

# Challenges of Business Deployment in Overseas

Promoting Investment in the Energy Sector  
from an international investor's viewpoint

**October 16, 2013**



## Marubeni as a Sogo Shosha

- The Japanese sogo shosha is a collection of various groups involved in different business fields. Each part of the organization has something unique to offer to the group, thereby, making it a formidable player in international trade.
- Marubeni's transactions are greatly diversified among domestic, export, import and 3rd country (offshore) trade. Over 60% are transactions done with a country outside Japan. These activities involve trade, investments, wholesale, retail, counter trade, and financing.
- On the worldwide scale, Marubeni operates through its global network composed of:
  - 120 offices (branches and subsidiaries) in 65 countries
  - 4,166 employees (excluding 1,841 overseas employees)

# Promoting Investment in the Energy Sector

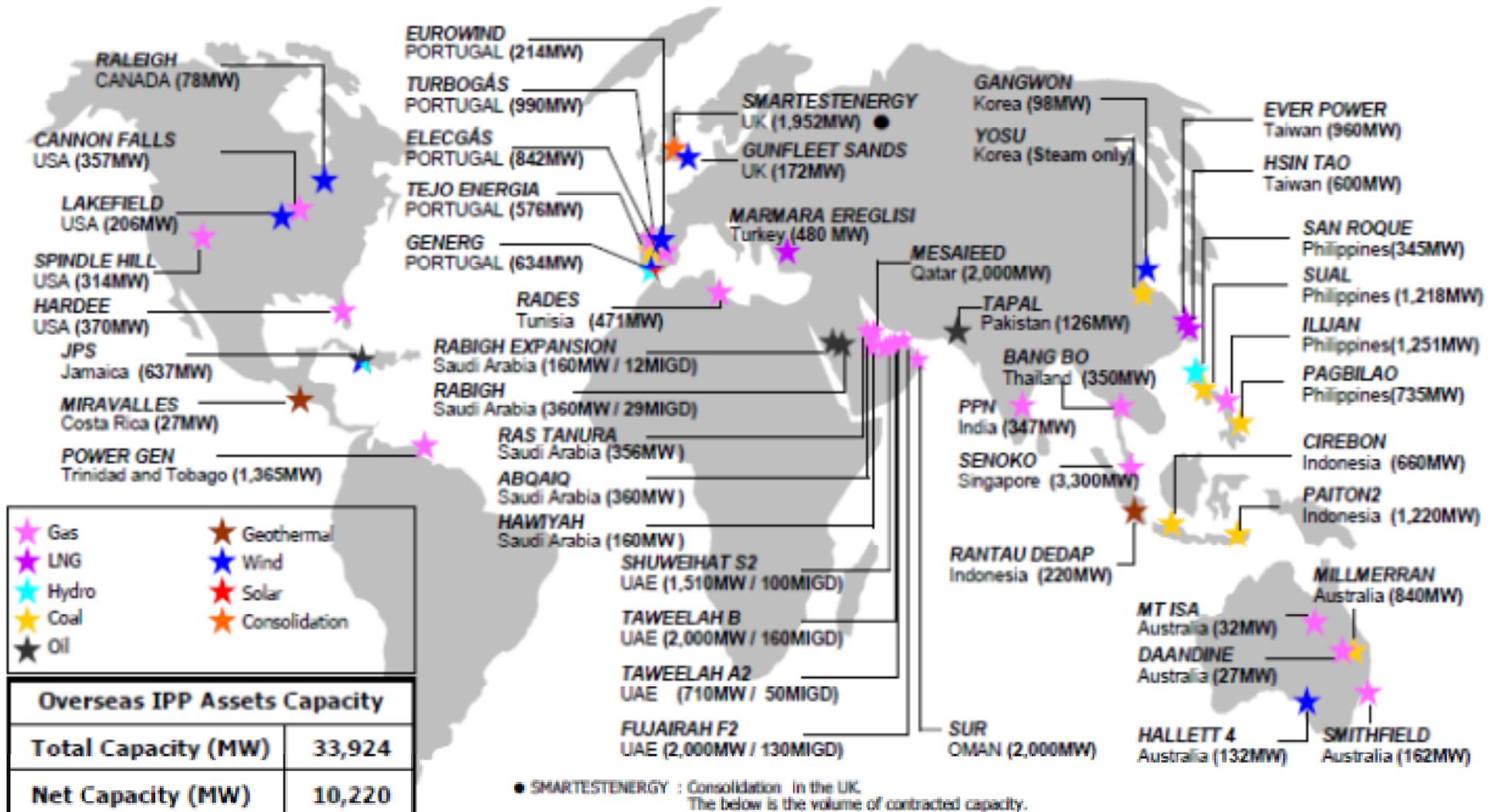
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## Marubeni in the Philippines

