

Overview of Korean Players' Overseas PPP Participation

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- 1. Korean Investor's PPP Participation**
2. Project Cases
3. Lessons Learned

Overseas PPP Project

Korean players have executed about 30 projects for the last 10 years

REGION



SECTOR



Power

Qurayyah CCPP, Ontario Wind Farm, Barakah Nuclear, Norte 2 CCPP, etc.



Road

Eurasia Subsea Tunnel, Canakkale Bridge, Big Almaty Ring Road



Water

Patrind Hydroelectric Power, Nenskra Hydroelectric Power, etc.



Gas / Petrochem

Manzanillo LNG Receiving Terminal, Donggi Senoro Liquefaction Plant, etc.



Others

Gaziantep Hospital, Ambatovy Nickel Mine Development

Major PPP Investors

EPC Players

Samsung C&T (E&C Group)	Kirijjale CCPP Gaziantep Hospital Qurayyah CCPP Rabigh 2 IPP
SK E&C	Eurasia Subsea Tunnel Big Almaty Ring Road Xe-Pian Xe-Namonoy Hydro Jurong Aromatics
Daelim	Canakkale Bridge

General Traders

Samsung C&T (Trading group)	Kelar CCPP Ontario Wind Farm Manzanillo LNG Receiving Terminal
Posco-Daewoo	Papua LAE 34MW Diesel Power Plant
LG	Uwei Combined Cycle Power Plant

Government Owned Corporation

K-water	Patrind Hydroelectric Power Nenskra Hydroelectric Power
KOGAS	Donggi Senoro LNG Liquefaction Plant Manzanillo LNG Receiving Terminal
KEPCO	Nghi Son 2 Coal Fired Power Plant Fujeji Wind Farm IPP3, Diesel Power Plant Norte 2 Combined Cycle Power Plant Barakah nuclear power plant
Korea Expressway	Big Almaty Ring Road

Government Owned Corporation (Potential)

KORAIL	In progress
Korea Land & Housing	In progress
Incheon Airport	In progress

Backgrounds of KIND's Incorporation

PPP business driven by EPC Contractors

- Lack of understandings for the main business nature (ex. Road, Power, Waste Treatment, etc.)
- EPC contractor's perspective rather than PPP developer's in the long run
- Middle East, Asia region heavily focused : Buyer's market → Low Return

Government owned utility companies as a new comer (excluding power and gas utility co.)

- Lack of global experience and risk averse
- O&M focused approach rather than project development

KIND was established for unique roles

- To lead development of new projects, to bring the best members to create Team Korea
- To fund projects by investment and financing arrangement

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Case 1. Eurasia Tunnel (SK E&C)



Project Description

- 14.6 km submerged tunnel
- TBM (subsea) 3.34km
- Connection Road 9.2km
- Double Decker
- Commercial Operation 2016

