

# Lessons Learned by Spanish Contractors and Concessionaires on the Global PPP Finance Market

Seville, 18<sup>th</sup> October



# INDEX



**I. SEOPAN**

II. TOP TRANSPORTATION DEVELOPERS 2012

III. SOME CASES OF MAJOR SPANISH PPP's WORLDWIDE

IV. CONCLUSIONS

# I. SEOPAN: ACTIVITY OF MAIN COMPANIES 2012

	2011		2012		2012 / 2011	
	Million €	%	Million €	%	Million €	%
<b>Total Sales</b>	<b>68.103</b>		<b>77.209</b>		<b>9.106</b>	<b>13,4%</b>
National	28.060	41,2%	23.736	30,7%	-4.324	-15,4%
International	40.043	58,8%	53.473	69,3%	13.430	33,5%
Construction	44.845	65,8%	52.487	68,0%	7.642	17,0%
Concessions	1.950	2,9%	2.071	2,7%	121	6,2%
Other businesses	21.308	31,3%	22.651	29,3%	1.343	6,3%
<b>Sales Construction</b>	<b>44.845</b>		<b>52.487</b>		<b>7.642</b>	<b>17,0%</b>
National	14.143	31,5%	10.161	19,4%	-3.982	-28,2%
International	30.702	68,5%	42.326	80,6%	11.624	37,9%
<b>Sales Diversification*</b>	<b>23.258</b>		<b>24.722</b>		<b>1.464</b>	<b>6,3%</b>
National	13.917	59,8%	13.575	54,9%	-342	-2,5%
International	9.341	40,2%	11.147	45,1%	1.806	19,3%
<b>Total EBITDA</b>	<b>7.587</b>		<b>8.454</b>		<b>867</b>	<b>11,4%</b>
Construction	2.659	35,0%	2.976	35,2%	317	11,9%
Concessions	1.147	15,1%	1.550	18,3%	403	35,1%
Other businesses	3.781	49,8%	3.928	46,5%	147	3,9%
<b>Portfolio (M€)</b>	<b>101.149</b>		<b>97.186</b>		<b>-3.963</b>	<b>-3,9%</b>
National	24.088	23,8%	20.855	21,5%	-3.233	-13,4%
International	77.061	76,2%	76.331	78,5%	-730	-0,9%
<b>Portfolio (Months)</b>	<b>27,1</b>		<b>22,2</b>			
<b>Employees</b>	<b>415.200</b>		<b>399.854</b>		<b>-15.346</b>	<b>-3,7%</b>

\* including concessions

# INDEX



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III. SOME CASES OF MAJOR SPANISH PPP's WORLDWIDE

IV. CONCLUSIONS



## II. TOP TRANSPORTATION DEVELOPERS 2012

Ranking	Company	Country	No. Concessions		
			operating or under construction*	sold or expired	Bid targets
1	ACS Group/Hochtief	Spain	64	33	32
2	Global Vía: FCC-Bankia	Spain	45	1	8
3	Abertis	Spain	36	6	10
4	Macquarie Group	Australia	36	10	6
5	Vinci/Cofiroute	France	35	3	12
6	Hutchison Whampoa	China	33	2	0
7	Ferrovial/Cintra	Spain	32	21	15
8	OHL	Spain	32	1	11
9	Sacyr	Spain	25	15	14
10	NWS Holdings	China	25	0	1
11	EGIS Projects	France	24	1	17
12	Bouygues	France	22	3	14
13	John Laing	UK	19	2	7
...					
20	Acciona/Necso	Spain	14	9	18
...					
36	Isolux Corsán	Spain	8	1	4
...					
38	Itínere	Spain	6	0	0

Source



\* ranked by number of road, bridge, tunnel, rail, port, airport concessions over \$50m investment value put under construction or operation as of Oct. 1, 2012 (excludes design-build)