- Marubeni's operations in the Philippines remains one of the oldest and the most important among its network of companies worldwide.
- Marubeni started overseas activities in the Philippines in 1909 as trader of textile and abaca. Branches in Cebu and Iloilo in the 1920's and Davao in the 1930's were opened to begin the network in the country.
- Today, Marubeni seeks to aggressively promote infrastructure projects, attract foreign investments, advance endeavors in Information Technology, enhance agriculture-related businesses and other basic industries.
- In the Energy and Power sector, Marubeni is aiming in the long run to maintain its contribution level to the country (currently at a gross capacity of 3549MW) by developing, building and owning power plants.
- Our approach is from three different angles;
  - Conventional Coal : Imminent power demand
  - Renewable Energy : Environmental / Utilization of indigenous resources
  - LNG : Energy mix / Environmental

# Promoting Investment in the Energy Sector

## Marubeni's IPP Portfolio (as of September 30, 2013)



# Promoting Investment in the Energy Sector

## IPPs in the Philippines

**Marubeni invests into 4 power plants with total capacity of 3,549MW in the Philippines.**

### **SAN ROQUE / Hydro (345MW)**

Marubeni's share = 50% (Kansai Electric = 50%)

### **Sual / Coal (1,218MW)**

TeaM Energy's share = 100%

### **Pagbilao / Coal (735MW)**

TeaM Energy's = 100%

### **Ilijan / Gas (1,251MW)**

TeaM Energy's share = 20%

**TeaM Energy**

(Marubeni 50% + Tokyo Electric 50%)

