



Global, local loan accords 'confidence vote' for MNTC: US\$100 million, P5.5 billion loans Manila North Tollways Corporation (MNTC) successfully closed its USD210 million-equivalent refinancing facility with a consortium of global, local and other financial institutions with ING Bank, N.V. and Mizuho Corporate Bank Ltd acting as Joint Coordinating Arrangers.

Mizuho was the Arranger and Underwriter for the USD100 million long-term USD facility while BDO Capital and Investment Corporation and ING Bank, N.V. were Joint Lead Managers for the PhP5.5 billion 7-year fixed rate corporate note issue. There were 23 participating lenders to the multi-tranche facility consisting of supranational and multi-lateral agencies, including a good mix of big global banks and the country's biggest banks, trust groups, and insurance companies.

The overwhelming response from the lenders was a vote of confidence on the firm's good performance and long-term viability, according to Manuel Salak III, the Country Manager of ING Bank N.V., Manila Branch. In his remarks before the biggest gathering of lenders held at EDSA Shangri-la Hotel, MNTC Chairman Oscar M. Lopez noted that investors' and creditors' vote of confidence is given to projects "that are judiciously managed and those that yield planned results."

Eduardo V. Franciso, BDO Capital's EVP, added that MNTC's financial strength was likewise confirmed by the "PRS Aaa" rating given by Philratings on the FXCN, the highest possible credit rating on the rating agency's domestic rating scale and the approval given by the Insurance Commission for the FXCN to be eligible reserve assets for insurance companies.

This highest credit rating was attained despite the lack of a government guarantee supporting the project. MNTC increased the issue size by 83% from the announced issue size of PhP3.0 billion to PhP5.5 billion after the issue received subscriptions amounting to PhP7.1 billion.

The FXCN facility will be used to partially redenominate MNTC's USD-denominated loans into local currency, effectively reducing its vulnerability to foreign exchange fluctuations. Citing the optimal mix of dollar and peso denominated loans, MNTC President Jose P. de Jesus underscored the need to shield the North Luzon Expressway (NLEX) project from foreign exchange risks, saying: "A good project like the NLEX must not suffer simply because we have not shielded it from risks – financial or otherwise. Our financing transaction will provide us a stronger balance sheet to support initiatives that we intend to pursue to further improve service to our motorists."

De Jesus added that at the start of the NLEX project, the loan financing that funded the then new project was wholly dollar-denominated starting July 2001, for which Lopez thanked the consortium of foreign banks for "their faith in us at a time when the North Luzon Expressway was yet a new idea – and thus was facing a new uncertainty."

Also cited at the signing ceremonies is the action taken by the original international creditors to remain as lenders the US\$100 million loan, "which speaks well of their continuing confidence in MNTC," averred Mitsutoshi Mizuno, Deputy General Manager of Mizuho Corporate Bank's Project Finance Division, who added that "this becomes even more remarkable because all the loans did not require government guarantee." The international lending group now includes the Asian Development Bank, the export credit agencies of France and Australia and 4 global commercial banks.

MNTC is the biggest private toll concessionaire in the Philippines, with concession rights covering the largest expressway in the country, the North Luzon Expressway (NLEX). The NLEX boasts of world-class facilities which include a 138-km lane of new road capacity, 3 new interchanges and 3 new toll plazas, with traffic management and safety measures at par with international standards. The expressway is one of the biggest infrastructure projects undertaken in the country in the last 10 years.