

# ORIX Energy Capital

January 2019



PRIVATE & CONFIDENTIAL



Dumpster Fire aka last 6 months



## Built on a Strong Foundation

Founded in 1964, **ORIX Corporation** is a publicly traded, Tokyo-based international financial services company with over 34,000 employees worldwide.

### Global Reach

- Operating in 36 countries and regions
- More than 2,000 locations
- Ranked No. 200 on 2018 Forbes Global 2000: World's Biggest Public Companies

### Publicly Traded

- Listed on the Tokyo (8591) and New York (NYSE: IX) stock exchanges
- Approximately \$30 billion market capitalization as of September 2018

### Capital Ready

- Assets exceeding \$120 billion
- Approximately \$350 billion in assets under management

### Rated

- Long-term debt credit rating of A+ by S&P's and Baa1 by Moody's



# ORIX Corporation | ORIX USA Highlights



**ORIX USA:** ORIX USA operates as a non-bank financial conglomerate that has both buy-side and sell-side characteristics. ORIX USA seeks to take advantage of market opportunities as a debt provider and equity investor. Capital solutions include private equity, leveraged finance, fixed income, growth capital, real estate, and alternative investments. Headquartered in Dallas, ORIX USA has approximately \$12 billion of balance sheet assets and manages an additional \$50 billion with over 1000 employees across more than 30 offices in the Americas.

## ORIX Corporation - JAPAN

### Corporate Financial Services

- Lending
- Leasing
- Consulting and brokerage services

### Maintenance and Leasing

- Automobile leasing and rentals
- Car sharing
- Equipment leasing and rentals

### Real Estate

- Development and rental
- Facility operations
- REIT asset management
- Real estate investment and advisory services

### Investment and Operations

- Environment and energy-related business
- Principal investment
- Loan servicing
- Concession

### Retail

- Life insurance
- Banking services
- Credit cards

## OVERSEAS

### Asia, Oceania and Europe

- Leasing
- Loan
- Asset management
- Aircraft and ship - related operations

## AMERICAS

### ORIX USA

- Asset management
- Commercial real estate
- Energy debt and equity solutions
- Fund investments and alternative strategies
- Growth capital
- Low-income housing tax credits (LIHTC)
- Majority and minority private equity
- Middle-market lending
- Multifamily / senior living bridge & agency capital
- Municipal and infrastructure lending and investment
- Strategic investments
- Structured products

### Latin America

- Advisory services
- Asset management
- Commercial and residential real estate
- Fund investments and alternative strategies
- Growth capital
- Majority and minority private equity
- Middle-market lending
- Strategic investments
- Structured Products

## DIVERSE INVESTMENT CAPABILITY

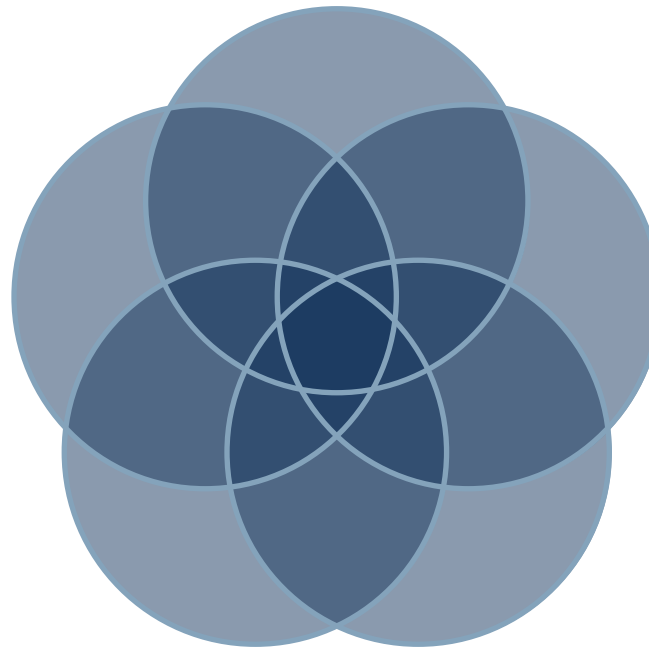
Idea-driven, opportunistic investing focused on providing capital solutions for under-served and/or niche markets to help firms navigate through investment cycles

