

Malaysia Debt Ventures Berhad

Presentation @ EE Challenge 2014

18 December 2014

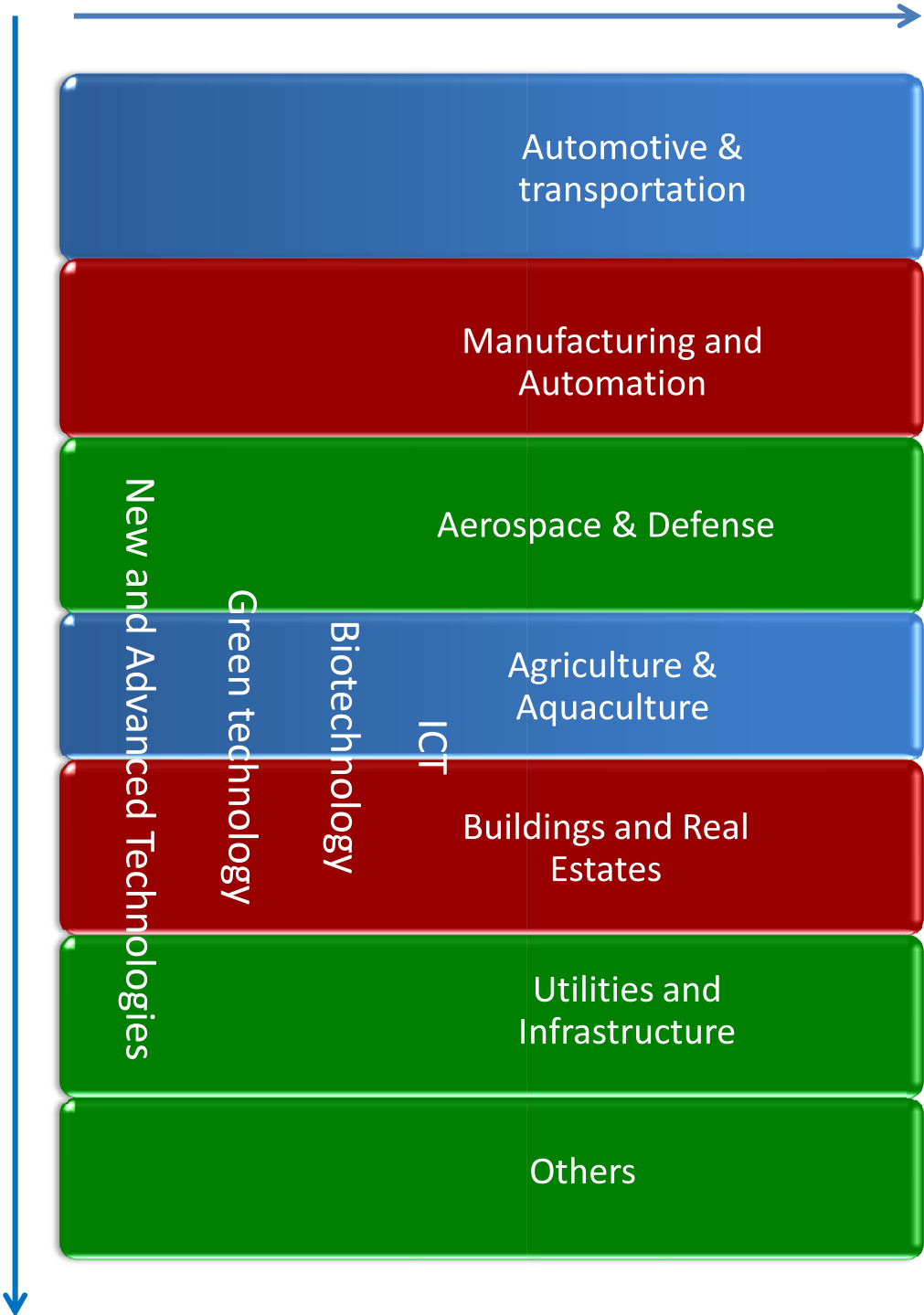


1. About MDV

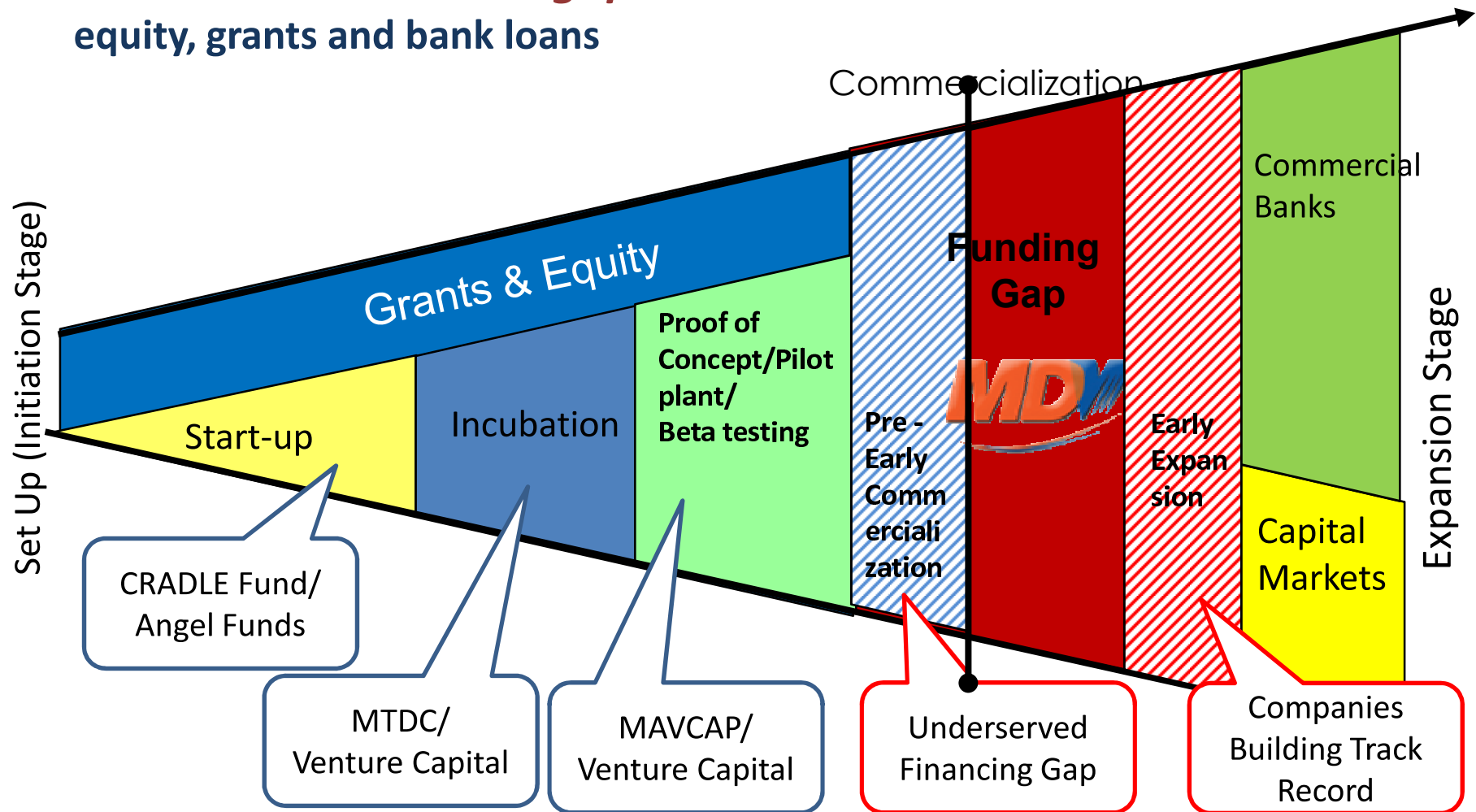
BACKGROUND

- Subsidiary of the Minister of Finance Inc, Malaysia
- Started operations in 2003 with initial funding dedicated for **ICT** expanded to **Biotech** in 2008 & **Green Tech** in 2011
- Total **fund size** of more than **RM4 billion** to finance ICT, Biotechnology and Green Technology projects
- MDV has approved **RM6.25 billion in financing** for projects
- MDV has financed almost **600 technology projects**, of which approx. **73% were SMEs & 58% Bumiputera**

