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EFSI Workshop: Financial Opportunities for Italian port system and logistic

Case Studies:

- Calais Port 2015 (PBCE) - France**
- Accessibility Ports Infrastructure - Spain**
- TEN-T Medium Sized Italian Ports Programme Loan**
- Other sector projects**

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Case Study – Calais Port 2015 (PBCE)

Existing situation



Situation after project completion

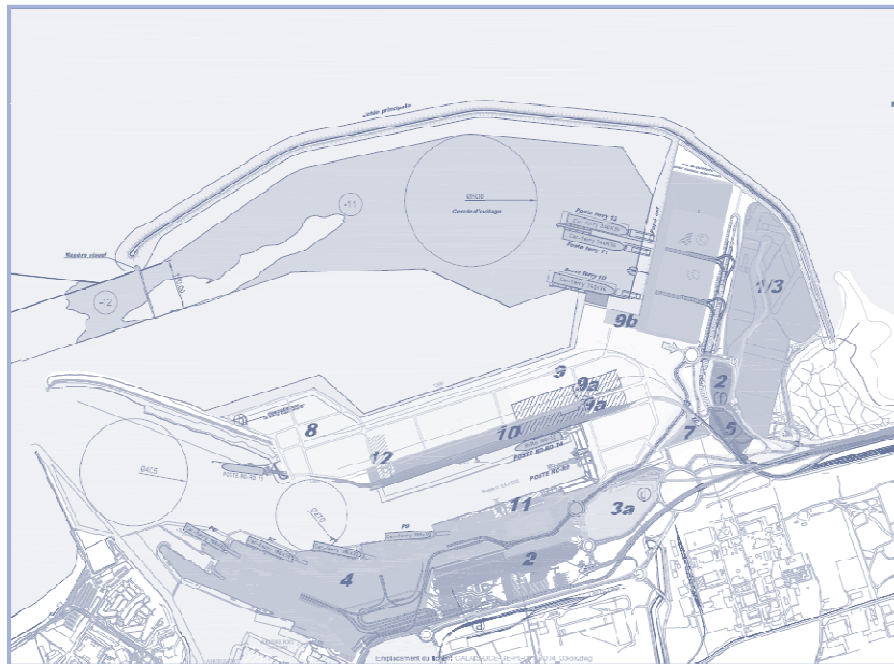


Case Study – Calais Port 2015 (PBCE)

Technical changes in the project scope

- De-scoping and phasing allowed EUR 100 m savings in the construction costs;
- Phasing is linked to traffic levels at the port.

Phase 1 Covered by current EPC contract



Final Phase Long-term solution



Case Study – Calais Port 2015 (PBCE)

- The project consists of
 - The **design, build, finance, maintenance and operation of the extension of the Port of Calais**;
 - The commercial operation of the Ports of Calais and Boulogne-Sur-Mer.
- Concessionaire is primarily rewarded by the revenues generated by the project
 - No fixed availability payments;
 - Good use of public money;
 - Significant incentive to maximise commercial operations of harbours;
- 50-year concession agreement
- Financing the project at attractive conditions is not obvious:
 - 1) The project company is **partially exposed to traffic risk** and the repayment of the debt depends on the usage of the Port of Calais.
 - 2) Very long concession period.

➔ It is a project where the financial products of EIB can make the difference.

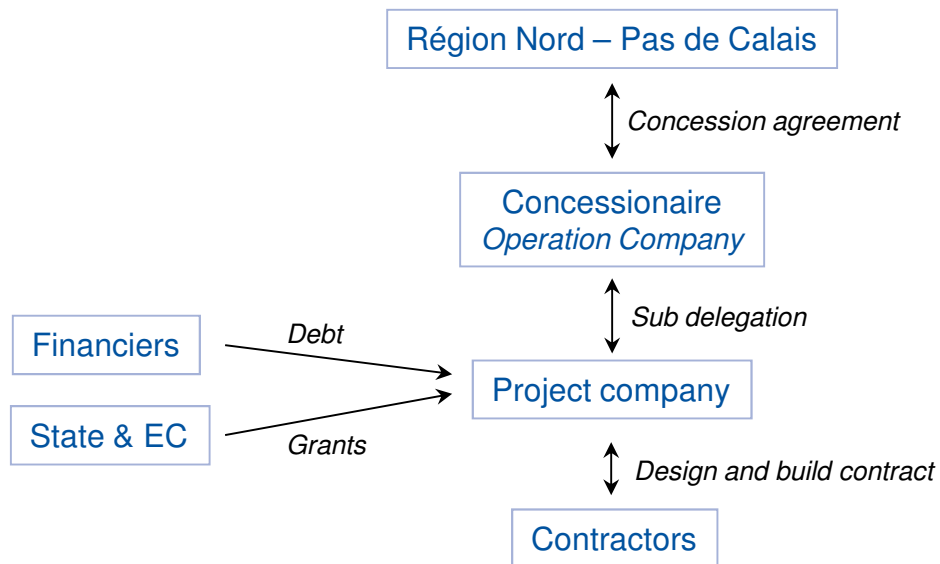
Case Study – Calais Port 2015 (PBCE)

