



## EFSl: Some examples

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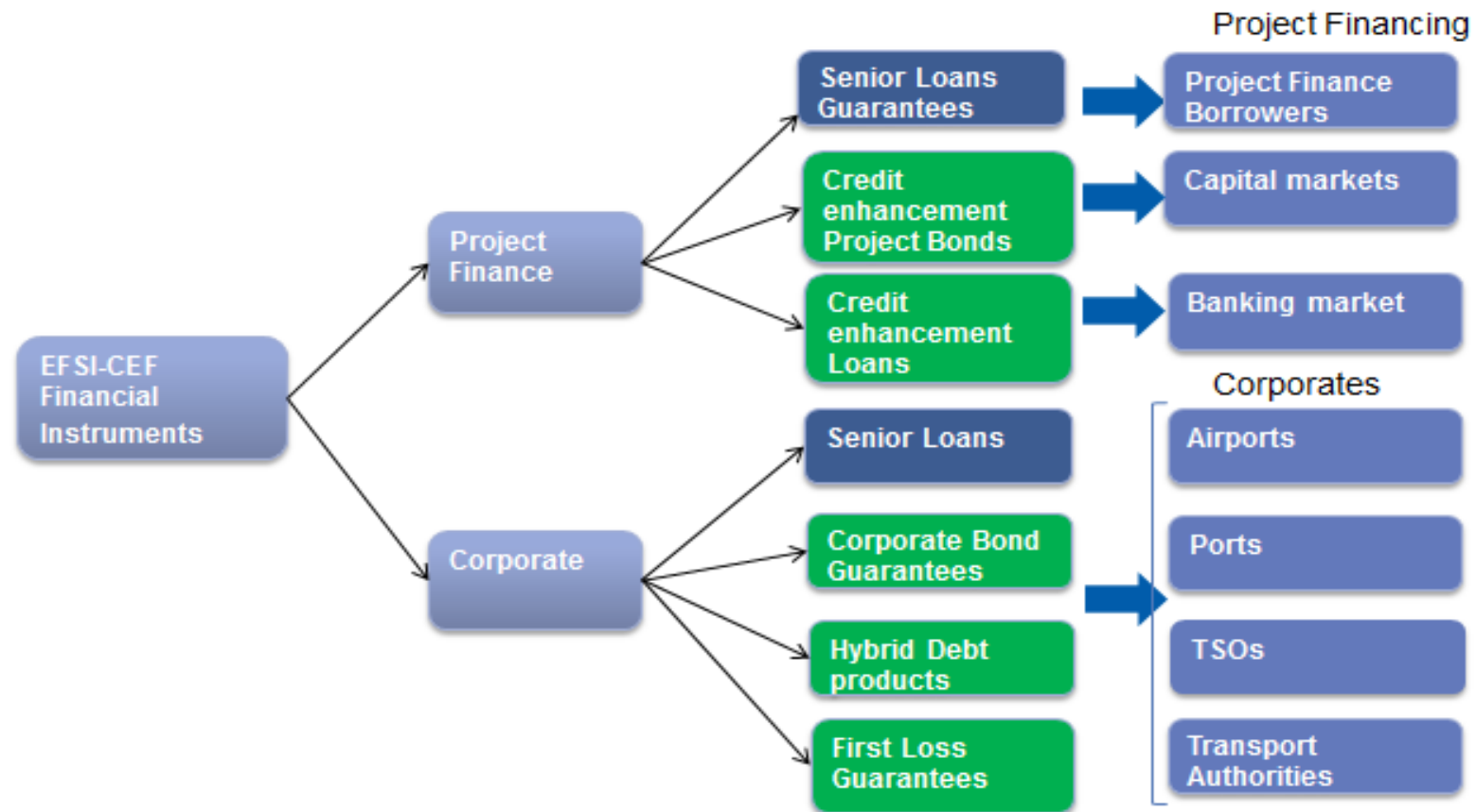
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# 1. Toolbox of Debt Financial Products of EIB



- New Products under developed under CEF & EFSI to meet market needs. e.g. portfolio structures/investment aggregation platforms, hybrids, blended structures, etc.



## 2. Project Finance Senior Loan



## Senior Loan Project Finance



- EIB senior loan: up to 50% project cost
- Ranking pari-passu to with commercial lenders in security and repayment
- Projects co-financed with banking and capital market financing
- Participate in the structuring and due diligence with commercial lenders
- Cost-effective pricing
- Wide track-record across different geographies and sector
- EIB well known market participant

**EFSI allows to expand the Project Finance activity and increase the risk taken**



## Senior Loan Project Finance: Recent activity in Spain

- Lack of project pipeline driven by the fiscal consolidation
- In recent years, EIB has financed two PPP transactions promoted by Fomento
  - Benavente-Zamora (A-66)
  - Instalaciones y ERTMS AVE Albacete-Alicante (tendered by ADIF)
- Pivotal role of EIB in both financing, closed in very difficult market conditions
- Availability-based payment concession
- Both projects under operation and well performing