## II. TRANSPORT DEVELOPERS RANKED BY INVESTED CAPITAL 2012

Ranking	Company	Country	Total Invested * (\$ millions)
1	Ferrovial - Cintra	Spain	72,000
2	ACS (Hochtief + Iridium)	Spain	70,200
3	Vinci - Cofiroute	France	66,400
4	Macquarie	Australia	45,970
5	EGIS Projects	France	25,800
6	Bouygues	France	37,230
7	Sacyr	Spain	21,500
8	Global Vía - FCC-Caja Madrid	Spain	19,400
9	OHL	Spain	17,870
10	John Laing	UK	14,200

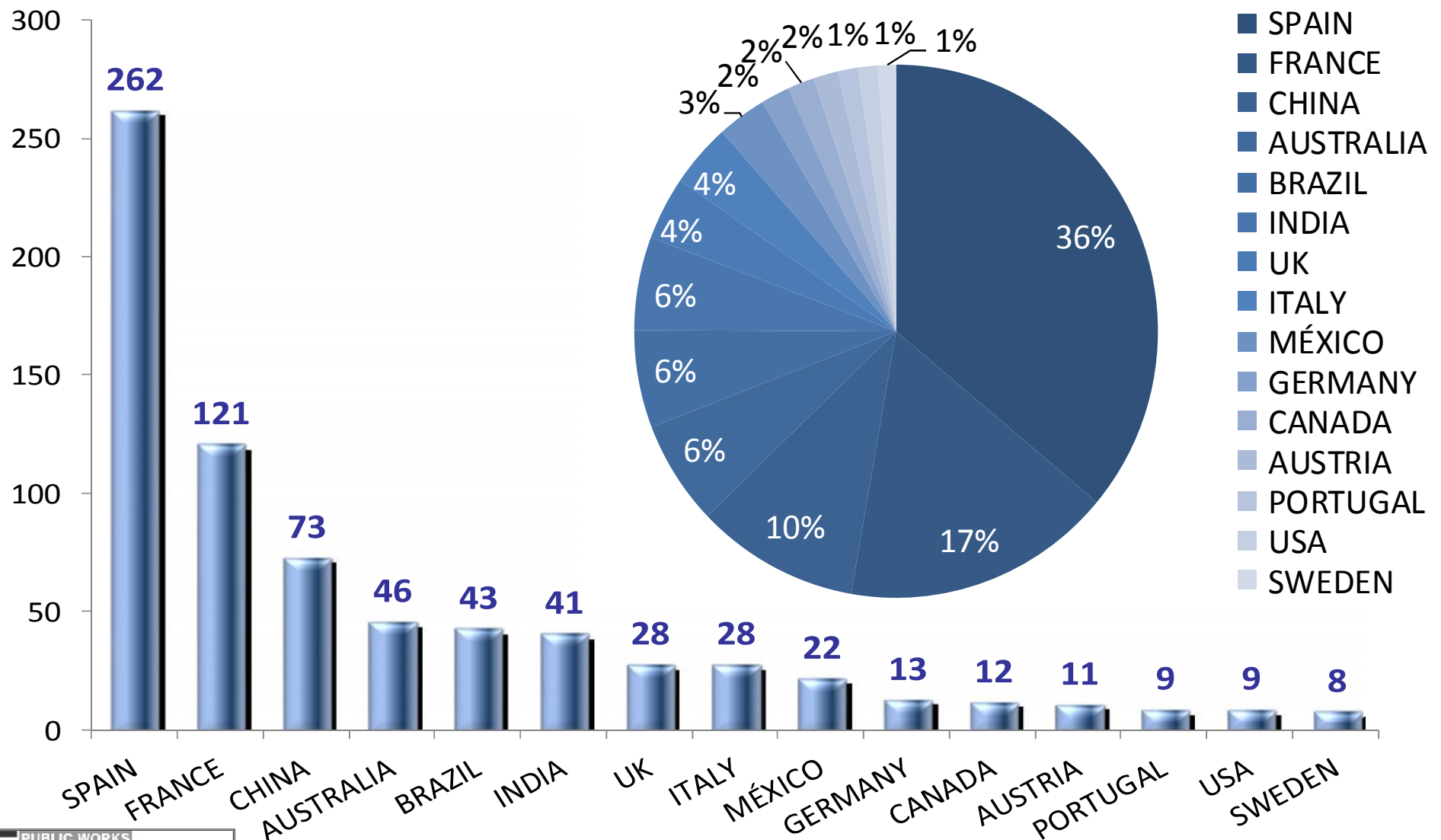


\* Aggregate value (in nominal dollars) of all of a firm's transportation P3 since 1985 for which financing was arranged as of October 1, 2012