- EIB provided a **project bond credit enhancement** facility:
 - 1) Mitigated the traffic risk for senior lenders
 - Instrument provides extra liquidity in case the project company is unable to meet its (senior) financial obligations
 - 2) Increased the rating of the project: allowed institutional investors to invest in the project
 - Institutional investors are looking for investment grade investments with (very) long tenors
- The credit enhancement facility was structured in such a way that the project obtained the desired loan grading at a minimum cost for the project company.
- PBCE:
 - Only after the construction period;
 - Duration of 18 years;
 - Facility 10% of outstanding senior debt.

Project bonds were issued by the project company with a maturity of 40 years and acquired by an institutional investor at a competitive yield.

Case Study – Calais Port 2015 (PBCE)

- As the expected project revenues were not enough to finance the investments, a public subsidy (part of which CEF grants) had to be foreseen to bridge the gap.
 - The subsidy was an important criterion during the tendering phase;
 - Competition forced private partners to keep the subsidy as low as possible.
- Final structure



Case Study – Calais Port 2015 (PBCE)

Conclusion:

- The early involvement of EIB allowed a discussion to reduce the construction costs and improved the overall cost-benefit balance of the project.
- The Port de Calais project is an example of how an authority can use public money in a smart way. With a minimum of public grants, the Région was able to implement an important and complex infrastructure project.
- The EIB credit enhancement product made it possible to improve the financial cost of the project. The bonds were issued at a competitive yield and their repayment could be spread over a very long period.
- A combination of EIB instruments and subsidies is a very useful instrument to catalyse the implementation of difficult and complex projects.

Case Study – Accessibility Ports Infrastructure (Spain)



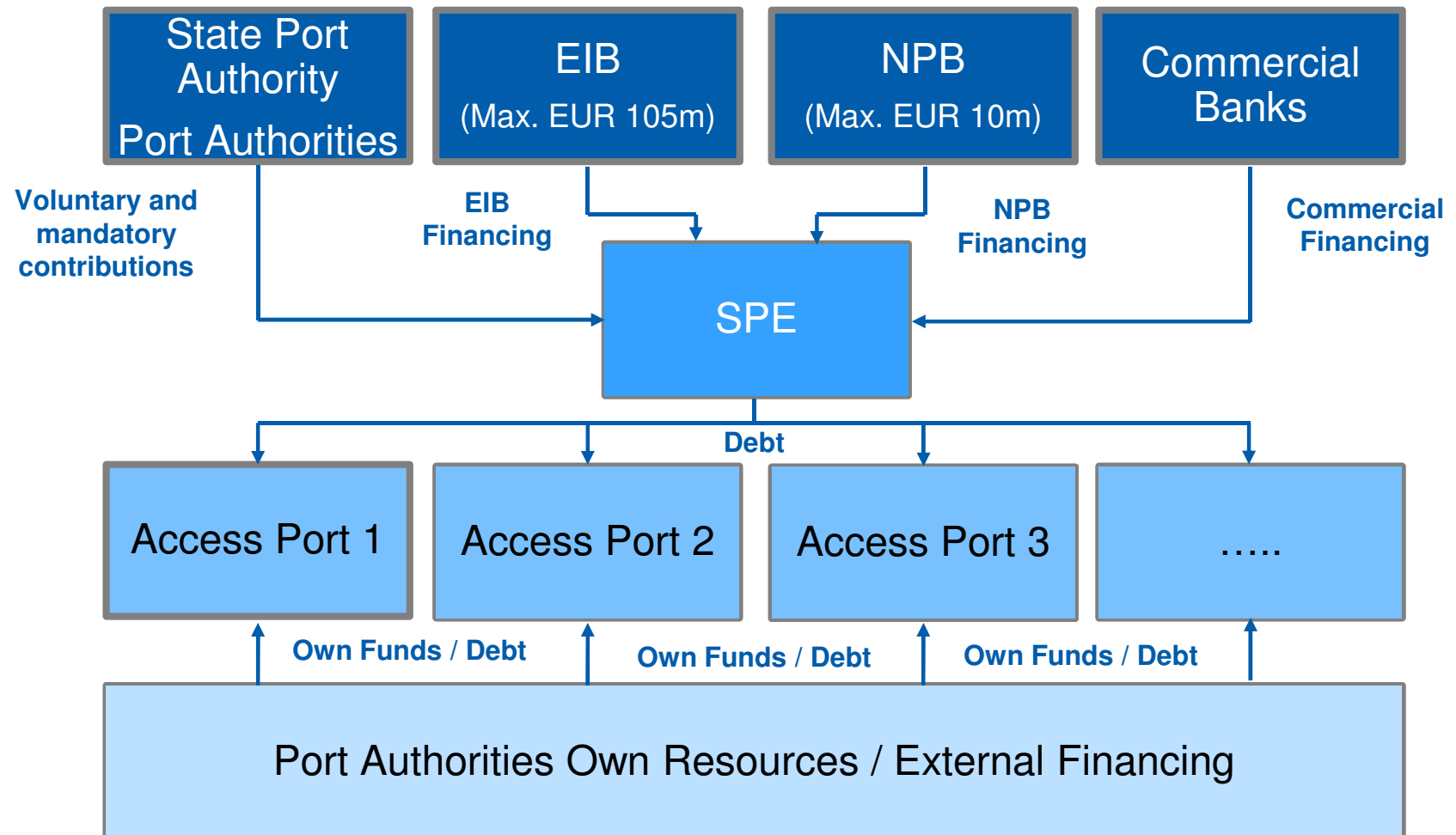
Case Study – Accessibility Ports Infrastructure (Spain)