## EXPERIENCED TEAMS

Recruit top industry talent with deep investment experience - and promote strong collaboration with investment partners and portfolio companies

## INVESTMENT GRADE BALANCE SHEET

Global investment perspective with long-term, low-cost capital, and significant equity capital with low leverage

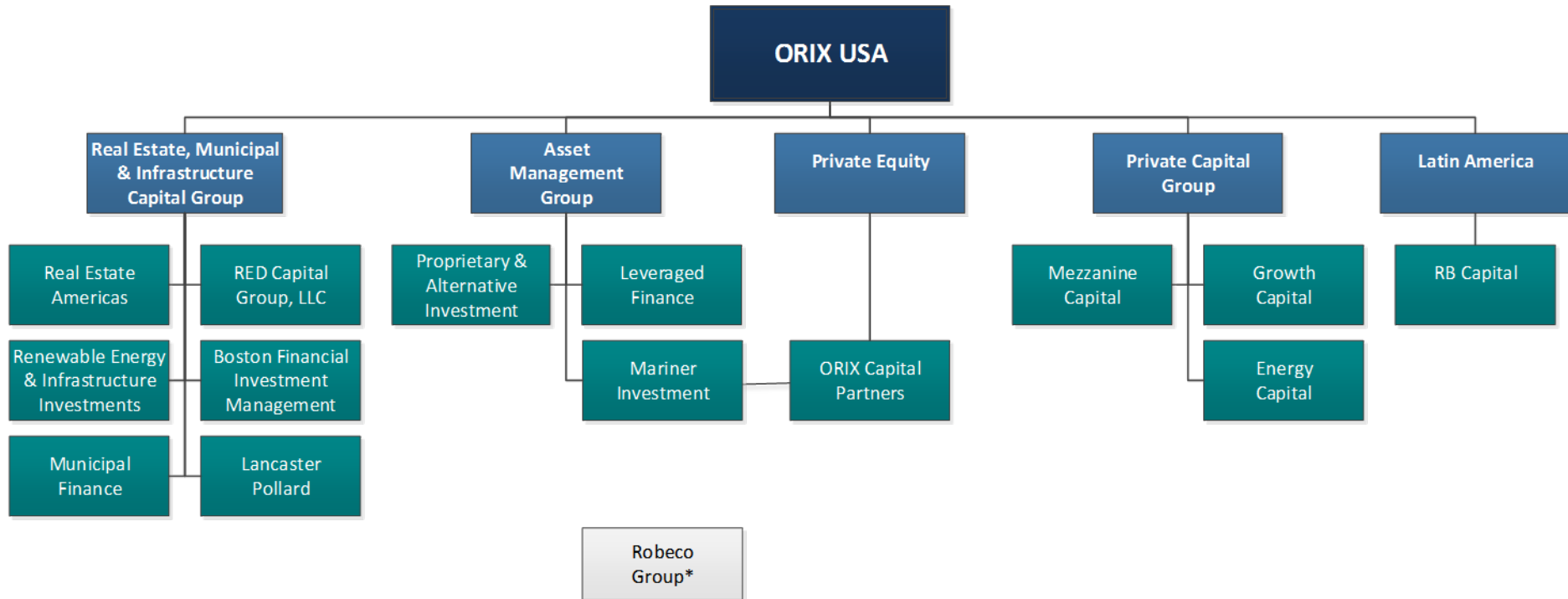


## STRONG SURVEILLANCE

Comprehensive understanding of assets and markets with rigorous internal credit underwriting and monitoring

## AFFILIATE SYNERGIES

Synergies between international affiliated companies, especially financial advisory services including M&A, corporate development, tax, valuation, and restructuring