Main Spanish concessionaires accumulate 200,970 M\$ investment in 198 concessions (51.5% of top ten PWF database)

## II. TRANSPORT INFRASTRUCTURE CONCESSIONS UNDER OPERATION 2012

In 2012, 9 out of the 38 major transport infrastructure operators worldwide are Spanish by number of contracts under construction/operation (with an investment over M\$ 50)



# INDEX



I. SEOPAN

II. TOP TRANSPORTATION DEVELOPERS 2012

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IV. CONCLUSIONS



# SOUTHEAST STONEY TRAIL, CALGARY, ALBERTA (CANADA)



## Description:

It involves the design, construction, maintenance and rehabilitation of the south east leg of the Stoney Trail ring road in the city of Calgary, Alberta. The O&M scope of works includes Deerfoot Trail from Southeast Stoney Trail to Highway 2A junction. It includes 25 km of six-lane roadway, 9 interchanges, 1 road flyover, 2 rail flyovers and 27 bridge structures. All structures are designed for a 75 year design life.

## Role:

ACCIONA is a 50% shareholder and risk capital investor in the project. It took a leading role in the development of the project and in reaching financial close. ACCIONA also holds a 50% interest in the design-build joint venture and led the design-build joint venture through the bid stage and continues in this role during the design and construction stage. As a key developer of the project, ACCIONA had a co-leading role in the bid process and was a principal negotiator of the project and financing documentation. ACCIONA also participates in the O&M Co. with a 50% share.

## Schedule:

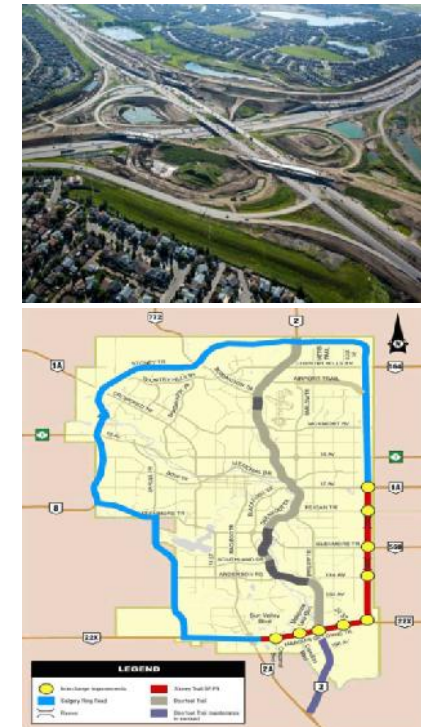
Concession term is 30 years and the financing in place is for a total of 33 years

Construction period: March , 2010 - November, 2013

Operating period: November 2013 - 2043

## Investment: \$523 million

- Equity: CAD\$ 32.3 million
- Debt: \$156.7 million senior secured facilities consisting of privately placed bonds underwritten by TD and National Bank, including a 30-year senior term facility in the amount of \$156.7 million.
- Public funds during construction: CAD\$ 332 million



**Acciona's PPP expertise in Canada:** Since 2008 we have developed 5 projects under a PPP Scheme becoming one of the most experienced and successful Spanish PPP developers in Canada.