Sponsor

- SK E&C
- Yapi

Total Investment Cost

- 1.2B USD

EPC Cost

- 0.8B USD

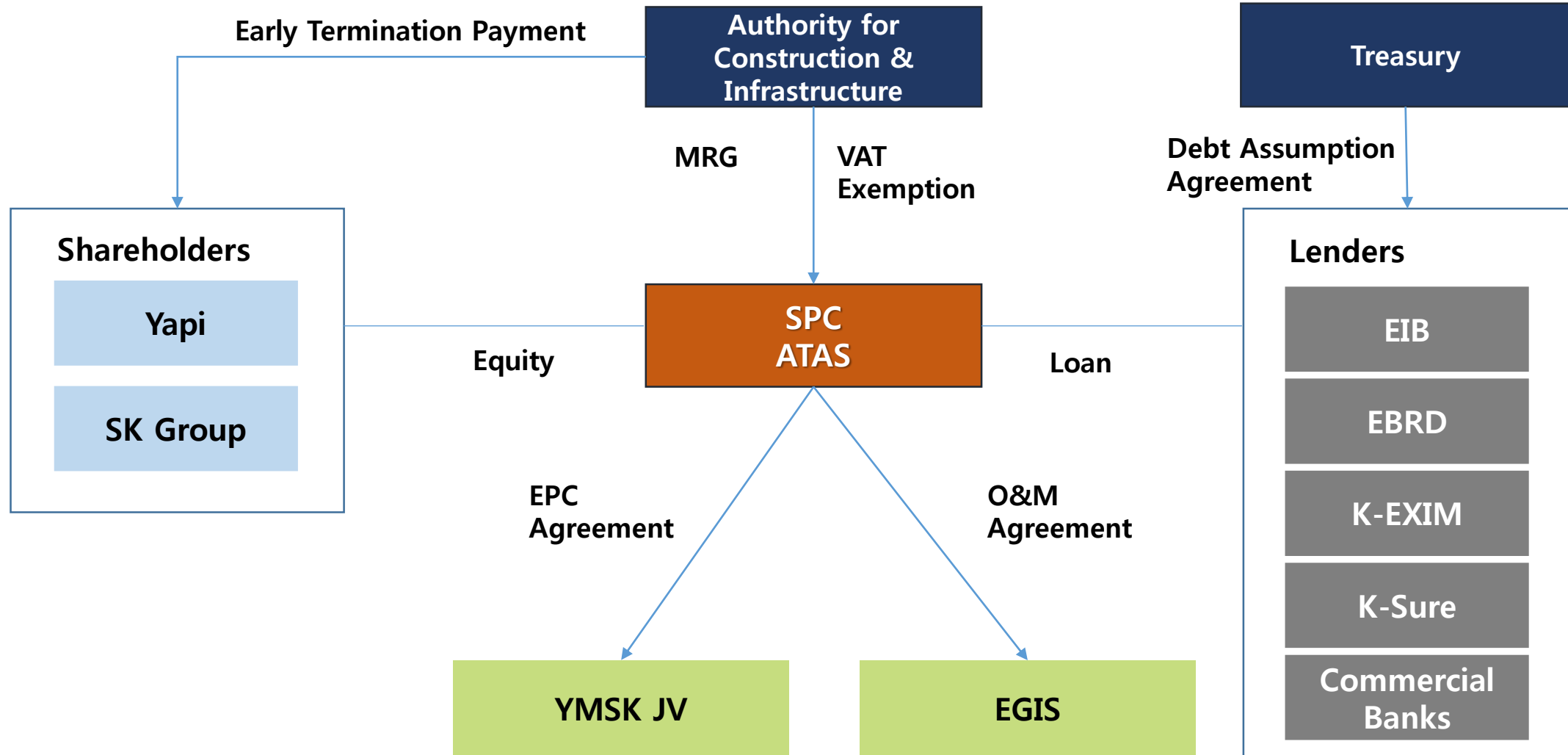
EPC Contractor

- SK E&C, Yapi JV

Business Type

- PPP (BOT)
- MRG, Debt Assumption Agreement of Turkey

Case 1. Eurasia Tunnel (SK E&C)



Case 1. Eurasia Tunnel (SK E&C)

Bid for Concession Period

- Concession Period based on financial model (incl. EPC, O&M, Financing requirement, ROE)
(A bidder who submits the shortest concession period was awarded)

Despite of global financial crisis, active government level negotiation for risk allocation led the successful financial close