\*Robeco Group is a subsidiary of ORIX Corporation



ORIX Energy Capital | Investment Characteristics



- **ORIX Energy Capital is focused on Secured Debt opportunities-**
  - Term Loan B
  - 1st Lien Term Loan
  - Unitranche Term Loan
  - 2nd Lien
- **Total Facility sizes of \$20 million to \$500 million**
- **\$10 to \$40 million ORIX Energy Capital typical hold size**
- **Expected All-In Yields: 7% to 12%**
- **Backed by a strong financial sponsors or industry partners**
- **ORIX Energy Capital will act as Agent (sole or lead) as well participate as co-lender on larger lending opportunities where our oil and gas experience and expertise adds value to the overall transaction.**

# ORIX Energy Capital | Advantage



## Financial Strength

- ORIX Energy Capital draws its resources from ORIX Corporation, an investment grade international financial services firm with global assets in excess of \$100 billion.
- Extensive institutional oil and gas knowledge accumulated over nearly 75 years and \$20 billion in total capital deployed provides a unique competitive advantage when evaluating new opportunities.
- Dedicated capital allows for a patient long-term view on investment opportunities.

## Experienced Professionals

- Our energy professionals have over 75 years of experience evaluating and executing oil and gas assets and financings.
- Our team brings together a combination of investment banking, financing, technical evaluation, and legal expertise to each investment opportunity.
- Key decision makers within the business have worked together for over 20 years and have led investment teams through numerous economic cycles

## Speed/Certainty of Close

- Our dedicated team allows us to respond quickly to new opportunities even under the most demanding timetables.
- Substantial upfront diligence and flat organizational structure results in an expedited credit approval process and certainty of credit terms
- Internally sourced capital eliminates funding and/or limited partner issues at closing.

## Flexible Capital Solutions

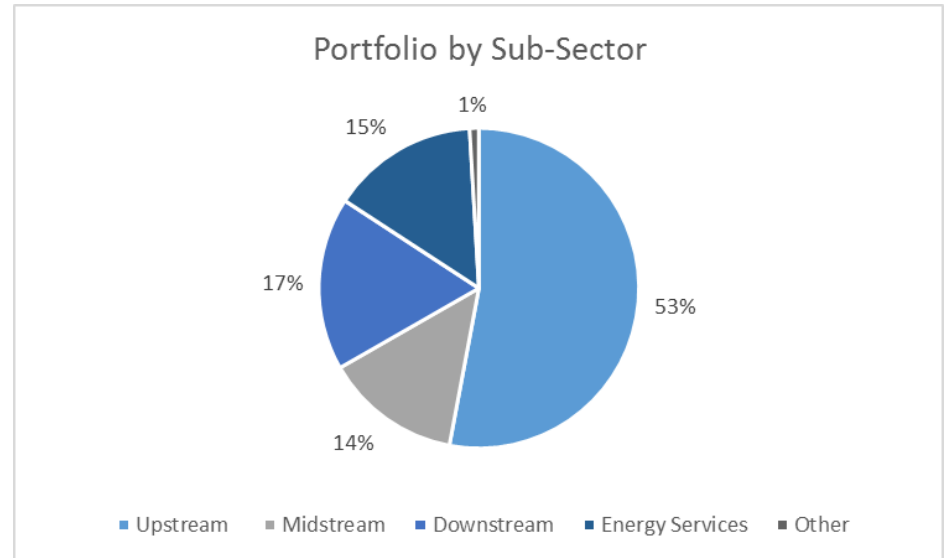
- ORIX Energy Capital provides both debt and equity solutions to the Lower-Middle Market across the energy sector.
- The ORIX Energy Capital team can facilitate a range of capital transactions through either a lead investment roll or as a meaningful partner within an investor group.
- Challenging situations or investments calling for flexibility in structure, covenant or payment terms are instances where ORIX can provide value-added capital.