**With EFSI EIB can assume riskier projects, including traffic risk**



### 3. Project Finance Credit Enhancement: LGTT&PBCE



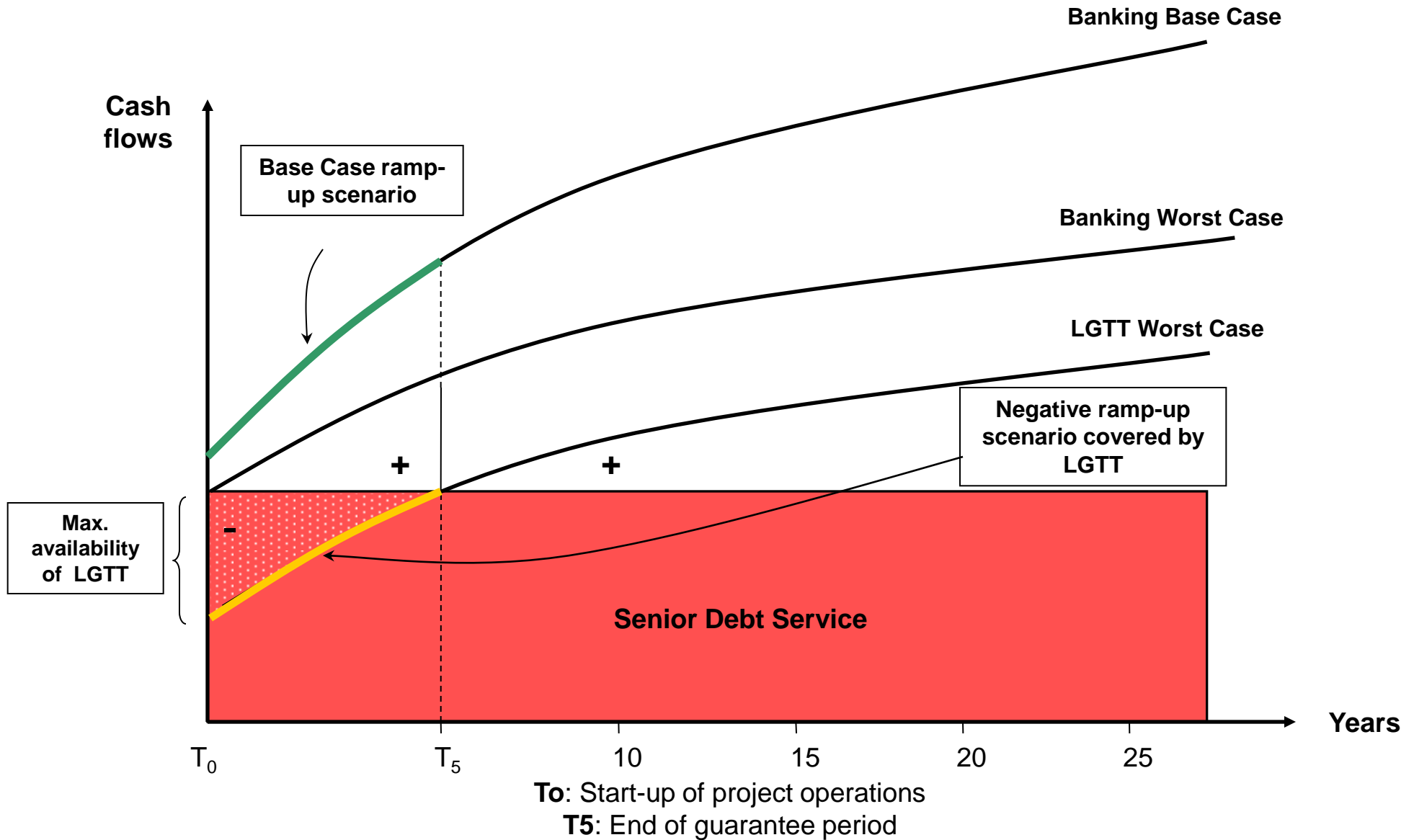


## **LGTT: Loan Guarantee Instrument for Trans-European Transport Network Projects**

- Standby Credit Facility (unfunded)
- Guarantees a maximum of 20% of senior debt
- Availability period: up to 7 year post construction completion
- Designed to overcome uncertainties of traffic-dependent revenue (tolls, fares etc.)
- For projects or part-projects that are deemed of common interest (as defined in Decision No 1692/96/EC)
- Rank junior to other debt, enhancing the credit quality of the senior debt
- Encouraging a reduction of risk margins applied by senior lenders ...
- ... but savings should exceed the cost of the guarantee to the borrower



# LGTT: how does it work





## LGTT: Current Status of operations



### Eix Transversal C-25 PPP (TEN)

- ❖ Project completed in January 2013 (ahead of schedule)
- ❖ Traffic currently 7% below base case assumptions (above LGTT trigger)

### Autobahn A-8

- ❖ Construction is on schedule (completion this month)
- ❖ Revenues during construction broadly in line with projections (approx. 5% below base case)

### LGV Sud Europe Atlantique (TEN)

- ❖ Construction is on schedule; expected completion in July 2017

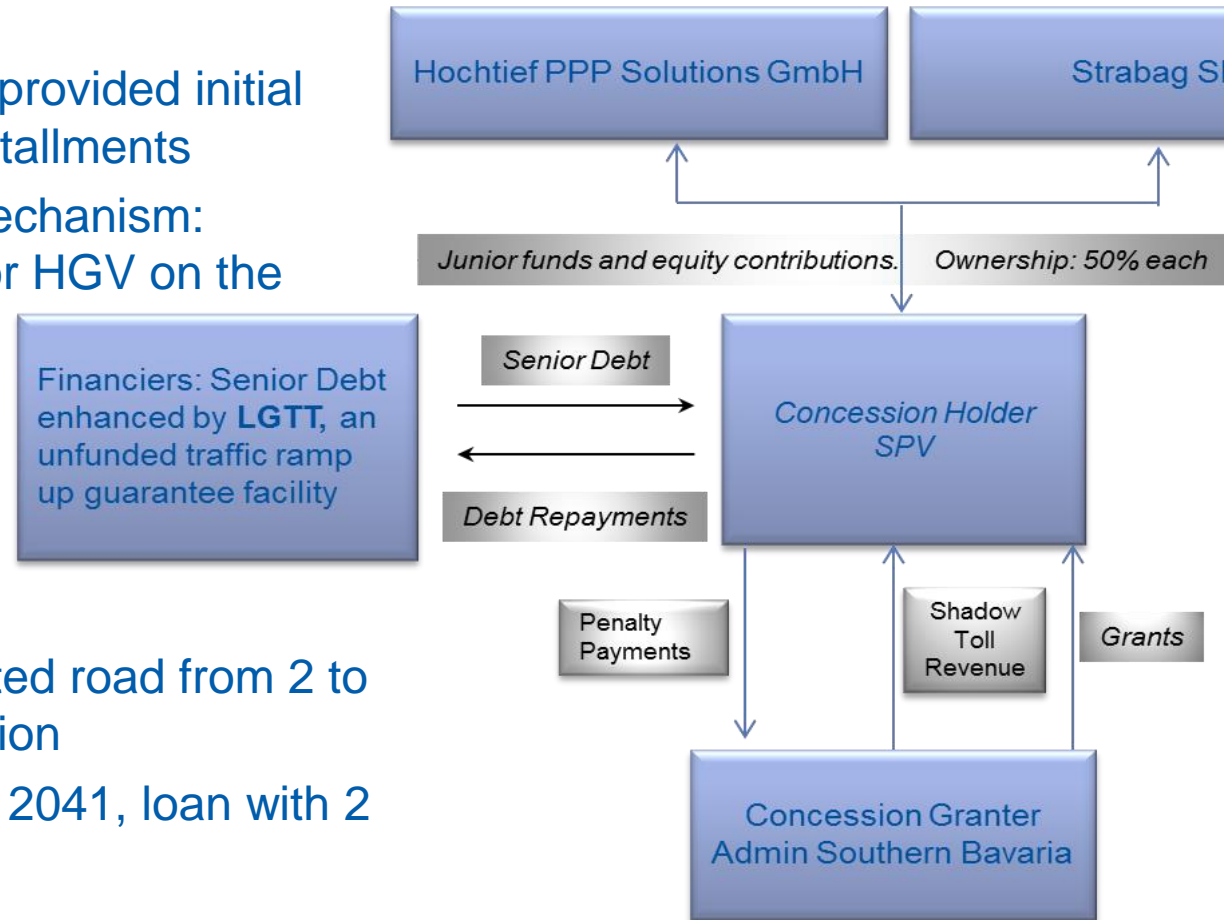
### London Gateway

- ❖ Traffic significantly below forecast (approx. 50% below lenders' low case)
- ❖ LGTT Loan Facility has been drawn