Sectors (Vertical)



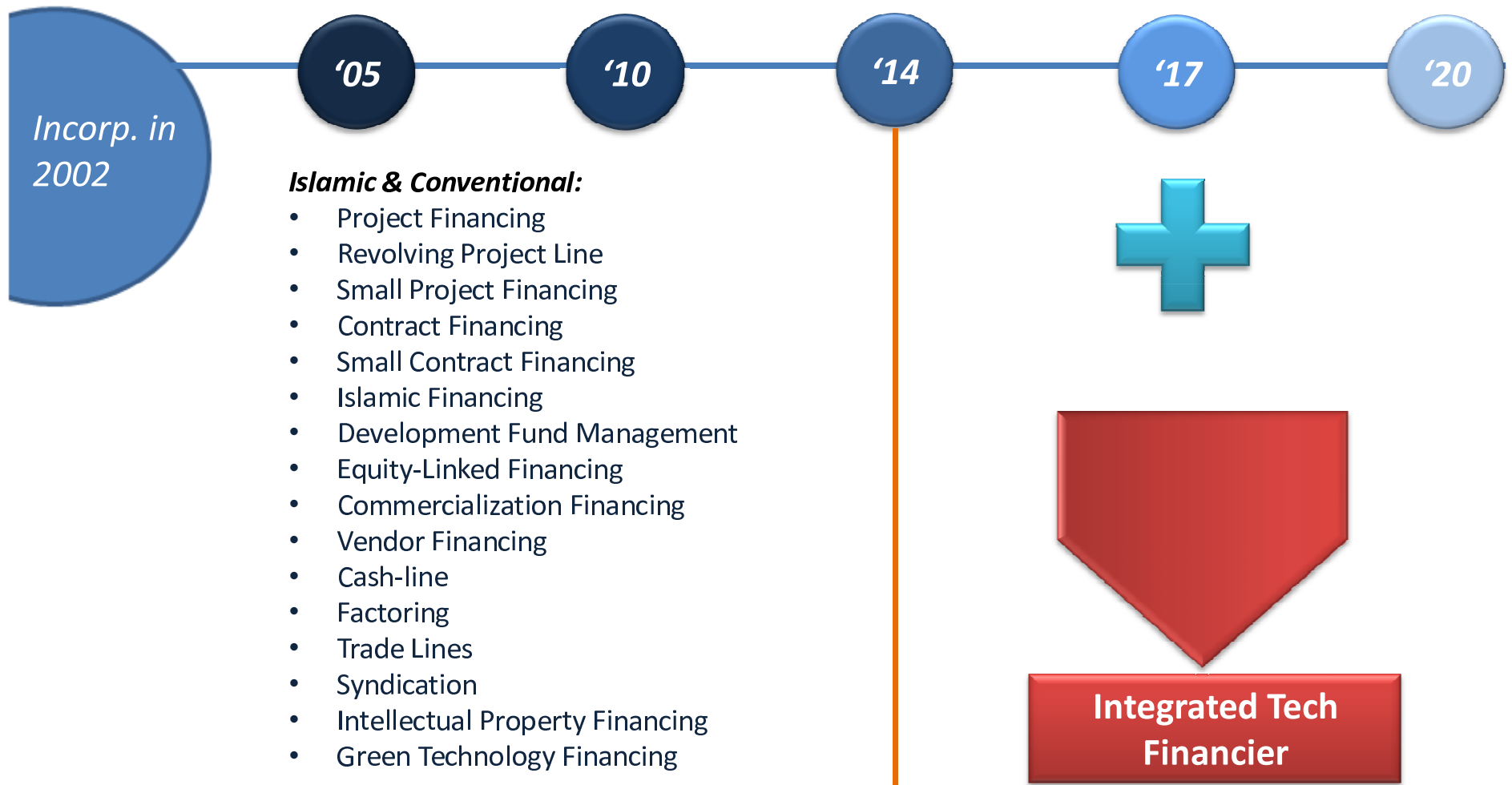
MDV fills in the **critical gap** in venture market between equity, grants and bank loans





