

MDV – Innovative Technology Financier

ST ESCO Financing Seminar

21st October 2014



About MDV

BACKGROUND

- Wholly owned by the Minister of Finance Inc, Malaysia;
- Started operations in 2003 with initial funding dedicated for ICT;
- Total fund size of RM 4 billion to finance ICT, Biotechnology and Green Energy projects;
- Dual Role – Innovative Financier and Development Facilitator for ICT, Biotechnology and Green Energy sector;
- MDV has disbursed more than RM7.0 billion in financing for projects;
- MDV has financed approximately 599 technology companies, of which approx. 73% were SMEs



2002

INFORMATION & COMMUNICATION TECHNOLOGY

Technologies for gathering, storing, retrieving, processing, analysing, and transmitting information



2008

BIOTECHNOLOGY

Use of living organisms or biological techniques to provide chemicals, drugs, food and services

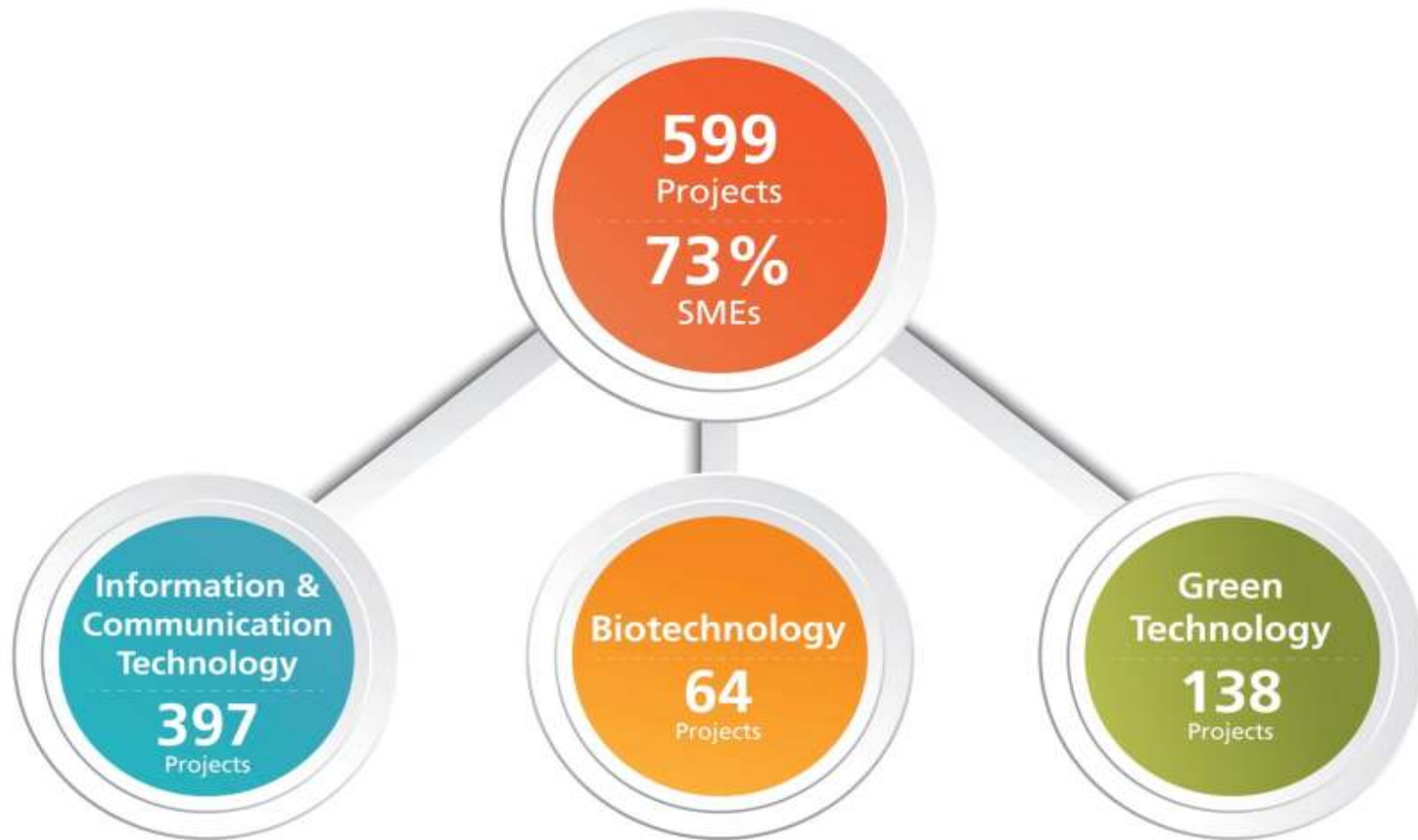


2011

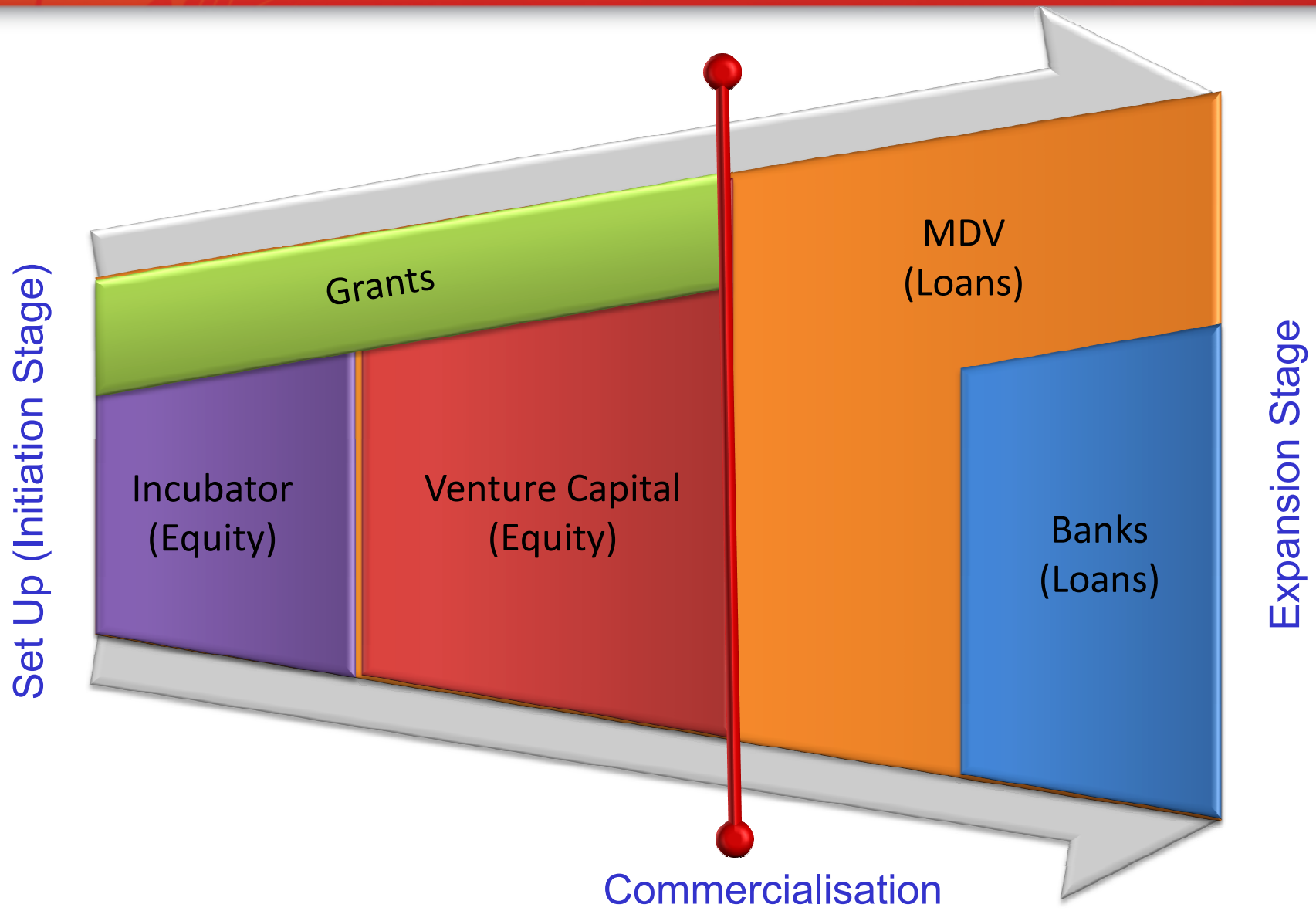
GREEN TECHNOLOGY

Products and services that (1) provide superior performance competitively, (2) reduce or eliminate negative environmental impacts and (3) improve productive and sustainable use of resources


Technology Focus



When MDV can finance



MDV'S Unique Value Proposition vs Banks & VCs

FIs		VCs