PPP Project name	Infrastructure	Location	Term	Status	Investment
Windsor Essex Parkway	Highway	Windsor, Ontario	34 years	Under Construction	1,3 Billion CAD
A30	Highway	Montreal, Quebec	35 Years	In operation	2,7 Billion CAD
Royal Jubilee Hospital	Hospital	Victoria, British Columbia	32 years	In operation	305 Million CAD
Fort St. John Hospital	Hospital	Fort St. John, British Columbia	33 years	In operation	280 Million CAD
South East Stoney Trail	Highway	Calgary, Alberta	33 years	Under Construction	523 Million CAD

# LBJ EXPRESS (TEXAS)



## Asset Description

The LBJ Express is one of Cintra's two new managed lanes projects in the Dallas-Fort Worth Metroplex. The \$2.7 billion project will add new capacity to the heavily congested IH-635/IH-35 corridor in Dallas with the construction of four to six managed lanes. The concession was awarded in 2009 and the project will complete construction and open to traffic in 2015.

Managed Lanes are a new concept that adds toll lanes alongside existing general purpose lanes. The managed lanes are dynamically priced in order to guarantee a minimum speed in the lanes of 50 miles per hour. In peak periods, the tolls will be high and they will decrease as traffic in the general purpose lanes decreases. Dynamic pricing provides drivers with an option that will guarantee them a high-speed, predictable commute time. If users decline the option, they can still use the newly reconstructed general purpose lanes for no charge.

LBJ Express reached financial close in 2011 with the combination of TIFIA financing from the USDOT, long-term Private Activity Bonds (PABs), a grant from TxDOT and sponsor equity. The project was one of only two toll-risk projects closed during the financial crisis (the other being Cintra's North Tarrant Express).

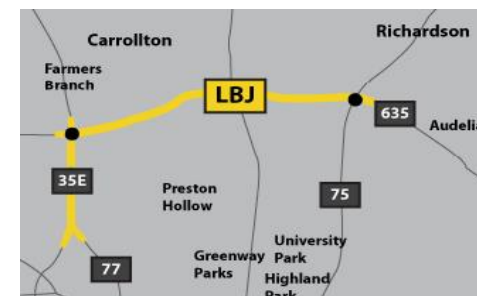
## Risk Profile

Traffic OpEx Refinancing Ramp-Up Construction



● Mitigated ● Partially Mitigated ● At-Risk

## Project Location



## LBJ Express Highlights

<b>Project Location</b>	Dallas, Texas, USA
<b>Financing Structure</b>	<b>Total Investment: \$2.7 billion</b> <i>TIFIA: \$850 million</i> <i>Private Activity Bonds: \$615 million</i> <i>Government Subsidy: \$500 million</i> <i>Equity: \$665 million</i>
<b>Concession Structure</b>	51% Cintra 42,4% Meridiam 6.6% Dallas Police and Fire Pension Fund
<b>Project Length</b>	17 miles (13 miles of managed lanes)
<b># of Lanes</b>	18 Total (including new managed lanes) 2-3 new Managed Lanes each direction
<b>Concession Start</b>	2009
<b>Concession End</b>	2061
<b>Vehicles Per Day</b>	270,000



**CLIENT**

Florida Department of Transportation

**CONSTRUCTION VALUE**

\$1,197 million

**LOCATION**

Florida, USA

**O&M CONTRACT VALUE**

\$1,335 million (nominal terms)

**PAYMENT MECHANISM**

Availability Payments

**TOTAL INVESTMENT VALUE**

US \$ 1,678 million

**CONTRACT AWARD DATE**

24 October 2008

**EQUITY AMOUNT PROVIDED**

US \$208 million

**COMMENCEMENT DATE**

3 March 2009

**DEBT AMOUNT**

Total: US \$1,460 million  
Senior Debt: US \$ 782 million  
- Tranche A: US \$ 526 million  
- Tranche B: US \$ 256million  
TIFIA Loan: US \$ 678 million

**CONCESSION PERIOD**

2009 – 2044 (35 years)

**O&M COMMENCEMENT DATE**

Partial Operation: March 2009  
Full Operation: November 2014

**ROLE/EQUITY PARTICIPATION**

Iridium Concesiones de Infraestructuras  
100%

## OVERVIEW

The I-595 Express Corridor is a major PPP scheme for the Florida Department of Transportation (USA). The improvements to the I-595 corridor will vastly improve driving conditions along I-595 and preserve the future vitality of the corridor. Improving mobility along the I-595 corridor isn't just a necessity for residents and visitors; it will have a significant impact in South Florida's economy. I-595 is also vital to the shipment of freight and goods around South Florida. Construction works will be completed in 2014. Iridium is 100% responsible for the finance, design and construction, operations and maintenance of the new route.