## LGTT A8 Ulm – Augsburg Autobahn: complemented with grants

- Equity contributions from Hochtief and Strabag, 50% each
  - Concession Granter: provided initial grant payable in 4 installments
  - Revenue payment mechanism: shadow toll system for HGV on the concession route
- Financiers: Senior Debt enhanced by **LGTT**, an unfunded traffic ramp up guarantee facility
- Expansion of congested road from 2 to 3 lanes in each direction
  - Concession period to 2041, loan with 2 years tail



Complemented with grants

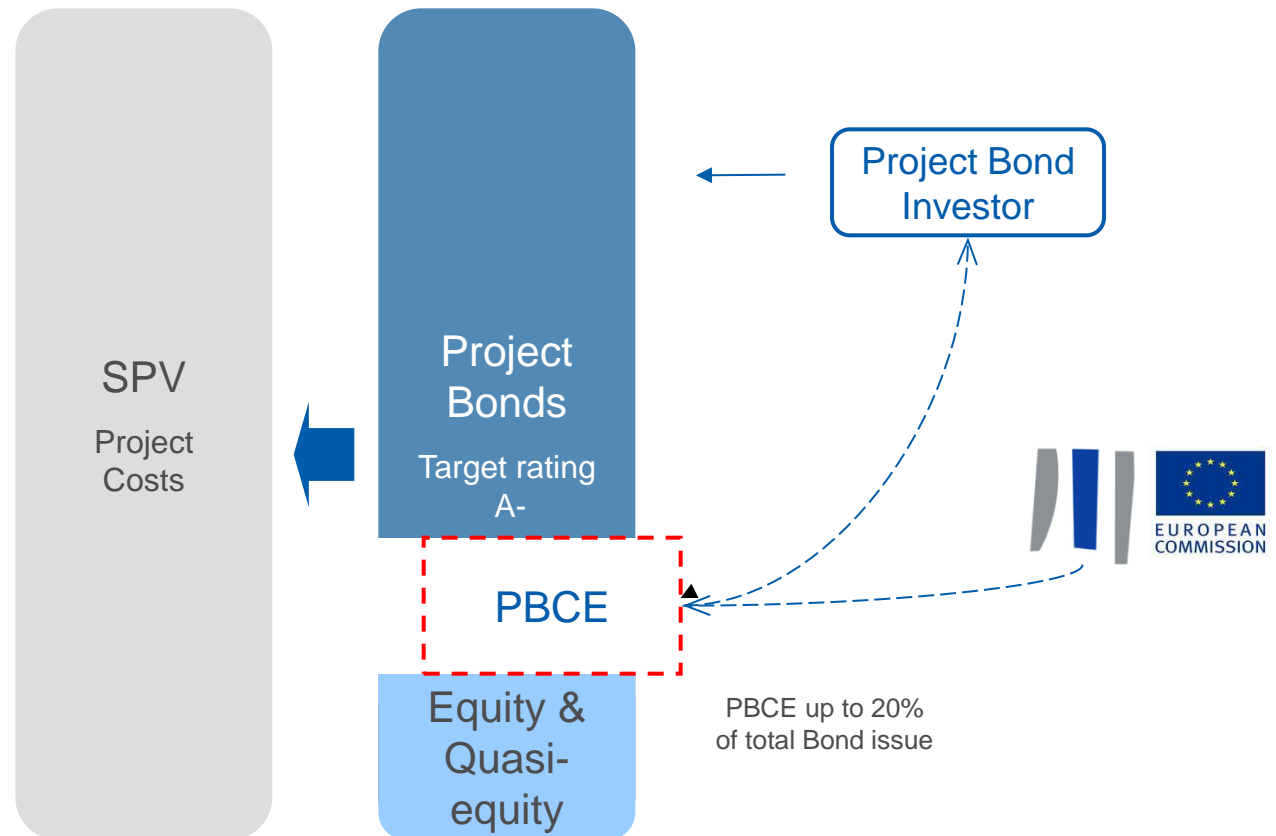
# PBCE: Project Bond Credit Enhancement



- ❖ The PBCE will ensure debt service under the Project Bonds up to the total size of the instrument
- ❖ Covers funding shortfalls during construction
- ❖ Revolving capacity, available until the end of the project
- ❖ Injected junior funds are repaid through a subordinated cash sweep mechanism
- ❖ Comes on top of a fully funded structure

PBCE dual use in sequential order:

- Debt service or
- Rebalancing



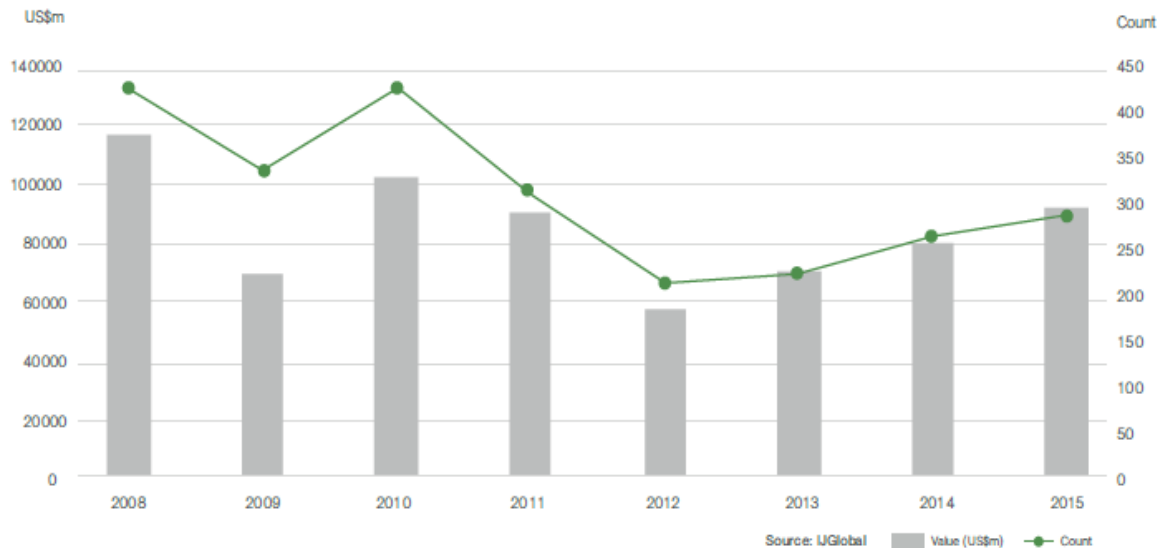


# Project Finance: loan vs bonds

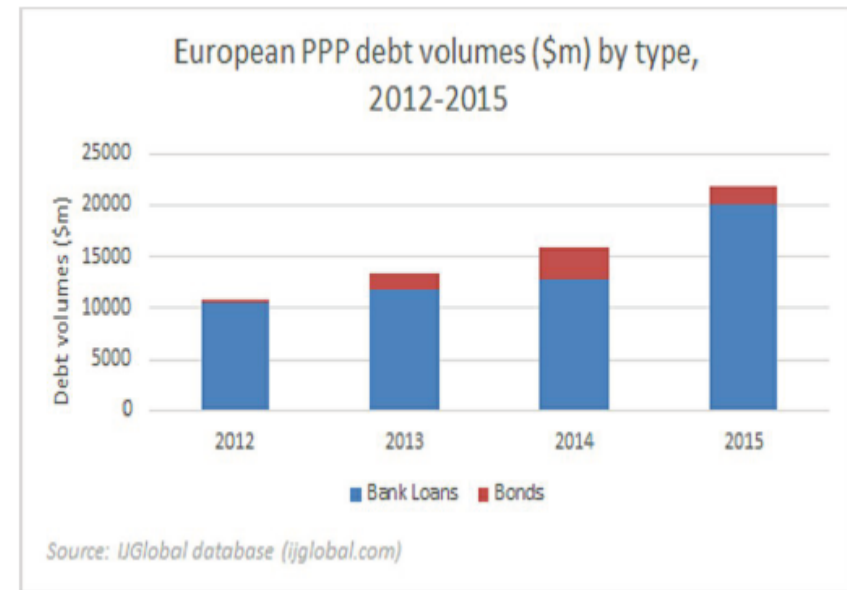


**European project finance deals rise on a marginally higher volume in 2015**

**EUROPE PROJECT FINANCE TRANSACTION VOLUME 2008-2015**



**Volume of project bonds contracted again in 2015 to USD1.78bn, while banks jumped 57.8% on 2014 level**





## 4. PBCE Examples

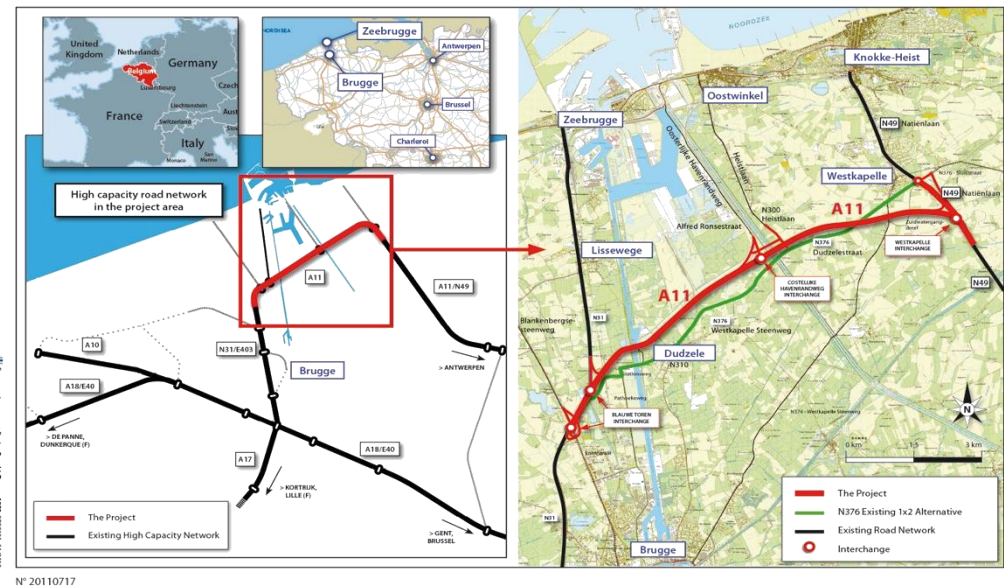


# PBCE A11 Brugge (Belgium)

The A11 Brugge PPP project (the “Project”) is part of the Trans-European Transport Network (TEN-T) and will be a new motorway (2x2) connecting the harbour of Zeebrugge with the E40 to Ghent and the E34 to Antwerp. In addition to improving the connection to the port, the project will also improve the connection to the city of Brugge and tourist connection to the Belgian coast, in particular Knokke and Blankenberge. The Project will be undertaken under a Design, Build, Finance & Maintain contract (BDFM) with the Flemish Region, consisting of a 4-year construction period followed by a 30-year maintenance period.



Project: A11 BRUGGE PPP - Belgium



The A11 Project is considered a Pilot experience to utilize capital markets in the future development of their infrastructure pipeline



