

## Frequently asked questions:

### ■ **Are there any limits to IFC's financial support?**

Typically, in loans and equity, IFC will finance up to 35% of a new project and 50% of an expansion project, with an upper limit of 25% of the capital employed.

### ■ **When is IFC willing to contribute equity?**

IFC will provide equity when the financial structure will benefit from IFC's participation, when the owners express an interest in IFC's participation, and when IFC sees a strong potential for profit and development impact.

### ■ **Is IFC a long-term equity partner?**

IFC will remain in a project as long as its presence is needed for financial and risk mitigation reasons. IFC will require an exit mechanism, which could be a private placement, put option, or placement on the market.

### ■ **Does IFC provide long-term loans?**

Yes. IFC provides loan with terms that enhance the project's sustainability. Grace periods and tenor are matched to the project's ability to repay.

### ■ **Can IFC be the lead lender?**

IFC typically takes the lead in organizing financing for its projects, although it almost never holds the majority exposure in a project or company. Whenever possible and practical, IFC will leverage its own investment through loan participations to one or more international commercial banks.

### ■ **Does IFC invest in all emerging markets?**

IFC invests in private projects and companies in emerging market member countries that are classified by the World Bank as low or middle income. The 179 member countries include all the major investment destinations.

### ■ **Does IFC guarantee protection from political risk?**

No. However, IFC's participation in a project mitigates political risks, which benefits all stakeholders in the project. Co-investment with IFC involves a long-term partnership for an investment or a series of investments in emerging markets. In case of difficulty, IFC works closely with partners in an affected project to address issues with the relevant government or private entities.

### ■ **Can IFC mobilize other financing sources?**

Yes. IFC can offer loan participation services through partnering with banks or other financial institutions.

### ■ **What other benefit does IFC investment provide?**

An investment by IFC is often seen as a stamp of approval, given IFC's status and the care it takes in evaluating its investments. IFC provides support on corporate governance and on environmental and social sustainability, where relevant.

IFC's mission is to promote sustainable private sector investment in developing countries, helping reduce poverty and improve people's lives.

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# Financing the Transportation Equipment Sector Worldwide

*IFC: A knowledgeable partner  
in the emerging markets*





## IFC is the largest multilateral source of loans and equity finance for private enterprises in emerging markets.

- IFC, a member of the World Bank Group, specializes in investment in private companies and projects in emerging markets, including China, India, and Russia.
- IFC's shareholders are 179 developed and developing countries represented on IFC's Board of Directors by their governments.
- At the end of fiscal year 2007, IFC had a net worth of \$14.1 billion and a total committed portfolio of \$31.6 billion. Since its inception in 1956, IFC has invested in over 3,760 companies in 69 developing countries.
- IFC is unique among international financial institutions, with a global focus and strong local presence in more than 80 countries.
- IFC invests in sustainable private enterprises that benefit the economy, promote a sound environment and social well-being, and are examples of good business for other entrepreneurs.

### IFC's wide range of financial products and services:

- IFC provides long-term debt, quasi-equity, and equity financing for private sector investments on market terms, in the form of project or corporate finance.
- In some countries where only short- to medium-term financing is available, IFC can provide long-term funds (8-12 years), sometimes in local currency.
- IFC has extensive local knowledge and contacts through offices in some 80 emerging markets.
- IFC can also mobilize additional funding from international commercial banks, which would otherwise not be willing to invest (or would invest for the short term only) because of country risk factors. Such mobilization is due to the reduction in political risk that typically results from coinvesting with IFC. As a member of the World Bank Group, IFC has preferred creditor status in the countries in which it invests, the benefits of which extend to the projects it supports.
- IFC also participates in corporate restructuring projects by assisting viable companies in realigning their operational cash flows with their financial obligations through financial restructuring measures.

### IFC's specific expertise in the transportation equipment sector:

- IFC has approved projects in the transportation equipment sector in excess of \$1.3 billion in 23 countries worldwide.
- IFC's experience in transportation equipment spans the range of production, from component manufacturing to vehicle assembly and distribution.
- We have invested in automotive components, rail and aerospace and consumer services such as fleet management, car rentals and consumer financing.
- IFC's clients range from major global corporations to smaller local players.

### The worldwide transportation equipment industry:

- The industry is characterized by strong competition, margin pressure and regulatory and environmental requirements.
- The industry players are leaders in product and process innovation that enhance the competitive marketplace and lead to higher productivity and economic growth.
- IFC's investments enable our clients to compete successfully and contribute to long-term domestic and global sector growth.



### IFC's investments in the transportation equipment sector:

- **ZMZ Bearings (Russia).** IFC provided a \$5 million loan in 2007 to support Daido Metal's entry into Russia through the acquisition of ZMZ Bearings, a leading local manufacturer of half bearings for automotive engines.
- **Sabo (Brazil).** IFC provided \$40 million in long-term financing to support Sabo, a midsize, family owned automotive supplier and key player in the auto parts sector, with operations around the world. The company sells to the major equipment manufacturers and other automotive component producers. The investment will also support Sabo's cross-border investments.
- **PT TVSM (Indonesia).** IFC invested \$20 million in PT TVSM's new manufacturing plant which will allow the company to produce 300,000 motorcycles a year to meet domestic demand. It has a deep supplier base and wide dealer network, with more than 2,500 retail outlets in India.
- **Launch Tech (China).** IFC provided loan and equity to develop Launch Tech's range of equipment for the automotive servicing market. The company is China's largest manufacturer of diagnostic equipment, lifts, and wheel servicing equipment. The IFC investment will allow the company to rapidly expand in china and expand sales in export markets.