- The project concerns the financing of a special entity (SPE) created to support investments from the state-owned Port Authorities (PAs) and Puertos del Estado (PdE) in land accesses to the main national ports.
- The loan will support the implementation of eligible rail and road projects under the SPE's investment programme for the period 2015-2020.
- 13 pre-identified projects: Avilés, Bahía de Algeciras, Baleares, Barcelona, Bilbao, Cartagena, Castellón, Ferrol-San Cibrao, Motril, Sevilla, Tarragona, Valencia and Puertos del Estado with a total cost of EUR 485 m.
- The project will improve interoperability between transport modes in the TEN-T network as all ports are TEN-T and in Cohesion Priority Regions (40%).
- The majority of schemes will contribute to Climate Change through Sustainable Transport objectives (95% rail schemes).

Case Study – Accessibility Ports Infrastructure (Spain)

- The SPE will be mainly financed by mandatory contributions to be made on an annual basis by PdE and the PAs based on a proportion of prior year's profits. Voluntary contributions may also be made by PdE and the PAs.
- Since these contributions are not sufficient to finance all the investment needs, third party financing is required in order to complete the financing needs of the SPE.
- EIB financing will accelerate the construction of projects and will act as a catalyst for the participation of the Spanish NPB (ICO) and commercial banks.
- With regard to eligibility under Article 9) (c) development of transport infrastructures and equipment and innovative technologies for transport, the operation may eventually benefit from the EU Guarantee in accordance with the EFSI Regulation and the terms of the EFSI Agreement.

Case Study – Accessibility Ports Infrastructure (Spain)



Case Study – Accessibility Ports Infrastructure (Spain)

Loan characteristics

- Instrument: Unsecured Loan.
- Amount: EUR 105m.
- Disbursements: Up to 8 disbursements with a minimum amount of EUR 5m.
- Tenor: Loan up to 20 years with a 3 years grace period in order to match tenor of the mandatory contributions.

Case Study – Accessibility Ports Infrastructure (Spain)

- Main features:
 - Private investments mobilized at three levels:
 - Additional financing required by SPE.
 - Direct investments by Port Authorities financed by private sector.
 - Private investments at ports as result of improved accessibility.
 - EIB anchor investor role: assumption by EIB of higher risk than in the past allows the financing at a point of time in which other lenders were reluctant.
 - The set up of this innovative SPE will accelerate investments that would otherwise not been carried out until 2020 or further.
 - Precedent for similar products to be implemented in the near future.
- Risks:
 - Market risk: repayment subject to performance of the ports and their capacity to generate revenues.
 - Ramp-up risk: SPE set up in 2015 with no previous financial track record.
 - Other risks: no initial equity as such although mandatory contributions are subordinated to third parties financing.