**3,549MW is equal to 23.5 % of the entire country's dependable capacity (or 31 % of the Luzon grid).**

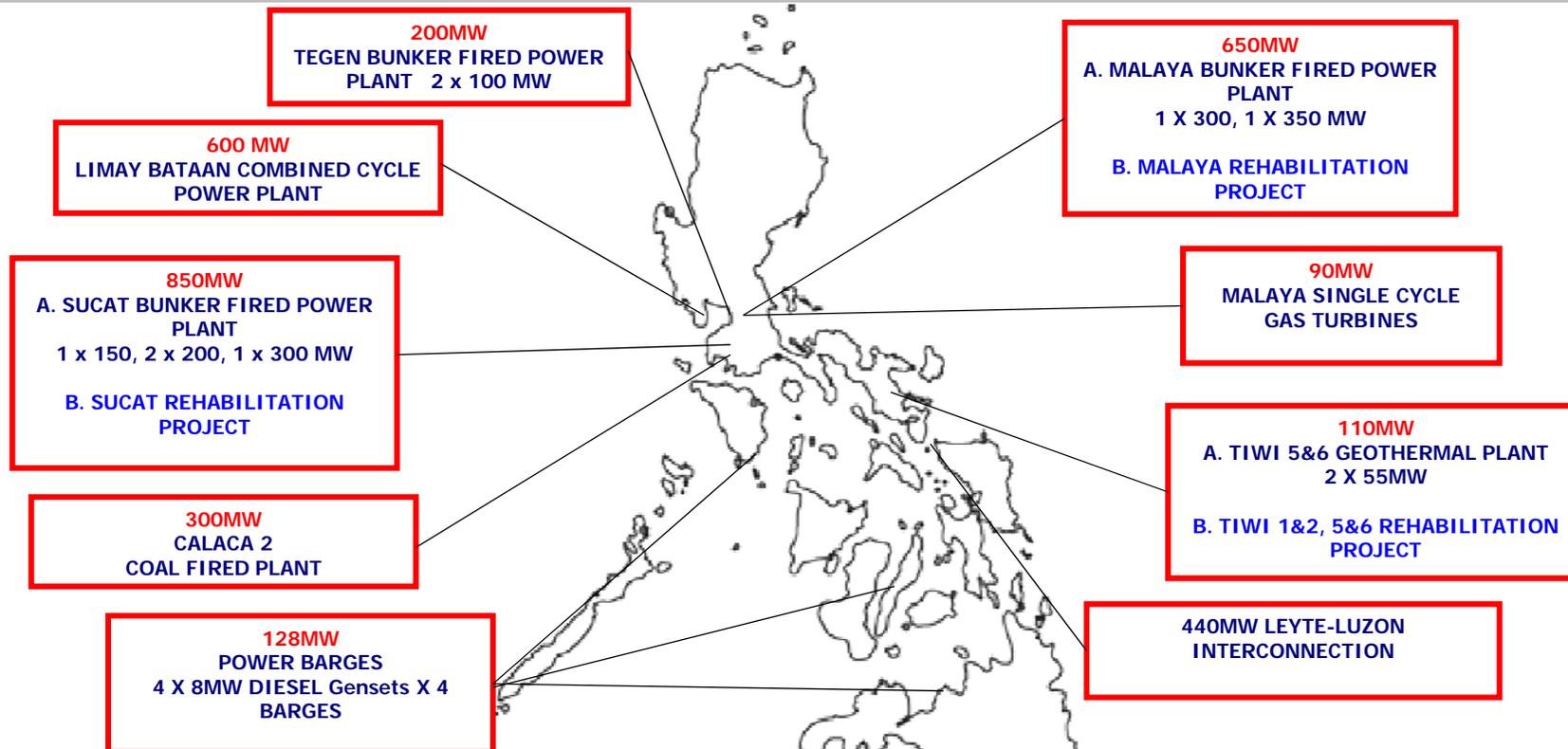
**= Marubeni is one of the biggest power players in the Philippines.**

**Out of 33,924MW of Marubeni's IPP portfolio, 3,549MW are located in the Philippines.**

**= The Philippines is one of the most important market for Marubeni.**

# Promoting Investment in the Energy Sector

## EPC Track Record in the Philippines



**Marubeni started its power business in the Philippine in 1963 as EPC contractor and has completed more than 10 projects.**

*(Marubeni has been in business in the Philippines for more than 100 years.)*

## The Ideal Situation...

- Free competition
- Minimal restrictions
- Policy driven
- Transparency in / Simplification of the permitting system
- Government's active promotion of greenfield development
- Equal opportunity

## Policy Driven

- The DOE is currently renewing the Philippine Energy Plan
- Power Development Program to determine strategic orientation of potential projects
- Government's support towards projects in line with the Program.

What kind of support ?

## Expedited Clearance and Permit Procedure

- Transparency in /  
Simplification of the permitting system
- Concept of Creating a One Stop Shop?

## Government's active promotion of greenfield development

- ❖ Coal's unparalleled competitiveness in the merit order system
  - ❖ Finite gas supply from Malampaya
  - ❖ Rich sources of renewable energy
- Promotion by restriction or by incentives?
    - ❖ Ideal energy mix
    - ❖ Underlying shortage of power

## Equal Opportunity

- Liberalize the nationality requirement of 60/40 to 50/50 (Filipino / Foreign) on foreign ownership of land and/or natural resources
  - ❖ The presence of already established energy giants
  - ❖ The scale of investment in case of energy / power

# Promoting Investment in the Energy Sector

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Thank you.