<ul style="list-style-type: none"> ▪ Floating Rates – Purely Risk Based ▪ Payment terms <ul style="list-style-type: none"> - Accrual interest - Scheduled payment ▪ Collateral <ul style="list-style-type: none"> - Hard Collaterals (All) - CGC Guarantees ▪ DD based on 5 Cs of Credit <ul style="list-style-type: none"> - Character, Capital, Capacity, Collateral, Condition ▪ Sectoral exposure <ul style="list-style-type: none"> - Old economy ▪ Fees & Charges <ul style="list-style-type: none"> - Profit motive 	<ul style="list-style-type: none"> ▪ Fixed Rates – Subsidised Risk Adjusted Based ▪ Payment terms <ul style="list-style-type: none"> - Upfront interest - Cash flow based payment ▪ Collateral <ul style="list-style-type: none"> - Hard Collaterals (Selective) - Soft Collaterals ▪ DD tailored for Tech based on 5 key areas <ul style="list-style-type: none"> - Management, Technical, Legal, Financial, Collateral ▪ Sectoral exposure <ul style="list-style-type: none"> - Emerging tech sectors ▪ Fees & Charges <ul style="list-style-type: none"> - Cost recovery 	<ul style="list-style-type: none"> ▪ MDV offers loans/ financing, and does not invest in equity like VCs ▪ VCs dilute Owners equity unlike MDV <ul style="list-style-type: none"> - VCs consume part of shareholder value ▪ Customer must share control over management unlike debt ▪ No valuation issue relating to MDV financing unlike complex investment/ valuation process of VCs ▪ No Clear exit: Exits depend on Market conditions unlike Loan Repayment ▪ MDV complements rather than compete with VCs and other equity investors



MDV Products



Core Financing Products

DIRECT CONTRACT PROJECT FINANCING *(Islamic & Conventional)*

- ❖ To finance implementation of contract-backed projects, via term financing for Capex and revolving financing for Working Capital
- ❖ Up to 85% of the value of the contract can be financed
- ❖ Financing from RM2 million up to RM120 million for up to ten years

OPEN-ENDED PROJECT FINANCING *(Islamic & Conventional)*

- ❖ Structured to fund exceptional open-ended (i.e. non contract-backed) projects with high likelihood of project success and profitability, via term financing for Capex and revolving financing for Working Capital
- ❖ Up to 85% of the value of the contract can be financed
- ❖ Financing from RM2 million up to RM120 million for up to ten years

PARTNER BANK GUARANTEE & TRADE FACILITIES *(Islamic & Conventional)*

- ❖ MDV Partner Bank Facilities involve provision of additional facilities by Partner Banks, fully backed against MDV's credit facilities to customers
- ❖ These facilities complement the Project Financing provided directly by MDV