2. MDV'S Future Roadmap

MDV has **continuously reinvented itself** to meet financing needs of Nation's tech sectors





3. MDV'S Core Criteria

**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
- Require financing for a project/ contract involving technology inputs/ outcome

**Application
Criteria**

- **Loan Size** - financing up to lower of 80% of contract value or total project cost, with loan size from RM250,000 to **RM120 million**
- **Loan Tenure** - Repayment period up to 5 years (ICT)/ 10 years (Biotech) / 15 years (Green Tech)
- **Loan Repayment** - Flexible repayment terms that are aligned to the cash flow of your project
- **Collateral** - Do NOT necessarily require hard and cash collaterals

**Main documents
required for Contract
Financing**

- Full set of 3 years Audited Accounts & latest management account
- Certified True Copy of Letter of Award or main contract documents
- Company Profile including shareholders, directors and management team & technical team
- Due diligence Fees
- Application Letter

Management	<ul style="list-style-type: none">• Business/Operations Qualifications and Track Records• Management/Owner credit history
Technical	<ul style="list-style-type: none">• Technical team expertise and experience• Project management track record
Legal	<ul style="list-style-type: none">• 'Bankable' Sponsor and Supplier contracts• Updated statutory records
Financial	<ul style="list-style-type: none">• Viable project with strong margins• Funding requirements match project cashflow• Strong company assets/cashflow
Collateral	<ul style="list-style-type: none">• Direct assignment from Contract/Project Sponsor• Personal/Corporate Guarantee for commitment

MDV vs Banks

	FIs	MDV
Rates	<ul style="list-style-type: none"> Floating Rates – Purely Risk Based 	<ul style="list-style-type: none"> Fixed Rates – Subsidised Risk Adjusted Based
Payment Terms	<ul style="list-style-type: none"> Accrual interest Scheduled payment 	<ul style="list-style-type: none"> Upfront interest Cash flow based payment
Collateral	<ul style="list-style-type: none"> Prefer Hard Collaterals like land buildings, sinking fund, Fixed Deposits, Assignment of proceeds Other guarantees CGC Guarantees Take all 	<ul style="list-style-type: none"> Soft Collaterals like guarantees Intellectual Properties Hard Collaterals (Selective and only for very weak projects)
Due Diligence Methodology	<ul style="list-style-type: none"> DD based on 5 Cs of Credit: <ul style="list-style-type: none"> Character, Capital, Capacity, Collateral, Condition 	<ul style="list-style-type: none"> DD tailored for Tech based on 5 key areas: <ul style="list-style-type: none"> Management, Technical, Financial, Legal, Collateral
Sectoral Exposure	<ul style="list-style-type: none"> Matured Sectors, Infrastructure 	<ul style="list-style-type: none"> ICT, New & Emerging tech sectors
Focus	<ul style="list-style-type: none"> Mature/companies with good track records, Low Debt Equity Contract financing 	<ul style="list-style-type: none"> Small companies with strong and capable management team and viable projects
Fees & Charges	<ul style="list-style-type: none"> Profit motive 	<ul style="list-style-type: none"> Cost recovery



4. MDV 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 RM0.5 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 RM0.5 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

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



5. MDV 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.
- ❖ **RM40 million funds**

**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.
- ❖ **RM500 million funds**

**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.
- ❖ **RM200 million funds**

GREEN LANE POLICY

- ❖ Adding MDV's strength in technology and early stage financing to the Green Lane Policy for SMEs
- ❖ Loan size up to RM5 million for up to 5 years
- ❖ 2% p.a. interest/ profit equalization payment and waiver of stamp duty by Govt.