Case Study – TEN-T Medium Sized Italian Ports Programme Loan

(Non-EFSI operation)

Background

Key project points:

- 7 medium sized ports;
- Individual Project Cost between EUR 80m and EUR 200m;
- **Programme Loan** approved in 2014 for a total project amount of EUR 1.1bn (EUR 500m loan);
- Implementation timeline of 5 years;
- 3 ports fully appraised until now;

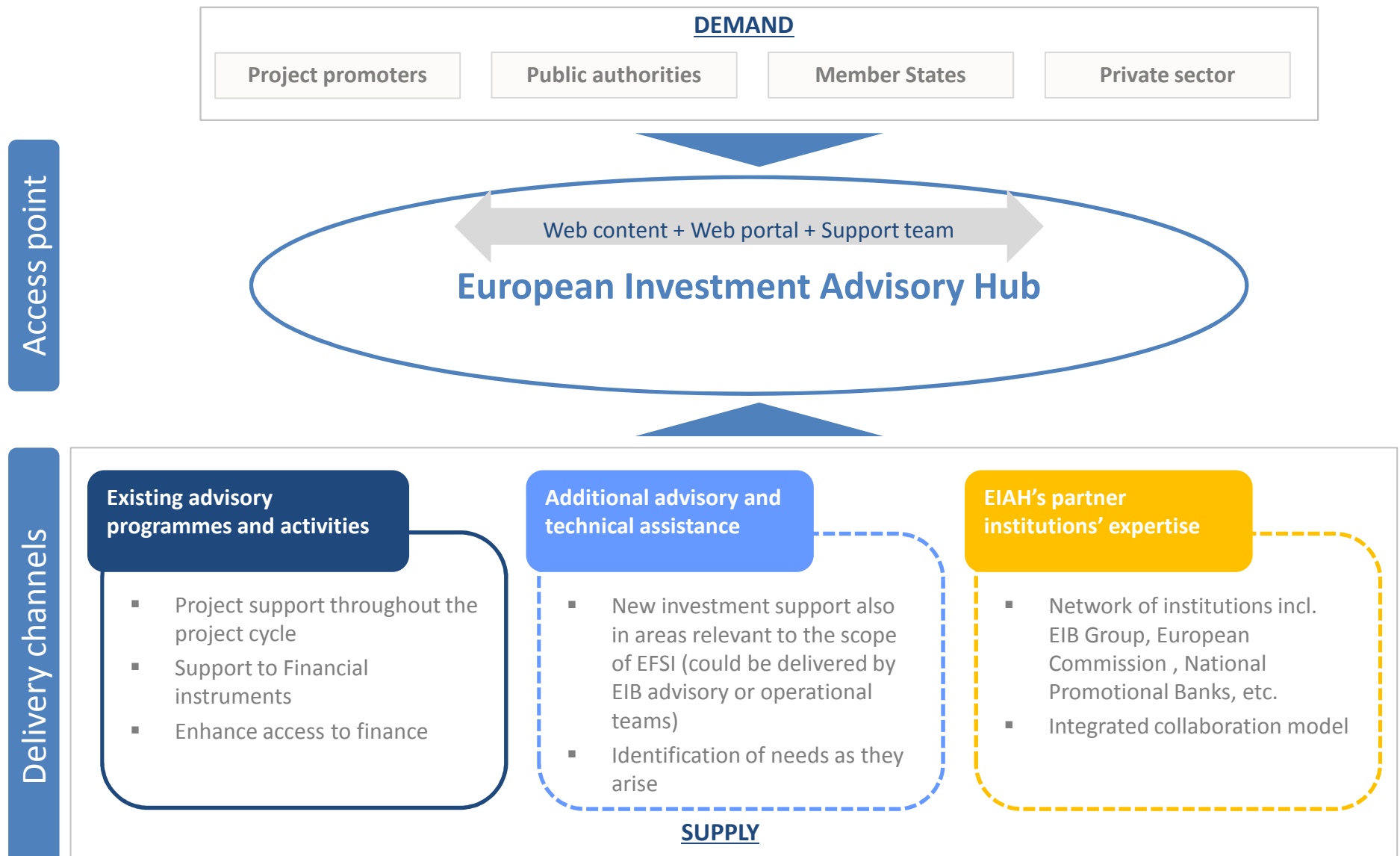
Project: TEN-T MEDIUM SIZED ITALIAN PORTS PROGRAMME - Italy



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For more information

<http://www.eib.org/>

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