Complementary Financing Products

i-FACTORING

- ❖ Enable customer with billings to high quality sponsors to access quick financing
- ❖ A liquidity solution for customers

EQUITY LINKED FINANCING STRUCTURES *(Islamic & Conventional)*

- ❖ Option to convert debt into equity at a favourable opportunity
- ❖ Up to 10% of customers PUC
- ❖ Reduces dependence & consumption of cash flow for repayment
- ❖ Enables rate discounts to improve customer cash flow

PREMIER CASH LINE

- ❖ Clean cash-line facility offered to pre-qualified customers of MDV
- ❖ Up to RM5 million for up to 5 years
- ❖ A low-documentation & low cost liquidity facility for MDV's top-rated customers



MDV Financing Programmes



Development Programs

COMMERCIALISATION FINANCING

- ❖ To finance commercialisation of proven technology based products/ services
- ❖ Loan size up to RM5 million for up to 10 years
- ❖ Funded via Mudarabah Profit Sharing partnership with Govt.

SMALL CONTRACT/ PROJECT FINANCING

- ❖ Fast processing turn-around
- ❖ Loan sizes from RM500,000 up to RM2 million for up to 10 years

GREEN TECHNOLOGY FINANCING SCHEME

- ❖ Leveraging on MDV's strength as an innovative technology financier
- ❖ Up to RM50 million for up to 15 years
- ❖ 2% p.a. interest/ profit equalization and 60% principal guarantee provided by Govt.

Development Programs

INTELLECTUAL PROPERTY FINANCING SCHEME

- ❖ Leveraging on MDV's strength as an innovative technology financier
- ❖ Up to RM10 million or 80% of valued IP for up to 5 years
- ❖ 2% p.a. interest/ profit equalization and 50% principal guarantee provided by Govt.

BUMIPUTERA BIOTECHNOLOGY & BI-INDUSTRY FUND

- ❖ To develop core group of Bumiputera entrepreneurs/ companies in Biotechnology and Bio-Industry sectors
- ❖ Financing up to 100% of contract cost but not more than RM5 million for up to 10 years at subsidised rate of 3-4%
- ❖ Ceiling of RM20 million funded by MOSTI & Jointly run with Biotech Corp

MDV-MSC ICT ADOPTION PROGRAM

- ❖ Collaboration with MSC to provide financing for purchase of MSC companies goods/ services
- ❖ Up to RM2 million or 75% of purchase cost for up to 5 years



MDV Requirements and Processes

**Eligibility
Criteria**

- Public or private limited company **incorporated in Malaysia**
- Minimum paid-up share capital of **RM100,000**
- Minimum **five (5)** employees
- No restriction on foreign shareholding
- With **ICT/Biotech/ Green/Clean Tech contracts** (local & foreign)

**Application
Criteria**

- **Loan Size** - financing up to 85% of contract value or total project cost, with loan size up to **RM120 million**
- **Loan Tenure** - Repayment period between 1, 5, 10 years
- **Loan Repayment** - Flexible repayment terms that are aligned to the cash flow of your project
- **Collateral** - Do NOT necessarily require hard and cash collaterals
- **Equity Structure** - NO specific requirement

**Evaluation
Criteria**

- **Management Risk**
- **Technical Risk**
- **Financial Risk**
- **Legal Risk**
- **Collateral Risk**
- **Performance Risk**

