



# THE CZECH PPP KICK-OFF TRANSPORT INFRASTRUCTURE

**Rail infrastructure success stories**

**April 2015**

BUILDING TEAM SPIRIT TOGETHER



**SOCIETE GENERALE**  
Corporate & Investment Banking

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# SOCIÉTÉ GÉNÉRALE RANKINGS & AWARDS IN PROJECT FINANCE

Consistently recognised as one of the leading banks in infrastructure and project finance advisory



Infrastructure & Project Finance	2013	2012	2011	2010
Best Global Infrastructure House <sup>(1)</sup>	X			
Best Project Finance House in Western Europe <sup>(1)</sup>		X		
Best Export Finance Arranger <sup>(3)</sup>	X			
Advisor of the Year-Global <sup>(2)</sup>			X	X
Advisory of the Year-O&G <sup>(2)</sup>			X	X
Arranger of the Year-O&G <sup>(2)</sup>				X
Best Project Finance House in Asia <sup>(1)</sup>				X
Best Project Finance House in Western Europe <sup>(1)</sup>		X		
Best Arranger of Project Finance loans <sup>(4)</sup>	X	X	X	X

Multi Product and Other	2013	2012	2011	2010
Best Energy House <sup>(5)</sup>				X
Energy Finance House of the Year <sup>(6)</sup>	X		X	X
Commodity Finance & Structured Products <sup>(7)</sup>				X
Best Arranger of Russian Loans <sup>(8)</sup>				X

**Sources:**

- (1) Euromoney, July 2013, 2012 & 2010
- (2) Infrastructure Journal Awards, March 2011
- (3) Trade Finance Magazine, June 2013, 2012, 2011 & 2010
- (4) Euroweek, February 2013, 2012, 2011 & 2010
- (5) Risk Magazine, January 2010
- (6) Energy Risk Magazine, 2013, 2011 & 2010
- (7) Commodities Now, November 2010
- (8) PFI Awards, December 2010



# SOCIÉTÉ GÉNÉRALE INFRASTRUCTURE PROJECT FINANCE MARKET POSITION



Project Finance  
International

Deals of the Year  
2010 - 2014

- **A7 Bordesholm-Hamburg**  
*European Bond & Europe Road DoY 2014*
- **N17/N18 Gort to Tuam**  
*Europe PPP DoY 2014*
- **N'GOMA**  
*African O&G DoY 2013*
- **APRR Refinancing**  
*European Refinancing DoY 2012*
- **Open Grid Europe**  
*European Oil & Gas DoY 2012*
- **Tours-Bordeaux – SEA**  
*European Rail DoY 2011*
- **London Gateway**  
*European Transport Port DoY 2011*
- **PR 22**  
*America DoY 2011*
- **Andromeda 51MW PV Plant**  
*Europe Bond DoY 2010*

ProjectFinance

Deals of the Year



Project Finance  
Magazine

Deals of the Year  
2011 – 2013

- **L2 Marseille Bypass**  
*Europe Availability DoY 2013 and overall European DoY 2013*
- **Castor**  
*Europe Refinancing DoY 2013*
- **Tribunal de Grande Instance de Paris**  
*European Social Infrastructure DoY 2012*
- **Nîmes – Montpellier LGV**  
*European High-Speed Rail DoY 2012*
- **Aeroporto Di Roma**  
*European Airport DoY 2012*
- **Tours-Bordeaux – SEA LGV**  
*European Transport High-Speed Rail DoY 2011*
- **London Gateway**  
*European Transport Port DoY 2011*
- **Gatwick**  
*European Airport DoY 2011*
- **Balard**  
*European PPP Defence DoY 2011*
- **Strada dei Parchi**  
*European Road Real Toll DoY 2011*



Infrastructure Journal

Deals of the Year  
2009 - 2014

- **Intercity Express Programme II**  
*European Rail DoY 2014*
- **A7 Bordesholm-Hamburg**  
*European Bond DoY 2014*
- **Budapest Airport**  
*European Airports DoY 2014*
- **DCT Gdansk Container Terminal**  
*European Port DoY 2014*
- **Arqiva**  
*Telecoms DoY 2013*
- **Open Grid Europe**  
*Acquisition DoY 2012*
- **Tours-Bordeaux – SEA**  
*Transport DoY 2011*
- **London Gateway**  
*Global DoY 2011*
- **Balard**  
*Social Infrastructure DoY 2011*
- **Victoria Desalination Plant**  
*Global DoY 2009*