## RELEVANCE

I-595 Express Corridor is an excellent example of a major PPP scheme which involves the design, construction and long term operation and maintenance of a strategic road network (290km lanes). Key features of this scheme included:

- Comprehensive management of the operation;
- Outstanding traffic management during construction;
- Availability-based project;
- Quality service for customers (Customer Service Centre);
- Incidents, emergencies and accidents Response Service.

## OPERATION AND MAINTENANCE

The Concessionaire undertakes the operation and maintenance obligations on the project road, which are based on levels of service and minimum resources, and they include deductions for non-fulfilment and availability.

**AADT (2012): 180,000 vehicles per day**

## FINANCE

Financial Close was reached on March 3rd, 2009 during extremely challenging financial circumstances. The initial structure delivered in the bid was by using Private Activity Bonds (PABs), however, after being awarded the project the market collapse and ACS managed to create a new financing structure within 4 months in order to be able to close. Due to innovative financing and the consideration of all financing aspects Iridium was able to create a 10% reduction in costs from what the FDOT had originally envisioned.

**Lead Arrangers:** Banco Santander, Soci  t   Generale, Dexia, Calyon, BBVA, WestLB, NAB, Caja Madrid, Banco Popular, La Caixa, Caixanova, y Banco Sabadell.

## Project Profile

- ❑ The Project comprises of over 60,000 sqm including 315 beds in single rooms, with a capital cost of GBP 225 million and it is located in Enniskillen, Northern Ireland.
- ❑ The scope of the contract includes the design, construction, finance, operation and maintenance and, being the remuneration scheme based on an availability payment mechanism.
- ❑ The hospital provides essential health and social care for the 290,000 residents in the Western Trust Area and is the first facility in Northern Ireland to have single ensuite rooms for every patient. The main clinical areas include four floors providing accommodation for medical, surgical, gynaecology, assessment unit, critical/intensive care as well as outpatient services.
- ❑ The hospital was opened to the public on 21<sup>st</sup> June 2012. The concession contract term is 30 years, up to May 2042.
- ❑ The Project has gained international recognition, receiving the following awards:
  - Silver Green Apple Awards – Award for Built Environmental and Architectural Heritage
  - Engineering News Record Global Best Project Awards – Award of Merit in the Health Category
  - 2012 UK Federation of Plasterers and Drywall Contractors - Award in the Category of 'External Plastering/Rendering'

## Location

- ❑ The Project is located in Enniskillen, County Fermanagh, North Ireland.



## Funding Structure

OVERALL INVESTMENT	Amount (EUR million)
Third Party Funding	292.051
EIB Debt	146.025
Senior Debt	146.025
Shareholders Contribution	34.624
Share Capital	0.001
Subordinated Debt	34.622
<b>Overall Investment Value</b>	<b>326.675</b>





