



ORIX Energy Capital

ORIX USA is built on a strong foundation. We hold approximately \$6 billion of assets and manage an additional \$29 billion, approximately. Our established financial stability and access to deep resources stems from our parent company—ORIX Corporation. Based in Tokyo, ORIX Corporation is an international financial services company with operations in 36 countries and regions worldwide. ORIX Corporation is listed on the Tokyo (8591) and New York Stock Exchanges (IX).

ORIX USA and our family of companies offer investment capital and asset management services to portfolio companies in the corporate, real estate, municipal finance and energy sectors. Our product offerings include: middle-market lending and private equity; venture capital; real estate, municipal and infrastructure finance; fund investments and alternative strategies; structured products; healthcare debt and equity solutions; and energy debt and equity solutions. Drawing on this broad range of expertise, we deliver customized and flexible solutions across a wide variety of industries, including the energy sector.

Focused on forward-thinking financial solutions, ORIX USA looks to not only meet our portfolio companies' immediate financial needs, but also to serve as a long-term partner, working with them through their business growth and changing market dynamics.

ORIX Energy Capital represents the best of both worlds: a partnership be-

tween a sophisticated global financial company with a balance sheet that backs it up, and an experienced oil and gas team in Dallas with 50 years of oil and gas experience, technical know-how and a laser focus on client service in the middle-market energy space.

Q What does ORIX Energy Capital provide?

We provide commercial financing solutions to the upstream, midstream and oilfield services sectors. We also work closely with the ORIX Municipal and

help them access capital that fits the needs and parameters associated with the middle market.

Q What sort of deal structures are available?

We like to focus on capital structure efficiency, so our deal structures depend on the client's specific situation, which makes us very flexible. We can offer senior stretch and unitranche deals, as well as second-lien and last-out loans. We can also provide mezzanine debt and preferred and common equity.

“We are building a long-term business for ORIX USA that will provide valuable capital solutions no matter where we are in a cycle.”

—Mark Tharp

Infrastructure team on power and infrastructure opportunities. Our investments typically range from \$10 million to \$50 million for secured debt, and from \$5 million to \$50 million in mezzanine capital. We can also provide equity—either with a debt product or as a stand-alone solution—of as much as \$15 million.

We are completely focused on capital solutions for the smaller, middle-market energy space—an area that is overlooked by many of our competitors. By providing customized capital solutions using both debt and equity, we can provide our clients excellent attention and

Q How do you approach a deal?

We meet with the management team to come up with thoughtful solutions. We prepare customized analysis of each deal opportunity based on the company's assets, specific location, the contracts involved and so on. We partner with proven managers who need capital to fund internal growth or bolt-on acquisitions; drill out their PUDs; or recapitalize their balance sheets, such as after a bank redetermination.

We're able to respond quickly and close in a timely manner because we report directly to the investment committee right here in Dallas. ORIX has a

large balance sheet that stands behind us and since this is internally-sourced capital, we can close quickly.

ORIX USA is in a unique position because we can be more creative and flexible than traditional bank lenders. In addition, our investment perspective is longer than most funds. Lastly, we serve companies looking for capital below \$50 million, which we believe to be an underserved market where our capital and expertise is well suited.

Q What are some of your return drivers?

In general, for secured debt structures, we use a Libor-based coupon and an override. For mezzanine capital structures, we seek a cash return or PIK coupon, warrants or a net profits interest. With an equity co-investment, we base our decisions on an initial entry valuation that shows cash flow and revenue growth, with the view of an eventual sale or an equity dividend. But we are long-term investors.

Q Who are the key players on your team?

Our team is led by Managing Director Josh Mayfield, a 16-year veteran of ORIX USA, who was recently responsible for ORIX's Alternative Investments business. Managing directors Jay Mitchell and Mark Tharp, along with Director Alicia Summers, round out an experienced technical and sourcing team. Mark has a track record that includes more than 50 transactions in excess of \$10 billion in total value. Jay and Alicia were colleagues at Netherland, Sewell earlier in their careers for 15 years. All of us have been involved in oil and gas finance, engineering and transactions for several years.



Standing, Jay Mitchell and Alicia Summers. Seated, left to right, Josh Mayfield and Mark Tharp.

Q What is your view of the industry during the downturn, and for the future?

We are building a long-term business for ORIX USA that will provide valuable capital solutions no matter where we are in a cycle. We are keenly aware of the current sector correction and believe now is a great time to start a team with oil in the \$40s and gas below \$3. ORIX USA is not a fund with third-party capital that has to be invested in a certain time frame, so we don't have the usual time pressures to invest and get out in three to five years—we can take a longer view of the business.

Today we see more tailwinds than headwinds and, being new, we don't have any upside-down loans on the books that we have to work out. We are providing long-term, permanent capital to a sector that has significant long-term capital needs. The challenge in the current upstream environment is finding companies

that can service the debt they have and survive. We see ourselves helping them by providing capital that helps them bridge the gap and navigate the trenches.

We're stretch; we're mezzanine. But even if we can't get there with those structures, making an equity investment is an option to help clients get through the refinancing period and out to the other side. Challenging situations certainly do call for greater creativity in this current market downturn, so we believe in flexibility of deal structure—in the covenant or payment terms, for example. These are areas where ORIX Energy Capital can partner and provide value-added counsel and capital. ■



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