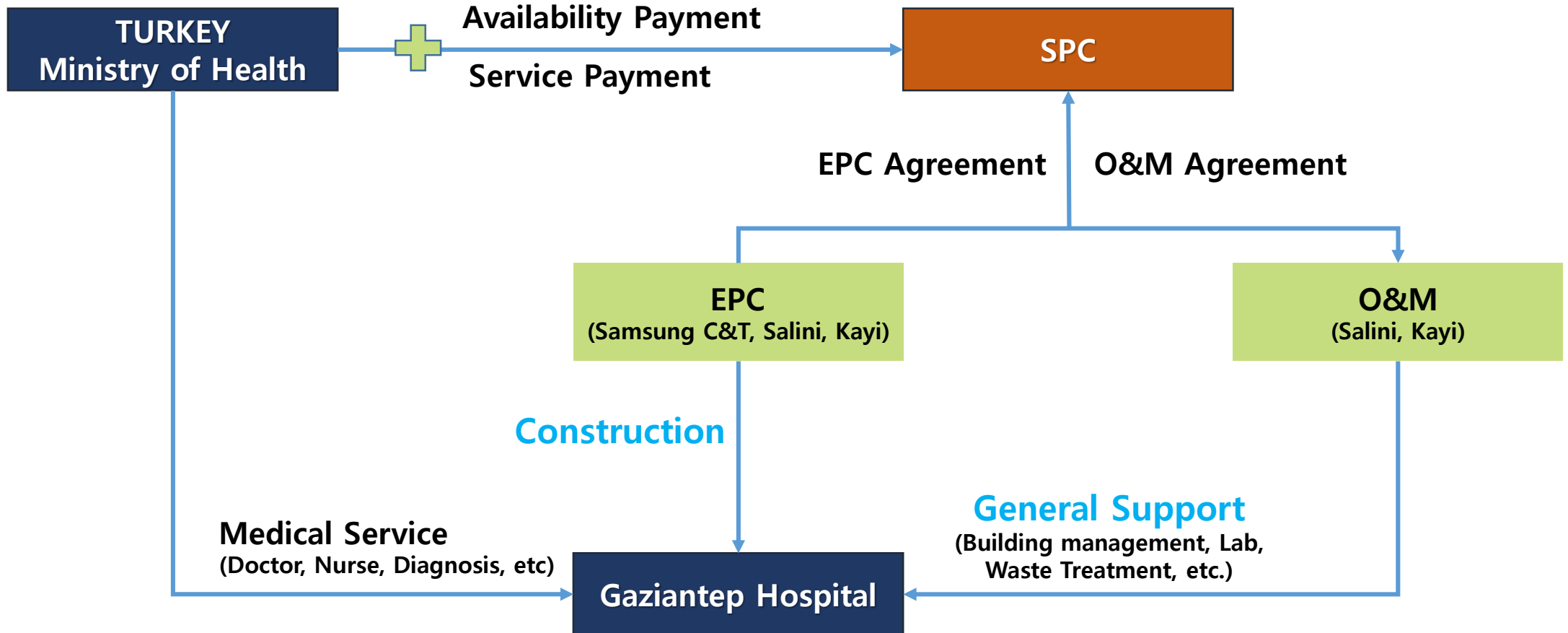
- EPC Contractor : EPC cost adjustment,
- Turkish Government : MRG, VAT exemption, Debt Assumption Agreement
Alleviated evaluation standard for social and environmental impact assessment

Case 2. Gaziantep Hospital (Samsung C&T)