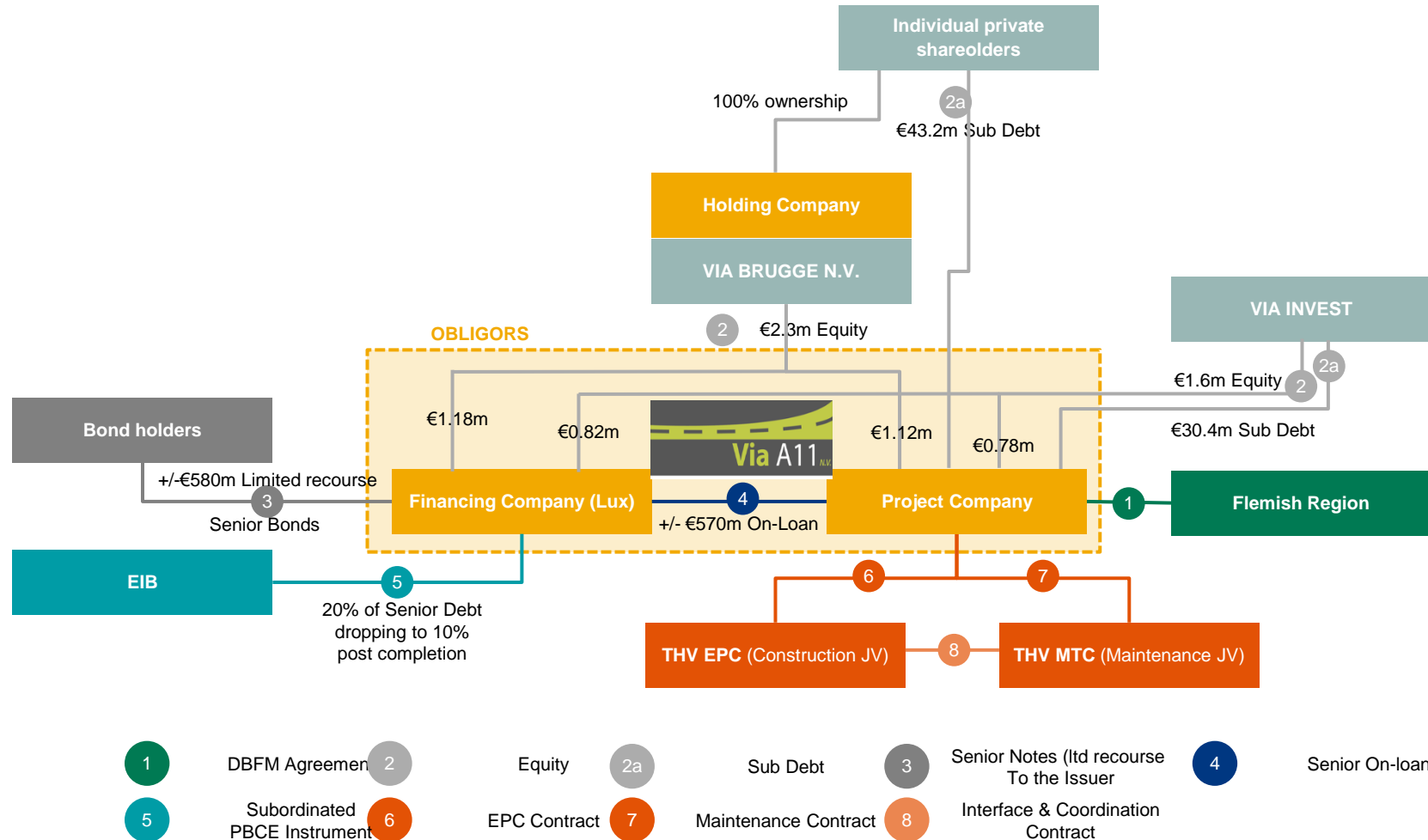
## PBCE A11: First Transport TEN-T Project



- First transport TEN-T project and first **greenfield transaction** to be financed through PBI
- **Deferred drawdown structure** with monthly disbursements
- **Committed Financing** at BAFO has been achieved
- Financial close done in March 2014
- Total Bond size EUR 580m in a single 32 years tranche
- EIB took a dual approach as **PBCE provider and Senior Investor**

# PBCE A11: Project contractual arrangements

## Project Sponsor: mixture of private and Public participation



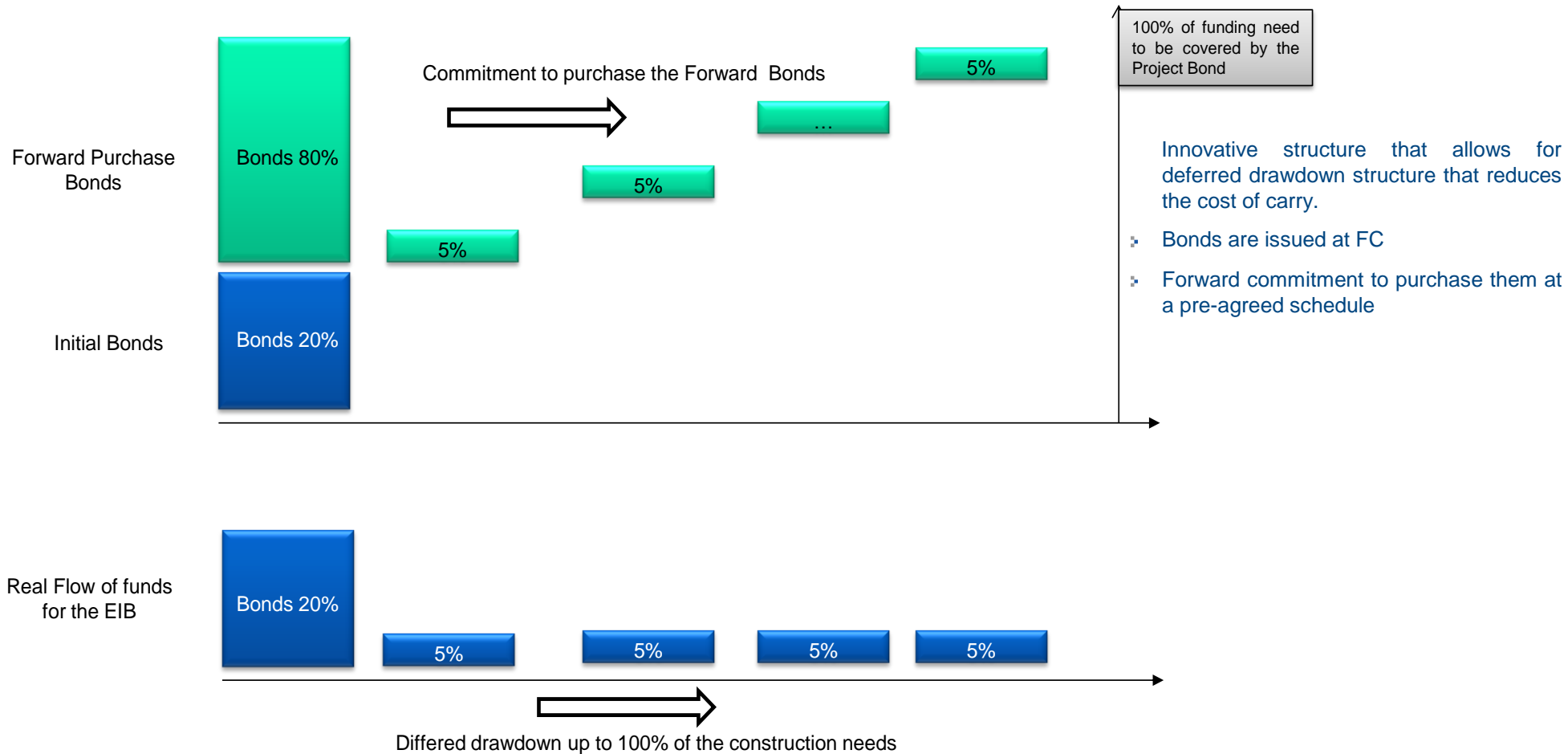


- The Grantor carried a funding competition where a PBCE Project Bond solution delivered the best value for money
- Solid contractual framework DBFM
- Construction risk pass through to EPC
- Project exposed to operation and maintenance risk
- Solid coverage ratios and adequate concession tail