Financing Technologies - DUE-DILIGENCE TOOLBOX



**MANAGEMENT
CAPABILITIES**



**TECHNOLOGY
REVIEW**



**PROJECT
PLANNING**



**COMPARABLE
ANALYSIS**



**COST
REASONABLENESS**

Financing Structures by MDV



**PROJECT
FINANCING**



Customised

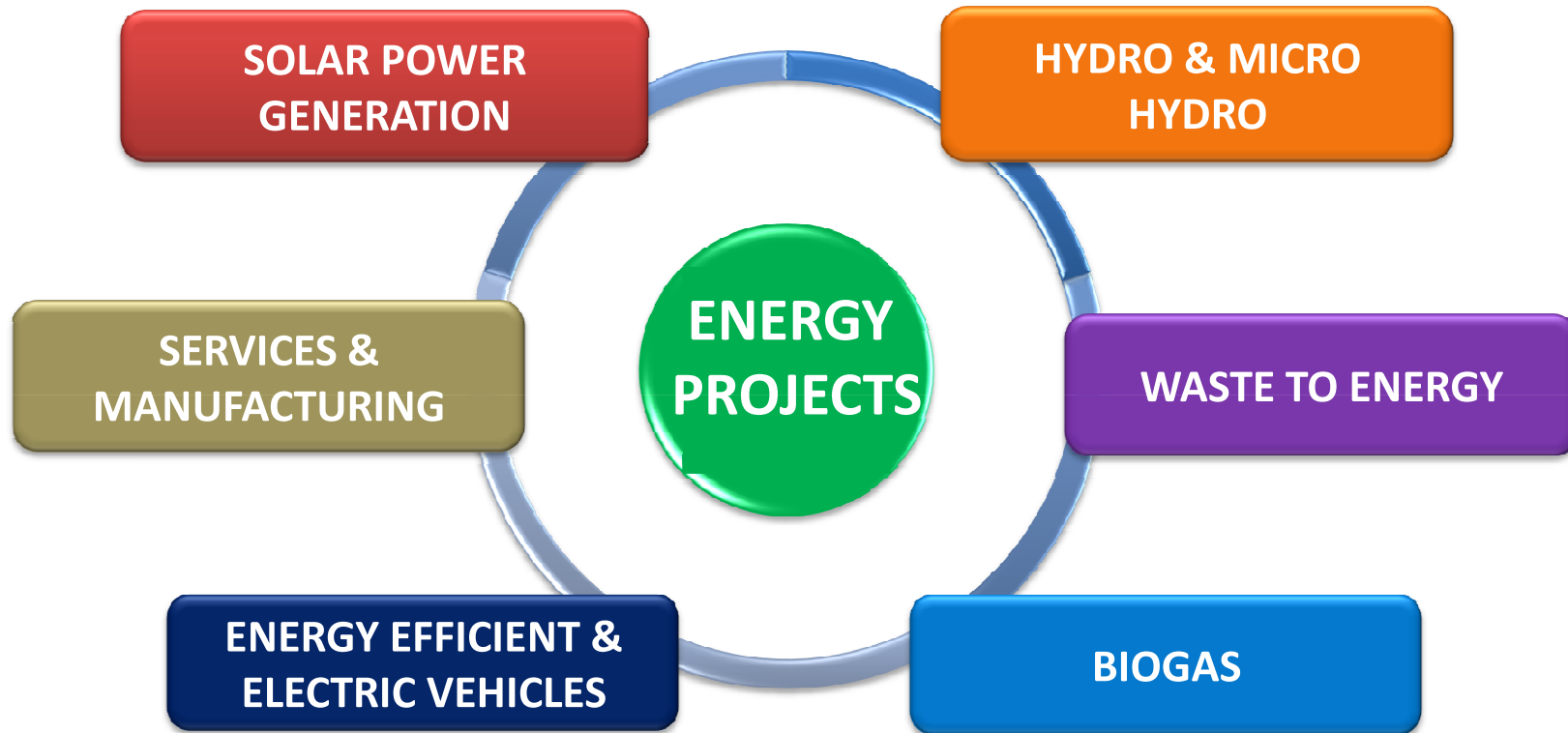
Flexible

**PROGRAMME
FINANCING**



Cost-Effective

Energy Projects Funded By MDV



Thank You



Question & Answer Session



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