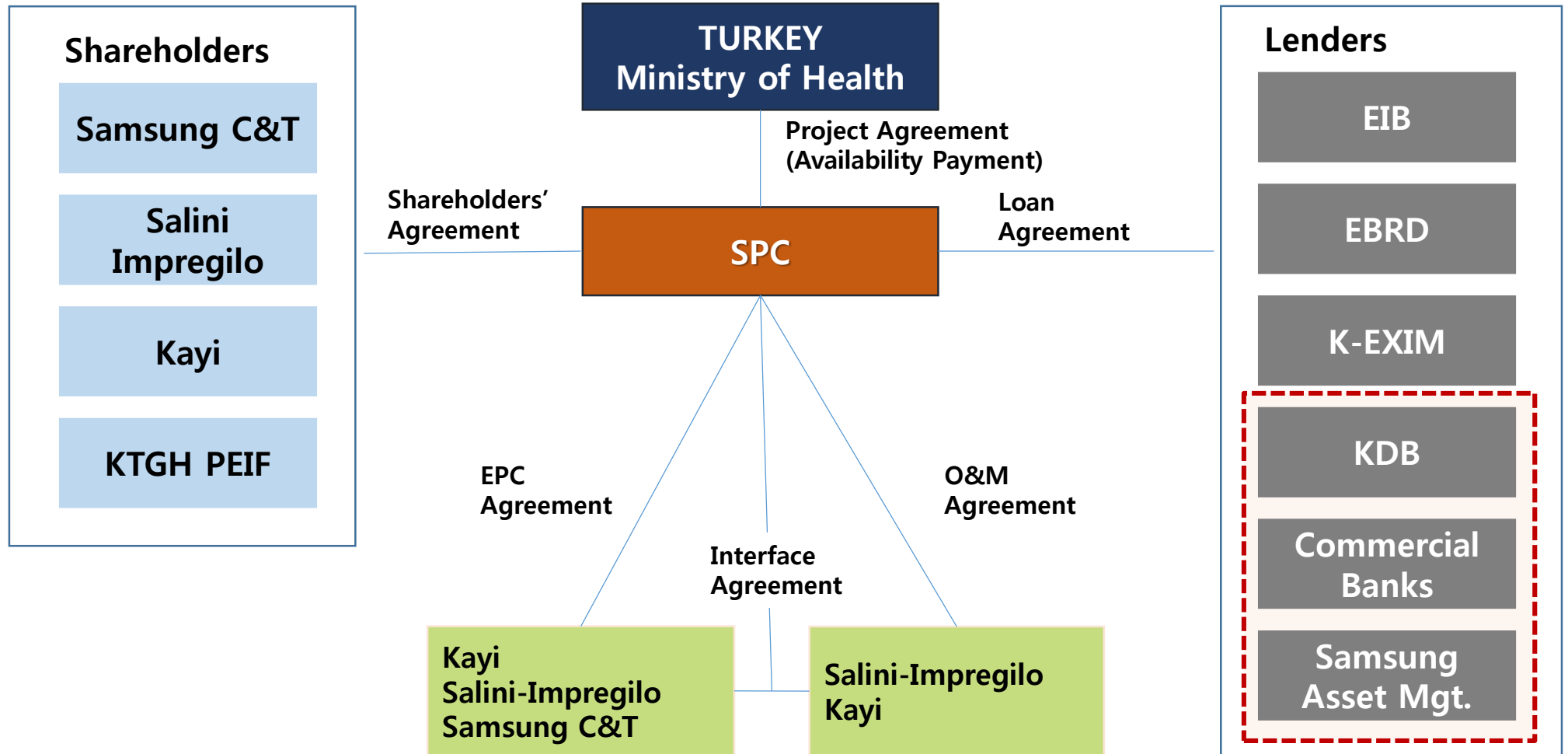


Population	• 1.9 million
Special Feature	• Industrialized City
Hospital Utilization Rate	• Average 96%
Concession Type	• BLT
Total Investment Cost	• 730M Euro

Case 2. Gaziantep Hospital (Samsung C&T)



Case 2. Gaziantep Hospital (Samsung C&T)



Covered by K-Exim, K-sure

Case 2. Gaziantep Hospital (Samsung C&T)

Risk Allocation

- Revenue Risk

- BLT (25 Years) : Steady payment regardless business performance of the hospital
- Payment Scheme : Price and foreign exchange changes were applied for payment calculation
- Revolving Fund : Availability payment is made from a revolving fund instead of the MOH budget

- Construction, O&M Risk

- Risk pass-through to EPC and O&M Contractors

Several tools for securing investment

- Concession agreement

- In case the agreement is terminated, invested amount can be collected from the government

- MIGA Insurance

- Political Risk and Breach of Contract Coverage

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Lessons from Previous Experience

Korean PPP players require;

1) Global PPP business expertise

- Financial, legal expertise and global business experience

2) Coordination between Korean EPC and O&M players

- Teaming up with Korean EPC and O&M players having expertise on its own sector

3) G2G level support

- Government level negotiation support
- ECA (KEXIM, K-Sure)

4) Financial Support

- Equity and debt financing support to finalize a deal

Lessons from Previous Experience

In order to promote Korean players' overseas PPP participation, the needs of a party who can coordinate players, facilitate a project and make investment have been highlighted



Facilitator

- to provide project opportunities
- to provide financial support for F/S
- to provide technical assistance



Coordinator

- to create optimized partnership with investors, lenders and EPC & O&M contractors
- to assist in negotiating with host governments and lenders



Investor

- to make direct investment
- to source project equity and debt financing

Korea Overseas **IN**frastructure & Urban **D**evelopment Corp.

Established in June 2018,
with the long-cherished wish of
Korea's PPP business

Reliable Companion
KIND

Korea Overseas Infrastructure & Urban Development Corp.

Structure

Governed by MOLIT,
Equity investment from Gov. agencies & ECA



Organization

PPP experts from the public and private sectors
are building KIND, a reliable partner



Korea Overseas Infrastructure & Urban Development Corp.

Main Area

KIND focuses on 5 infrastructure types but not exclusively



Transportation Infrastructure



Urban Development



Power and Energy



Hydrocarbon and Industrial Plant



Water Resources and Environment

Service Provided

During the whole life cycle of PPP projects, KIND provides comprehensive project support



Project Identification

- Market Intelligence through global network
- Develop business proposal to partner gov.



Project Development

- Funding for F/S, Concept Planning
- Leader of Team Korea
- Risk identification and maintenance



Financial Support

- Equity Investor, Mezzanine financier
- Transaction / Financial Advisory

Thank You