# HIGH VOLTAGE TRANSMISSION LINES AMAZON REGION (BRAZIL)



## PROJECT DESCRIPTION

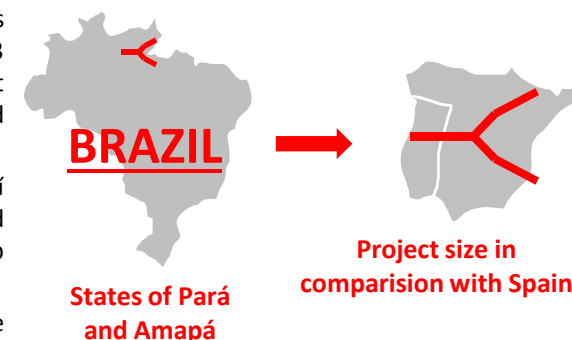
- This complex concession project with a total investment of USD 1,100 MM is being carried out by Isolux Corsán as single awarded developer. The 500kV project section (72% of the project in length) is in operation since June 2013 and the construction of the remaining project section (230kV) is actually being completed. The project will connect the North Region of Brazil with the Interconnected National System, reducing the consumption of fossil fuels and greenhouse gases in the Amazon Region.
- The most complex and representative part of the project is the Amazon River crossing in the proximity of Jurupari with a 7,2 km width channel (in upper level) and a maximum depth of 80 meters, for which it was necessary to build two towers of 295 m high and 2,200 Tn weight, saving a span of 2,200 m, and with a foundation consisting of piles up to 60 m depth.
- During the rainy season the water level increases up to 8 meters, flooding a great part of the layout of the line which remains submerged for several months. During the dry season the low bearing capacity of the ground makes it impossible to access to the towers locations with heavy equipment and it is only possible to access during the overflowing period, by means of pontoons. The works were carried out with equipment situated on the pontoons. Furthermore, it was necessary to build an ancillary dock at the river shore for the unloading of materials.
- The design and execution of a project of this magnitude in the world's greatest biosphere reserve have been specially careful with the environment and wildlife, developing a rescue plan for the endangered species. The environmental management plan consisted of 27 environmental programs approved by IBAMA (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis), entity which also supervises the works.

## CONCESSION PAYMENT MECHANISM/REGULATED REVENUES

- The concessionaire receives a Regulated Annual Payment (RAP) which is set at the date of the public bid, indexed yearly to Brazilian CPI and revised on June 30th every year. These regulated revenues are received upon the start of commercial operation during the concession period (30 years) and are paid on a monthly basis.
- The RAP set in the auction process (2008) defines the regulated revenues of the concession on its first year after start of commercial operation. LXTE RAP: USD 35 MM and LMTE RAP: USD 34 MM.
- The Regulated revenues in the following years, through the life of the concession, are updated mainly with the Brazilian inflation on a yearly basis. Remaining parameters used for the initial calculation of RAP are constant through the concession period.



## PROJECT LOCATION



## CONCESSION STRUCTURE

- Client: ANEEL
- Awarding date: 16/10/2008
- Concession period: 30 years
- Stake: 100%
- Leverage: 70% Debt - 30% Equity
- Total Investment: USD 1,100 MM (financed by SUDAM and BASA)

## PROJECT HIGHLIGHTS

- 1,200 km of 500/230kV double circuit Transmission Lines
- 27,000 km of aluminum cable
- 2,300 transmission towers
- 2 transmission towers of 295 meters
- 90,000 meters of piles
- 60,000 Tn of Steel
- 150 design engineers
- 4,000 workers / 14 work camps
- 12 bedroom ships / 2 hospital ships

## PROJECT OVERVIEW

At the very heart of the new Quartier de la Santé, CHUM will be one of the largest academic medical centres in North America with 332,656 sqm of total built area serving 345,000 ambulatory patients, 22,000 inpatients, and 65,000 emergency patients each year.

The hospital will also accommodate 772 single-patient rooms, ambulatory and diagnostic centres, surgery, intensive care, clinical laboratories, and a research centre that encompasses 35 medical disciplines.

## PPP CASE STUDY

- ❑ The consortium is made up of **OHL**, the British investment fund **Innisfree**, British construction firm **Laing O'Rourke** and French utility company **Dalkia**.
- ❑ **Initial project challenges:** sheer size of the hospital, constrained construction site, initial **construction programme** (over 9 years) which postponed its opening and the investment return.
- ❑ **SOLUTION: INNOVATIVE PHASING OF THE PROJECT**  
Phase 1: **90% of clinical area (operational by early 2016)**  
Phase 2: 10% of clinical area + auxiliary premises (2020)
- ❑ Sale of secured bonds: **\$1.37 billion** (considered the **largest senior debt funding ever raised in Canada** for a PPP)
- ❑ Guaranteed by the **Royal Bank of Canada (RBC)**
- ❑ First time for a PPP project in Canada with a **BBB rating** (**BBB+** by DBRS and **Baa2** by Moody's)