JKH PROGRAM

- ❖ A scheme in collaboration with Telekom Malaysia for its HSBB vendors
- ❖ Loan size from RM250,000 to RM5 million
- ❖ Approval within 7 days
- ❖ Financing up to 85% of contract value for up to 5 years
- ❖ Profit rate of 6.75% p.a. on daily rest basis

SME-ICT ADOPTION

- ❖ For Eligible SMEs to procure, install and/or commission products and services of eligible IT systems from pre-identified MSC ICT companies
- ❖ For pre-identified MSC ICT companies to provide vendor financing to their customers

GOVERNMENT DIRECT CONTRACT

- ❖ A special financing scheme extended to companies that have secured government ICT/ ICT related/ BioTech or Green Tech projects
- ❖ Loan Size up to RM5million
- ❖ Financing up to 85% of contract value for up to 3 years.
- ❖ Competitive rate on daily rest basis and flexible repayment periods

B3DF PROGRAM

- ❖ A RM20 million fund to promote Bumiputera uptake in Biotech sector
- ❖ In collaboration with MOSTI and Biotech Corp
- ❖ Loan size up to RM5 million with profit rate of 3% per annum,
- ❖ Financing up to 85% of contract value for up to 5 years.



6. MDV Processes and Timelines

FROM COMPLETE APPLICATION TO APPROVAL

Open-ended financing	30 working days
Direct Financing	21 working days
Commercialization Financing	14 working days
Green Lane Financing	14 working days
i-Factoring	7 working days



6. MDV Funded Successes

Section 7

Selected MDV Success Stories in Financing Tech Companies

These companies started off with very small turnover but with MDV financing have now become world class companies ...



AQUARIA KLCC
WORLD-CLASS AQUARIUM WITH MULTI MEDIA EXPERIENCE AND PREMIER MALAYSIAN ATTRACTION WITH 95,000 VISITORS PER MONTH.



Wireless Broadband
WiMAX WIRELESS BROADBAND WITH 400,000 SUBSCRIBERS AND 500 SITES



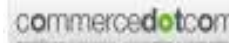
DATA CENTERS
OPERATION OF DATA CENTERS, IP TRANSIT SERVICE, AND ENGINEERING SUPPORT



Bio-Informatics
CENTRE FOR GENOMIC SCIENCE, FOCUSING ON GENOMIC TECHNOLOGIES FOR CROP IMPROVEMENT



Biomass Energy
BIOMASS-BASED BOILER SYSTEMS FOR ALL SECTORS



ePEROLEHAN
DEVELOPER AND MANAGER ePROCUREMENT SYSTEM – RM80 Billion purchases annually



ItraMAS Corporation

IT IS
MALAYSIA-WIDE TRAFFIC MANAGEMENT SYSTEM AND TRAVELLER INFO SYSTEM



3D ANIMATION
PRODUCER OF 'UPIN & IPIN' AND 'GENG: PENGEMBARAAN BERMULA'



DIGITAL CONTENT
COMPUTER AND VIDEO GAME DEVELOPMENT, WITH DIRT 1 & 2, COLIN MCRAE SERIES



Digital Content
3D ANIMATED FEATURE FILM 'RIBBIT'



eTANAH
INTEGRATED LAND MANAGEMENT AND ADMIN SYSTEM FOR LAND OFFICES THROUGHOUT MALAYSIA



Military Flight Sim
FLIGHT SIMULATOR AND MISSION CONTROL SYSTEMS



PRIS (Police Reporting System)
AUTOMATION OF PUBLIC COMPLAINTS REPORTING STRUCTURE AT POLICE STATIONS,

And many more others ...



Question & Answer Session





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Thank you