# SELECTED RAIL PROJECT IN FRANCE



## Tours Bordeaux HSL

High-speed rail link between Paris and Bordeaux

EUR 8,000,00,000

Financial Advisor and MLA

FRANCE 2011

## HSR Sud Europe Atlantique, France

- Societe Generale acted as Financial Advisor, Structuring Mandated Lead Arranger, Documentation Bank, Market Hedge Provider, Hedge Coordinator, LGTT Bank and Agent to a consortium comprising Vinci, Axa IM and Caisse des Dépôts et Consignations, which was named preferred bidder for the Sud-Europe Atlantique high speed rail link. The project is the first heavy rail project developed in France under a concession scheme, and the biggest ever greenfield PPP in the country
- The project consists of a concession to design, build, finance, operate and maintain a new railway high speed line between Tours and Bordeaux. Total project costs are publicly estimated at circa € 8 billion
- Financial close occurred on June 16, 2011.



## BPL HSL Project

25-year PPP for 180km high-speed rail line Mans-Rennes

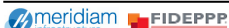
EUR 3,000,000,000

Structuring MLA, Mkt Hedge Provider, Hedge Provider, Intercreditor & Facility Agent

FRANCE 2011

## HSR Bretagne Pays de Loire, France

- SG CIB acted as structuring MLA, market hedge provider, intercreditor & facility agent and account bank for the circa EUR 3 billion BPL HSL Project. This project consists of 180 km of new "TGV" tracks between Le Mans and Rennes developed by Eiffage under a PPP contract. This new line will cut the journey time from Paris to Rennes by 40 minutes.
- The project closed in July 2011



**CNM HSL**  
Nîmes Montpellier HSL bypass

EUR 1,800,000,000

Financial Advisor, Mandated Lead Arranger, Documentation Bank, Hedge Provider, Security Agent,

FRANCE 2012

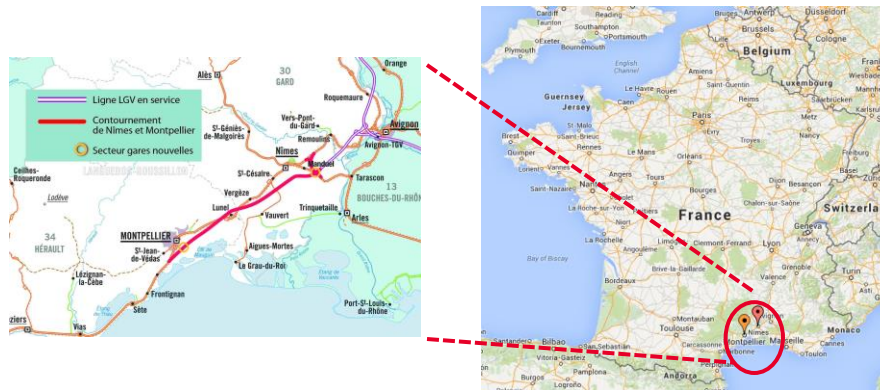
## HSR Nîmes-Montpellier Bypass (CNM), France

- Société Générale acted as Financial Advisor, Mandated Lead Arranger, Hedge Provider and Security Agent for a consortium comprising Bouygues, Colas, Spie batignolles and Alstom for the 78 km Nîmes and Montpellier high speed rail bypass, carried out under a 25-year PPP scheme.
- Total project costs amounted to circa € 1.8 billion. The debt package comprises commercial debt, as well as funding from the EIB and state-backed Caisse des Depots (CDC).
- Closed in June 2012

