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Costa Navarino, Messinia, Greece
29-31 May 2019

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Association Européenne des Concessionnaires d'Autoroutes et d'Ouvrages à Péage

Project bonds as a complementary source of financing infrastructure projects

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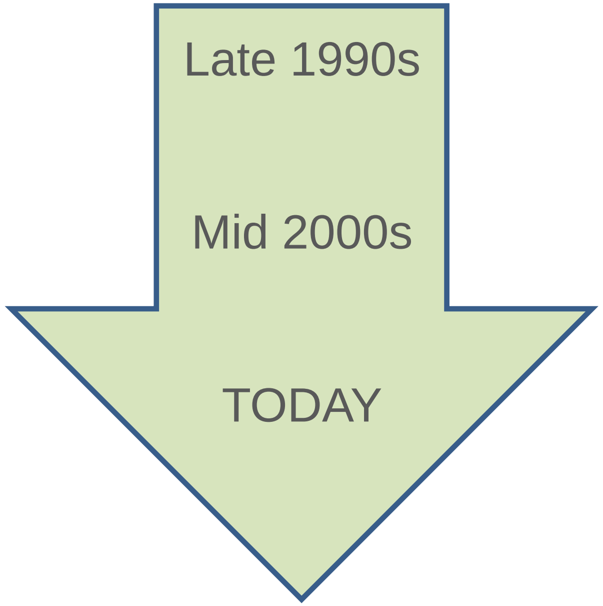
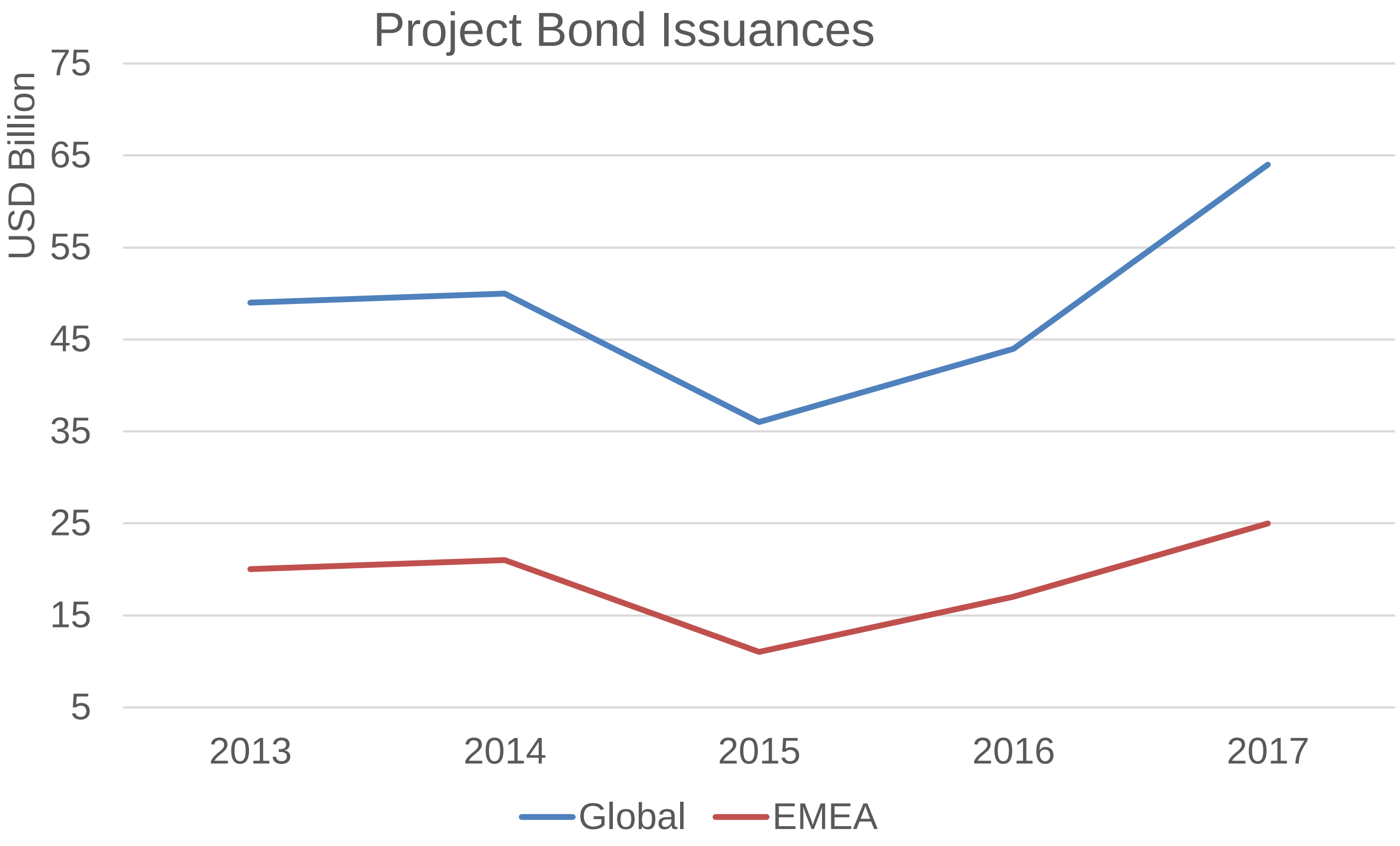
Exemplary Project Financings in Greece

- **Wave 1**: Attica Ring Road, Athens Airport, Harilaos Trikoupis Bridge (Rion – Antirion Link)
- **Wave 2**: Five Motorway Concessions
- **Wave 3**: Public Private Partnerships
- **Wave 4**: Kastelli Airport, Thriassio Logistics Center, Regional Airports



Financing structures varied considerably but one of the things they had in common was that debt funding was provided by commercial and multilateral banks without financing through the capital markets

The Global Project Bond Market



Recent example:

Autoroutes du Sud de la France (ASF), an SPV that manages a highway network in the south of France, has issued €1 billion in notes maturing in 2031 as part of its euro medium-term note programme.
Proceeds from the bond sale will go to pay back existing debt. The issue was oversubscribed at a rate of over two times.

How are the project bonds different?

- Potential lenders more likely to include institutions looking for stable long – term cash flows (asset – liability matching) and therefore tenors can be longer than bank debt (i.e. longer than 15-20 years)
- Wider investor base - diversification of sources of finance, especially if the bonds are listed
- Fixed pricing (and therefore certainty of debt service requirements) without need to resort to complex hedging structures and take mismatch risk
- Usually lighter on covenants (incurrence versus maintenance)
- Likely to require rating
- Negative carry – impact of drawing upfront while capital expenditure is staged

Application in the Greek context – Current Environment

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- Significant requirement for new infrastructure with limitations of public investment budget
- Dominance of domestic banks and multilaterals in a Basel III and NPLs background
- Projects in early years of operation phase – refinancing potential / secondary market transactions
- Projects nearing completion of initial concession period – combination with large scale extensions
- New projects with availability payment structures
- Gradual increase of interest by institutional investors

Application in the Greek context – Issues

- Shallow capital markets
- Views of foreign investors on risk / available alternatives
- General economic outlook and sovereign credit rating

THANK YOU FOR YOUR ATTENTION