## ORIX Energy Capital | Portfolio Characteristics



- **ORIX Energy Capital's investment thesis is to deliberately and opportunistically invest secured debt capital into the United States Oil and Gas.**
- **We look for attractive opportunities across five industry sub-sectors:**
  - Exploration and Production
  - Midstream
  - Downstream
  - Energy Services
  - Minerals
- **With OEC's strong technical expertise, our portfolio has a purposeful tilt to E&P.**
- **The remaining half of the portfolio is split among midstream, downstream and energy services.**





## ORIX Energy Capital | E&P Case Study



- ▶ ORIX \$30 million First Lien Term Loan in summer of 2016 to support asset acquisition with phenomenal mid continent family owned operator
- ▶ 80% debt to equity at close (total of \$10 million of cash equity contribution from operator and Canadian family office)
- ▶ 70% LTV on PDP at close at \$51 WTI
- ▶ LIBOR plus 850 plus 2.0% upfront fee
- ▶ Flexible financial and collateral covenants
- ▶ Flexible rolling hedging
- ▶ Company has outperformed plan and went from -\$2 million annual EBITDA to positive \$16 million plus annual EBITDA over past 3 years



## ORIX Energy Capital | E&P Case Study



- ▶ ORIX \$20 million First Lien Term Loan in spring of 2018 to support dividend/recap of sponsor owned conventional Permian asset
- ▶ 50% cash dividend back to PE sponsors; 45% to refinance conventional bank RBL
- ▶ 1.5x total PV-10 proved coverage on total facility (77% PDP)
- ▶ LIBOR plus 600 plus 2.0% upfront fee
- ▶ 6 years term
- ▶ Amort 5% annually
- ▶ Flexible financial and collateral covenants
- ▶ Flexible rolling hedging



## ORIX Energy Capital | E&P Case Study



- ▶ ORIX \$20 million Second Lien Term Loan in summer of 2017 to support asset acquisition of Bakken assets by well known PE sponsor backed management team
- ▶ Private club deal with like minded investors; total deal size \$250 million with large cash equity commitment
- ▶ 70% debt to equity at close
- ▶ 85% LTV on PDP at close at \$51 WTI
- ▶ LIBOR plus 775 plus 1.50% upfront fee
- ▶ Flexible financial and collateral covenants
- ▶ Flexible hedging
- ▶ Second lien taken out by conventional secured bond financing in 2018



## ORIX Energy Capital | OFS Case Study



- ▶ ORIX \$15 million First Lien Term Loan in summer of 2016 to support asset acquisition of generational OFS manufacturer and distributor of OFS widgets
- ▶ Sponsored backed by well known Dallas based family offices
- ▶ Company has never had a negative EBITDA year
- ▶ 50% debt to equity at close
- ▶ LIBOR plus 800 with 2.0% upfront fee
- ▶ ORIX is in process of upsizing current commitment to support companies growth
- ▶ Flexible financial covenants
- ▶ Flexible hedging



## ORIX Energy Capital | Midstream Case Study



- ▶ ORIX \$12 million First Lien Delayed Draw Term Loan in 2015 to support greenfield SWD facilities in Eagle Ford and Permian
- ▶ Non Sponsored (owner operated)
- ▶ 66% debt to equity at close (\$2 million of debt and \$1 million of equity in each SWD facility)
- ▶ 100% CF Sweep until loan payout; PIK option of LIBOR plus 500 plus 2.0% upfront fee after 26 months
- ▶ 35% NPI on every facility after payout of each SWD facility
- ▶ 1.5x buyout right on every ORIX dollar invested at anytime
- ▶ ORIX re-financed by commercial bank in December 2018 with all in return of 43% IRR and 1.6x MOIC on all capital invested



## ORIX Energy Capital | Mineral Case Study



- ▶ ORIX \$3 million equity investment in SCOOP/STACK to purchase family owned minerals in Oklahoma
- ▶ Invested in front of drill bit at sub \$40 WTI forward curve
- ▶ Newfield/Devon operated
- ▶ Position was down spaced multiple times
- ▶ Exited to large institutional investor in Sep 2018 at 1.75x MOIC and 50% IRR



ORIX OEC | Contact Information



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