# HIGH SPEED LINE NIMES MONTPELLIER (CNM)

## The project in a nutshell

- This is the first high speed line in France designed for use by both passenger traffic and freight. This hybrid feature represents a real innovation for a high speed line.
- The project comprises:
  - new section of line (60 km) between Manduel, to the East of Nîmes and Lattes, to the West of Montpellier.
  - designed initially for a mixed passenger and freight traffic at 220 km/h and upgraded later on upon the Grantor's request as a modification to the Contract for a mix of high-speed passenger at 300 km/h and freight traffic;
  - a freight line of 10 km, from Manduel to St Gervazy, between the Givors-Grézan line and the new mixed line;
  - four main connections with a total of 8 km, including one with the Mediterranean high-speed line, two to the line between Tarascon and Sète and one with the right bank of the Rhône.
- The works comprise 145 civil engineering works including 7 viaducts. Width of right-of-way: 70 m on average,
- This line is part of a bigger cross-border scheme connecting Paris to Spain through high speed trains
- Upon completion, the new line will be operated by the SNCF as primary customer, and also potentially by new operators.
- Sponsors: Bouygues Construction entities, Colas entities, Alstom Transport, Spie Batignolles, Meridiam and FIDEPPP

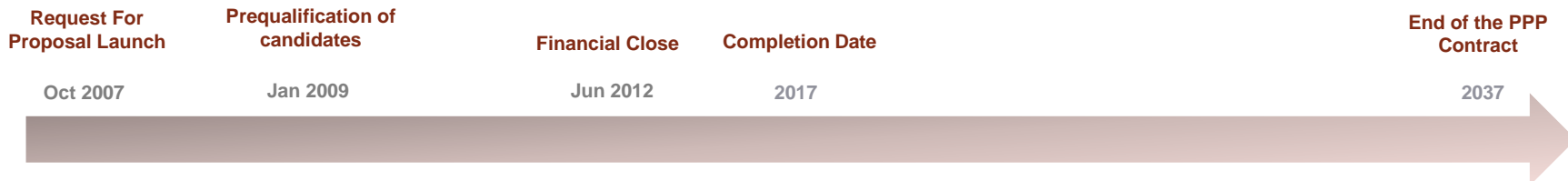


# HIGH SPEED LINE NIMES MONTPELLIER (CNM)

## Scope of the project

- Scope of the private partner :
  - the design, construction, maintenance, renewals and financing of the new 78-km high-speed rail line between Nîmes and Montpellier
  - **rolling stock outside the project**
- During construction phase, main obligations of the private partner are:
  - the design and construction of the line
  - diversions of networks and clearing rights of way, earthworks, drainage
  - civil engineering (standard bridges, noise barriers, special bridges and viaducts)
  - land acquisition, authorization and ground risks (shared with the public authority)
  - rail track (ballast, sleepers, rails), catenaries systems, electric substations, signalling and telecommunications
- During operation phase, main obligations of the private partner are:
  - maintenance of tracks, catenaries, power supply, telecoms (excluding GSM-R), signaling (including safety equipment), drainage, vegetation, etc; ·
  - renewals of the line and all equipments
  - some exceptions : GSM-R installations are not included in the scope of the PPP contract.

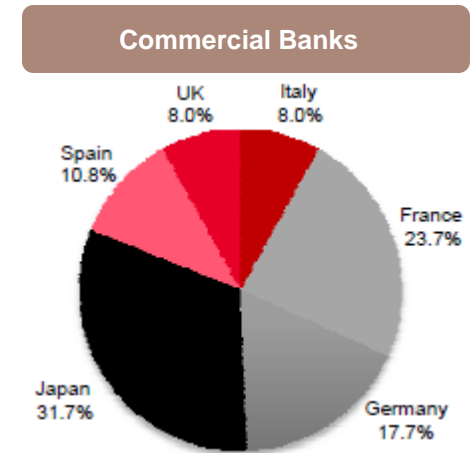
SNCF is in charge of the management of regulation, the operational management of rail traffic and the efficient operation of the network and its technical installations (surveillance, maintenance, routine and emergency repairs)