## THE PROJECT IN FIGURES ...

- **39-year** concession
- **Largest PPP in Canada**
- **LEED Silver** design
- **772** beds
- **26** hospitalization units
- **39** operating theaters
- **22-ground** hospital



## A W A R D S

- **Gold Award for Project Financing (2012)**  
by Canadian Council for PPPs
- **Grand Jury Award, Deal of the Year (2011)**  
by Project Finance International Magazine
- **North American Project Bond Deal of the Year (2011)**  
by Project Finance International magazine





# INTER URBAN MOTORWAY BETWEEN VALLENAR AND CALDERA NORTH OF CHILE

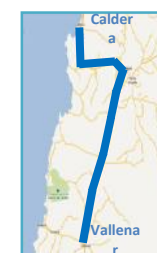
**Sacyr**  
Concesiones

**Sacyr has successfully developed 12 concessions in Chile since 1996. Vallenar-Caldera is an example of the current business portfolio with 6 concessions awarded in the last four years with a total investment of €1.5 billion**

## Overview of the project

Contract	Contract for the construction, maintenance and operation of a section of Route 5.	Duration of Concession	Up to 35 years (depending on operation of minimum NPV mechanism)
Type	Toll Road	Date of Concession	4th March 2009
Country / Region	Chile / South America	Phase/Start Ops	Operation since 5th November 2011
Location	Vallenar to Caldera 221.0 km	Shareholders	Sacyr (60%), Fondo de Las Américas (40%)
Client	Ministry of Public Works of Chile	Total Investment	€241.1MM
Payment Mechanism	–Direct toll road with tariffs to increase to CPI (during first 9 years an additional +1%) –A minimum guaranteed revenue mechanism applies, which is enough to recover operational costs –In addition, equity value is further protected by a minimum NPV mechanism, under which the concession will expire by the earlier of 35 years from awarding and the date in which deflated revenues NPV is equal to UF6,696,696 (9% discount)		

## Project location



## Sacyr enjoys a successful track record tendering concessions in Chile

Sacyr leads private investment in infrastructure in Chile. Sacyr has been in Chile since 1996 with the Elqui concession with a total of 12 concessions awarded. It has successfully divested 6 assets and Sacyr currently owns 6 concessions in Chile (5 roads and 1 hospital).

Project	Infrastructure	Location	Length/beds	Term	Status	Investment
Valles del Desierto	Highway	Route 5 Vallenar to Caldera. Northern Chile	221 km	35 years	In operation	€241.1 MM
Valles del Bío-Bío	Highway	Route O-97-N, O-50&Route 148 Concepción to Cholguán. Southern Chile	103,4 km	35 years	Under construction	€295.0MM
Rutas del Desierto	Highway	Route A1 & A 16 Iquique. Northern Chile	78,4 km	32 years	Under construction	€132.0MM
Ruta del Algarrobo	Highway	Route 5 La Serena to Vallenar. Mid-northern Chile	187 km	35 years	Under construction	€347.6MM
Ruta del Limarí	Highway	Route 43 La Serena to Ovalle. Mid-northern Chile	141,7 km	30 years	Under construction	€216.5MM
Hospital de Antofagasta	Hospital	Antofagasta. Northern Chile	671 beds	19 years	Under construction	€298.8MM
Total investment						€1,531MM

# INDEX



I. SEOPAN

II. TOP TRANSPORTATION DEVELOPERS 2012

III. SOME CASES OF MAJOR SPANISH PPP's WORLDWIDE

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- **Spanish concessionaires** operate worldwide PPP projects having also built the infrastructure
- Main developments are located in countries with **legal certainty** (concession law or PPP schemes) where contracts are backed by a balanced transmission of risks from public to private sector
- Contractors focus their priorities in projects that are really essential for **economic and social development** purposes in the country
- Long lasting relations with financial institutions and companies reliability allowed Spanish concessionaires to be **innovative** and have deserved several **world awards**



# SEOPAN

Thank you



EUROPEAN  
INTERNATIONAL  
CONTRACTORS