# A11: Forward Bond Purchasing Agreement



A11 Project Bond differed drawdown mechanism



Eliminating the cost of carry increases the competitiveness of Bond solutions with construction risk

## Consortium and EIB Role

- On 26th August 2014, the Via Solutions Nord Consortium comprising Hochtief, Kemna and DIF achieved **financial close for the EUR 750m Project of the A7 German Motorway PPP Project**
- EIB provided a EUR 86m unfunded PBCE instrument and acted as anchor investor purchasing round EUR 70m of Project Bonds.

## The Project

- Widening of a 65km section of the A7 motorway North of Hamburg from 4 to 6 and 8 lanes, as well as operation and maintenance of a 59km stretch of the extended road
- 30-year **availability based** project contract with the Federal Republic of Germany under the German A-Model framework
- c. 4-year construction period with total construction cost of c. EUR 600 M
- **Fully committed finance required for BAFO** with no market MAC protection
- Tight timetable and authority **requirement to achieve financial close within 10 weeks** of preferred bidder appointment



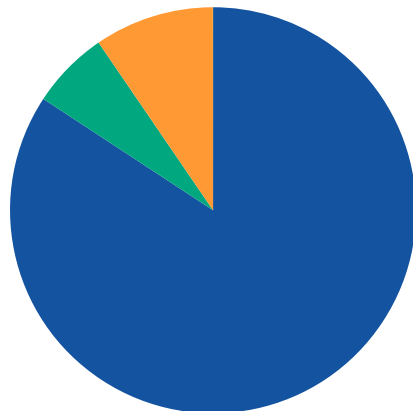


# PBCE: A7 Neumünster-Hamburg Motorway PPP

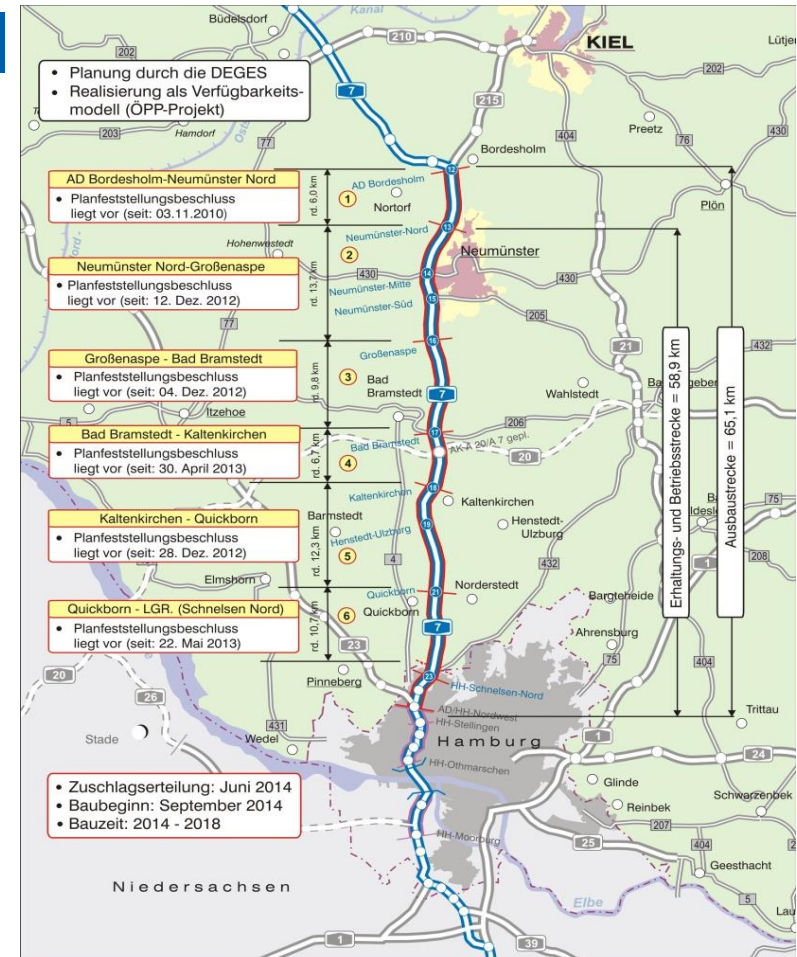
## Multi-Sourced Financing

- **EUR 430m of senior secured notes** were privately placed with six institutional investors and EIB
- The notes were **rated A3 by Moody's**, benefiting from a 1.5 notch uplift due to the EUR 86 M EIB Project Bond Credit Enhancement
- Construction milestone payments from the Authority will be bridged with a **EUR 82m revolving Milestone Bridge Facility**
- Milestone Bridge Facility also **includes two tranches of standby funding** to fund construction delays

