

IJGlobal Awards 2019 – The SMBC Interview

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SMBC enjoyed an impressive 2019 calendar year, ranking first in the *IJGlobal* international league tables for project finance lending having cornered 5.8% of global market share.

In Latin America the Japanese bank caught the attention of our independent judging team which met early this year in New York, with many singling it out for praise as a dominant player across the region.

One judge noted of SMBC's LatAm lending strategy in 2019 that it "ticked all the boxes for activity across the sectors" while another pointed out that it is "never put off by challenging deals".

Speaking to two SMBC project finance-focused managing directors – Luis Fernando Perdigon, Latin America Project Finance, and Juan (JC) Kreutz, North America Project Finance, – they are understandably proud of what they have achieved with their teams.

One such transaction that gives them cause for self-congratulation is a road concession project in Colombia, the Autopista al Mar 1, which is their landmark infrastructure project finance deal.

SMBC took the decision some 5 years ago that it would take a bold step and focus its efforts on this market as a key driver for business.

Luis Fernando (pictured right) says; "We have been by far the most active international bank in Colombia's 4G transport programme," says Luis Fernando. "It has been the largest project finance programme in the country by far and really changed the business for us."

SMBC launched this drive by investing equity in FDN, Colombia's development bank, which played a key role in the financing of the 4G programme.



"We have financed a number of projects – complex dual-currency financings – with different sources of revenue, catch-up payments from the government and a host of complexities to build into these deals," says Luis Fernando.

"Probably the most complex transaction of them all was Mar 2 highway, which closed last year, because it had a Chinese sponsor that was new to the Colombian market. "

Overall, looking at all the deals that SMBC was awarded, JC added that "the breath and diversity of the deals shows the strength of the SMBC platform with awards in renewables, distributed generation, rail, roads, LNG, data centres, and mining."

As with most bankers, while it is joyful to look back on past glories, it's the future and emerging infra sectors that whet the appetite.



JC (pictured left) says: “We are seeing a lot of work in digital infrastructure – fibre, broadband, data storage, etc. The Covid situation has focused attention towards this sector because it is resilient. In this space, we are seeing financing and M&A activity in North America and LatAm.

“This sector is poised to continually grow, and private equity is flowing this way. Infra funds and corporate players are getting in on the act and this is going to be a growing area for us.

“We have created a digital infrastructure team that comprises a range of experts within the firm including project finance, corporate finance, real estate and leasing – because these deals can be looked at from so many different angles.

“These deals can be project finance, corporate finance, hybrid and middle market... and by having this digital infrastructure team in place, we are able to look at deals with different characteristics to hopefully be able to be part of the financing or advisory.

“We have a dedicated team to tackle this that is not pigeon-holed but is expert around the product to be able to meet the demands of our clients and what they are doing in the market.”

Given the direction the market is heading and the bold strategies that SMBC is willing to adopt, this places the bank in a stellar position to capitalise on evolving market across the Americas – a move that will be matched by the institution on a global level.

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