these poor souls driven before them.

These folk will spend much of this afternoon pulling together presentations to send up the line to herald that they have topped the IJ league tables and are (by implication) just amazing (quite right too).

Then you have the national rivalries – say the French and Japanese banks – and for these chaps, it doesn't matter where they appear on the table, just so long as they come higher up than their peers.

And finally, there are the serried ranks of the global infrastructure community who recognise the roles they play and who take heart from the fact that they have closed deals and are working to achieve their goals – delivering much-needed infrastructure to a world that desperately needs it.

However, let's not forget the bad losers who tend to appear in the top percentile but not as high as desired. They tend to proclaim that league tables don't really matter, pooh-poohing our findings, yet still hoping next time to come top in a sector.

At IJ, we have always taken the view that subscribers should be able to slice and dice the data to their heart's content so that they can top some table, somewhere... even if it is for advising on biomass deals in Mongolia.

Rather puts one in mind of school sports in these enlightened days – when everyone's a winner (even *that* kid... you know the one I mean) and all the children go home with a medal... just for taking part.

Oh yes, and the argument used by many that “well, yeah... we didn't do stupid deals at crazy pricing just to secure a bonus” does stand true. But let's not forget, had they received credit committee approval, they would have been only too happy to do those stupid deals at stupid pricing.

We all know people who have closed deals in the full knowledge that they will not be working at the same lender in two years' time, long after they have been paid their bonuses and left the bad smell behind them.

To this end, the rise of institutional investors in the lending space has come as a healthy development as the team members are less likely to switch roles so frequently once they have got themselves a job at the likes of Allianz, BlackRock and AMP Capital.

## League Tables

It's a very different landscape today to the one I left IJ in H1 2010. Back then, when it came to overall infrastructure lending it was all about the

French banks with BNP leading the field, lagged by CreditAg and SocGen by \$2 billion worth of transactions closed.

Quite a sea change for today's market with the global MLA league table for H1 2017 being topped by JPMorgan, RBC and MUFG (not allowed to say BTMU any more). The highest ranking French bank is CreditAg in seventh place with BNP hot on its heels in eighth and SocGen languishing in 12<sup>th</sup>.

Taking a look at this half's results – all lending activity across all sectors – it's interesting to note that the top two lenders are North American and the next three Japanese.

There has been a lot of talk in recent years about the rise of institutional investors lending direct to project finance. IJ late last year pulled together some rather interesting research across all the sectors we cover on just this subject for a presentation, using the first three quarters of 2016 figures.

This revealed that for Q1-Q3 2016, institutionals had market share of 5% for direct lending to European infrastructure (remember, this crosses all sectors from PPP to oil and gas). It showed similar findings for North America (8%) and Latin America (6%), but a very different picture in Asia Pacific where they accounted for an impressive 35%.

Looking at the underlying data for the first nine months of 2016 behind AsiaPac's impressive figures – more than a third of market share – this runs through everything from the Pacific Hydro refi through to ACT Law Courts PPP; privatisation of Osaka and New Kansai international airports; Gold Coast Rapid Transit Phase II; South Korea's Posueng Biomass Power Plant; and the PF expansion of Kauswagan coal-fired power plant in the Philippines.

When it comes to project finance in H1 2017, it's a clean sweep for the Japanese banks with MUFG leading the pack, followed by SMBC and third-placed Mizuho. ING provides the jam in this particular sandwich before the block (places 5-7) of French banks – CreditAg, BNP and SocGen (in that order).

#### **PF financial advisers**

Taking a trip down memory lane again, peering back through the mists of time to the first half of 2010, the Big 4 had a far bigger share of the market than it does today... but not the stranglehold it enjoyed back in the glory days.

A memory that is as fresh today as the day it happened is sitting down to lunch in 2005 at CreditAg (mighty fine chef, by the way) and being told by then global head of infra Michel Anastassiades that the bank was moving away from advisory and that all they were interested in was MLA roles.

That held true right up until 2007 when the market fell off a cliff and the appeal of advisory – just being able to stay in business and hold teams together – became increasingly compelling.

Nowadays the role of banks in financial advisory is staggering – and it looks set to stay that way. With the lenders who switched over to advisory when the market took a downturn finding themselves stuck in that function with little hope of making it back into origination... so might as well make the best of it.

And they have done just that – made a pretty damn good fist of it, to be fair.

And hopefully these originators-turned-advisers have come to terms with the reality that it's very unlikely (though not impossible) that they will ever make it back into origination as the next wave of associates and VPs have made their way through the system and they will get those jobs.

And so it comes as no surprise to see the H1 2017 project finance league tables dominated by banks with SMBC leading the board, followed by KPMG and RBC in third place. The next Big 4 player on the top table is Deloitte in eighth place.

A curiosity that crops up across all sections of the IJ database and league tables is the appearance of new players as banks are increasingly involved in advisory and – perhaps more important – the more exotic the nature of transactions being pushed through by increasingly-desperate teams will see some pretty damn funky deals make it over the line.

For now, cool your cotton socks, we'll have the league tables with you shortly...

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