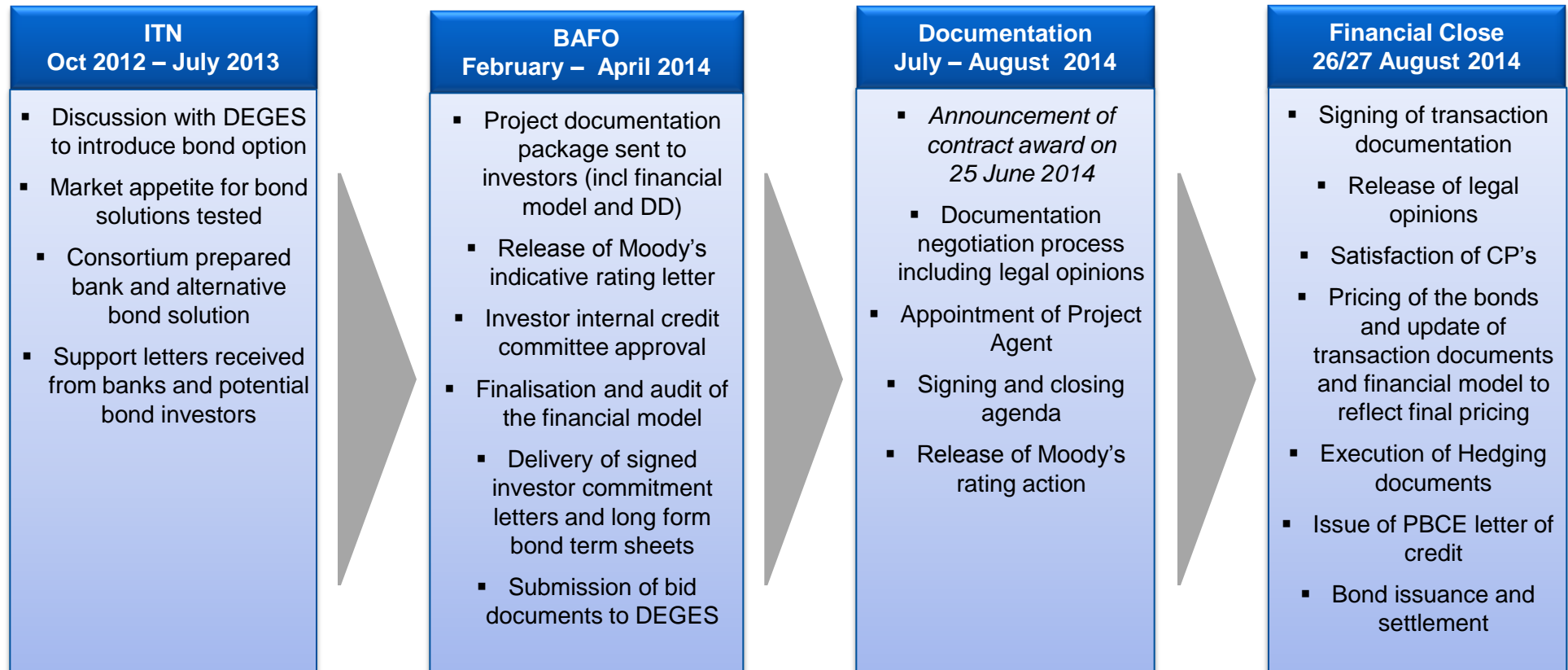
## Debt and Equity Package



- Project Bonds
- Milestone Bridge Facility
- Shareholder Loan Stock
- Equity



## A7: Execution Process and Deal Outcome



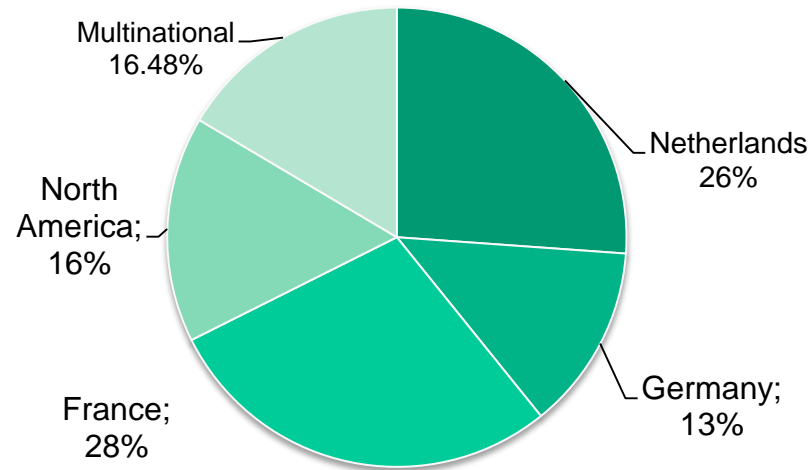
### Deal Outcome

- The deal was efficiently priced. The pricing of the transaction benefited from considerable appetite for high quality assets in Germany, with project risk being partially mitigated by the EIB PBCE providing credit enhancement.
- The EUR 429.1m offering was c. 2x covered by the investors at BAFO stage who provided exclusive support in the tender phase.



# Investors Base

## Allocation by Geography



EIB participation: 16.48 %





## A7 PBCE: Key Terms and Conclusions



- Availability of the PBCE instrument during the Construction Phase only
- Drawdown on the PBCE Letter of Credit for Construction Funding Shortfalls, Scheduled Debt Service and Accelerated Payments.
- PBCE size: 20% of the Senior Bonds (EUR 85m) allowing 2 notches uplift (BBB to A-)
- Complexity of a process involving different investors with diverse PPP experience and requirements
- Demanding procurement process:
  - German Procurement Law requires full commitment of terms at BAFO for a long period of time
  - Tight time-frame between Announcement of Preferred Bidder and Financial Close



## PBCE Port of Calais

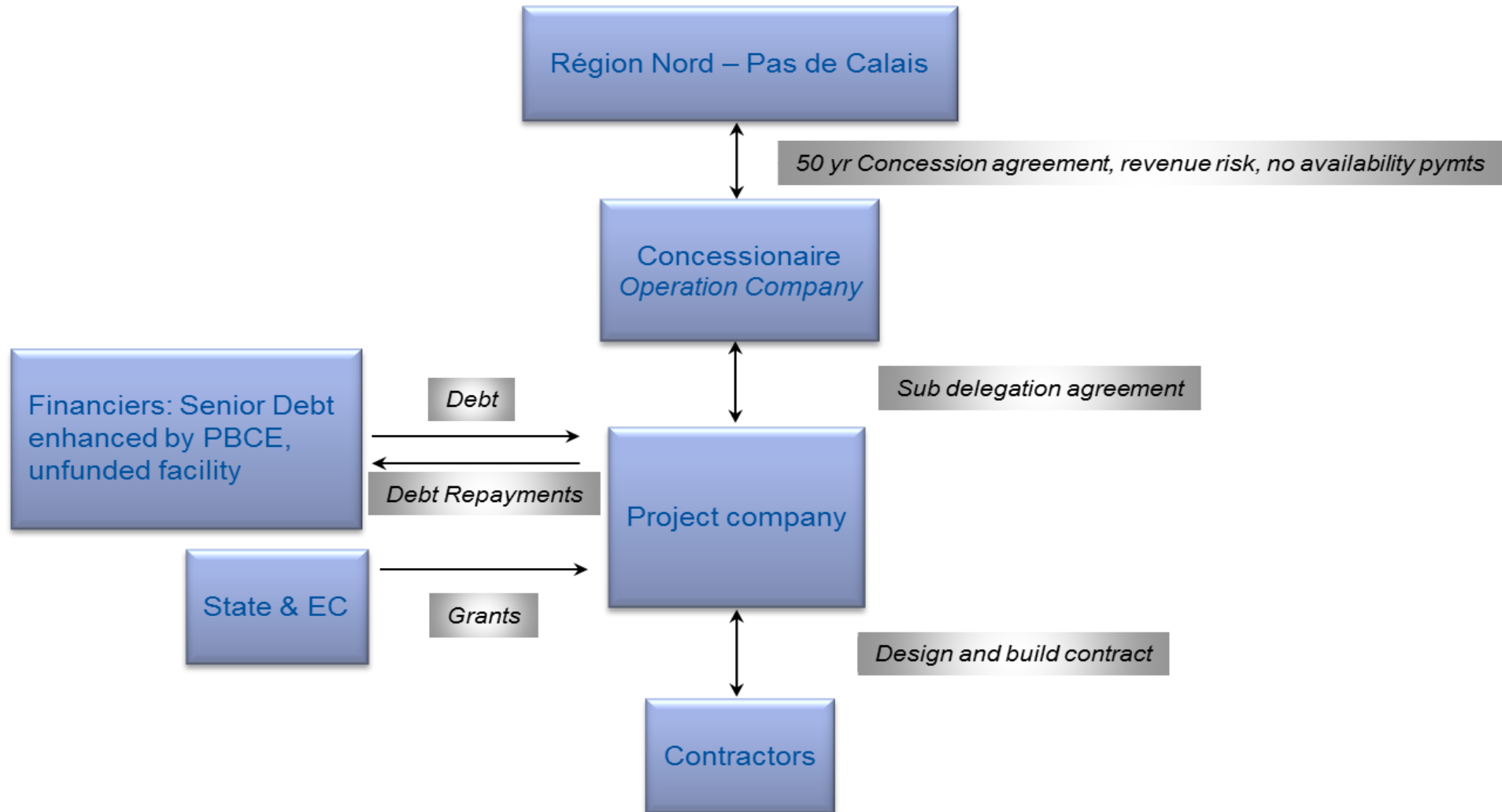


- Second PBI in France— signed 13th July 2015
- Extension of the Calais Port to accommodate more traffic and to alleviate operational constraints of the current port layout
- EUR 503.590.000 bond, with 40 years amortization
- Credit enhanced by EUR 50.359.000 of unfunded PBCE, rating of BBB (flat) with Fitch (one-notch uplift). Covering 10% of Senior Bond
- Starts coverage after the construction period
- The PBCE available from Construction Completion for a period of 18 years





## PBCE Port of Calais: example complemented with grants





## 5. EFSI-approved transactions



PROJECT NAME	COUNTRY	SECTOR			
NOBELWIND OFFSHORE WIND	Belgium	Energy	TRENITALIA REGIONAL ROLLING STOCK	Italy	Transport
HBOR RISK-SHARING FOR MIDCAPS & OTHER PR.	Croatia	SMEs and Midcaps	2I RETE GAS SMART METERING	Italy	Energy
ENVO BIOGAS TONDER	Denmark	Energy	NOVAMONT RENEWABLE CHEMISTRY	Italy	RDI
COPENHAGEN INFRASTRUCTURE II	Denmark	Energy	AUTOVIE VENETE A4 WIDENING	Italy	Transport
AANEKOSKI BIO-PRODUCT MILL	Finland	Energy	EUROMED RORO	Italy	Environment and resource efficiency
SEM ENERGIES POSIT-IF ILE DE FRANCE	France	Energy	BEATRIX LOCK	Netherlands	Transport
ALSACE TRES HAUT DEBIT	France	Information and Communication	QREDITS LOAN FOR SMES	Netherlands	SMEs and Midcaps
NORD PAS DE CALAIS THD	France	Information and Communication	EASTERN POLAND DAIRY PRODUCTION FACILITY	Poland	SMEs and Midcaps
SPEE EN PICARDIE	France	Energy	D4R7 SLOVAKIA PPP	Slovakia	Transport
GRAND CONTOURNEMENT OUEST DE STRASBOURG (A355)	France	Transport	GRIFOLS BIOSCIENCE R&D SPAIN	Spain	RDI
CAPENERGIE 3 FUND	France	Environment and resource efficiency	REDEXIS GAS TRANSMISSION AND DISTRIBUTION	Spain	Energy
IF TRI EN NORD-PAS DE CALAIS	France	SMEs and Midcaps	ABENGOA RDI II	Spain	RDI
LOGEMENTS INTERMEDIAIRES - SLI	France	Environment and resource efficiency	ACCESSIBILITY PORTS INFRASTRUCTURE	Spain	Transport
SAARLB - RE PROJECT FINANCE GUARANTEE	Germany, France	Energy	ICO INFRASTRUCTURE RISK SHARING LOAN	Spain	Transport
PRIMARY CARE CENTRES PPP	Ireland	Human Capital, Culture and Health	BALEARIA GREEN FLEET RENEWAL	Spain	Transport
IRISH WATER INVESTMENT PROGRAMME I - ERVIA	Ireland	Environment and resource efficiency	TECHNOLOGY & DIGITAL PLATFORMS PROGRAMME	Spain	Information and Communication
RENEWABLE INCOME EUROPE	Ireland	Energy	EUROFIDEME 3 CO-INVESTMENT WIND SWEDEN	Sweden	Energy
ARVEDI MODERNISATION PROGRAMME	Italy	RDI	MIDLAND METROPOLITAN HOSPITAL PPP	United Kingdom	Human Capital, Culture and Health
TI - ACCELERATED FIXED HIGH SPEED BB ROLLOUT	Italy	Information and Communication	GALLOPER OFFSHORE WIND	United Kingdom	Energy
RAFFINERIA DI MILAZZO	Italy	Environment and resource efficiency	BEATRICE OFFSHORE	United Kingdom	Energy
			IMPAX NEW ENERGY INVESTORS III	United Kingdom	Energy
			IMPAX CLIMATE PROPERTY FUND	United Kingdom	Energy
			SMART METERS - PROJECT SPARK	United Kingdom	Energy
			GINKGO FUND II	Regional - EU countries	Environment and resource efficiency