# HIGH SPEED LINE NIMES MONTPELLIER (CNM)

## Financing

- French railway infrastructure manager Réseau Ferré de France (RFF) (now SNCF Réseau) is acting as public authority under the 25 year PPP agreement
- **The project is availability payment-based and is therefore not subject to traffic risk.**
- The project is worth about EUR 1.8bn,
  - around EUR 0.6bn is funded by subsidies from the public authority
  - gearing: 90/10
  - EUR 1.1 bn of senior debt
  - A construction facility (c. EUR 0.85 bn) provided by 11 commercial banks to be refinanced at completion by EIB and CDC through Dailly tranches which are secured by guaranteed rents from the public authority
  - A long-term project facility (c. EUR 0.25bn) provided by 11 commercial banks drawn pro rata with the construction facility
  - Additional ancillary facilities: equity bridge loan, VAT facility
- The transaction successfully closed in the beginning of summer 2012 despite volatile market conditions and high political tension and uncertainties (French presidential election, Greek legislative elections in the context of sovereign debt crisis, uncertainties about the future of the Euro-zone etc)
- SG CIB, as Financial advisor, Structuring bank, Mandated Lead Arranger, Market Hedge Fronting Bank, Swap Provider and Security Agent, played a key role in the structuring of the deal





# HIGH SPEED LINE SOUTH EUROPE ATLANTIC PROJECT – TOURS BORDEAUX

## The project in a nutshell

- The project is one of the biggest construction projects across Europe totalling costs of around EUR 8bn.
- It comprises the design, construction, maintenance, operation and financing of the 300km high-speed rail link between Saint-Avertin, located south-east of Tours, and Ambares-et-Lagrave, situated north of Bordeaux. The project also comprises 40km of rail connections to the existing railway network.
- The project includes a six-year construction period and benefits from a **long 50-year concession** with Réseau Ferré de France (now SNCF Réseau) as public authority.
- Prolongation of the existing HSL from Tours to Bordeaux. Time saving estimation: Paris Bordeaux in 2h10 vs. current 3h00
- Liberation of the current saturated lane for local trains and freight
- Construction works will involve mainly :
  - civil works including earthworks, foundations, the track and the associated railway systems
  - 391 standard structures (ouvrages d'art courants), 35 non-standard structures (ouvrages d'art particuliers), and 19 viaducts (ouvrages d'art non-courants)
  - Installation of other railway sub-systems such as overhead catenary, signalling, power supply and telecommunications; and
- Infrastructure only. No rolling stock is included
- During operation, the Concessionaire main obligations will consist in the maintenance and renewal of the Line (ensuring the continuity of the public service and complying with performance, safety, reliability and availability criteria), as well as establishing tariffs and attributing train paths to rail operators in coordination with RFF
- Upon completion, the new line will be operated by the SNCF Réseau as primary customer, and also potentially by new operators
- Sponsors: Vinci Construction entities, Vinci Concessions entities, Ardian, CDC Infrastructure and Meridiam



# HIGH SPEED LINE SOUTH EUROPE ATLANTIC PROJECT – TOURS BORDEAUX

## Financing

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- Traffic risk has been transferred to the private partner
  - difficult and complex to analyse from the private partner perspective (operators commercial strategy , regulation, liberalisation, few existing models and projections...)
  - The Project can be considered as a “brownfield” project from a traffic perspective
  - a specific instrument EIB LGTT has been used in order to mitigate the risk
  - conservative projections & downside scenarios has been tested
- Financing Plan of c EUR 8bn:
  - c. EUR772m of equity
  - c. EUR 1bn commercial debt guaranteed by the French State
  - c. EUR 600m commercial debt bearing project risk
  - c. EUR 750m debt from Fonds d'épargne -Caisse des dépôts guaranteed by the public authority
  - c. EUR 400m debt from EIB guaranteed by the French State
  - c. EUR 200m debt from EIB bearing project risk
- Commercial debt has been put in place by 11 banks. It was based on soft mini perm structure
- EIB and Fonds d'épargne -Caisse des dépôts pas put in place long term financing
- The project has the benefit of exceptional guarantee mechanism from the French State in the context of the 2009 Stimulus.
- The strong support of the public authorities (French government, local communities, RFF, European Union) is further demonstrated through the issuance of guarantees and direct contributions covering circa 80% of the Project costs.
- The financing plan included subsidies from the French State, the local public government and the EU for c. EUR 3bn and a subsidy from the Grantor of c. EUR 1bn
- Société Générale has acted as Financial Advisor, Structuring MLA, Market Hedge Fronting Bank, Hedge Coordinator, Documentation Bank, LGTT Bank and Agent

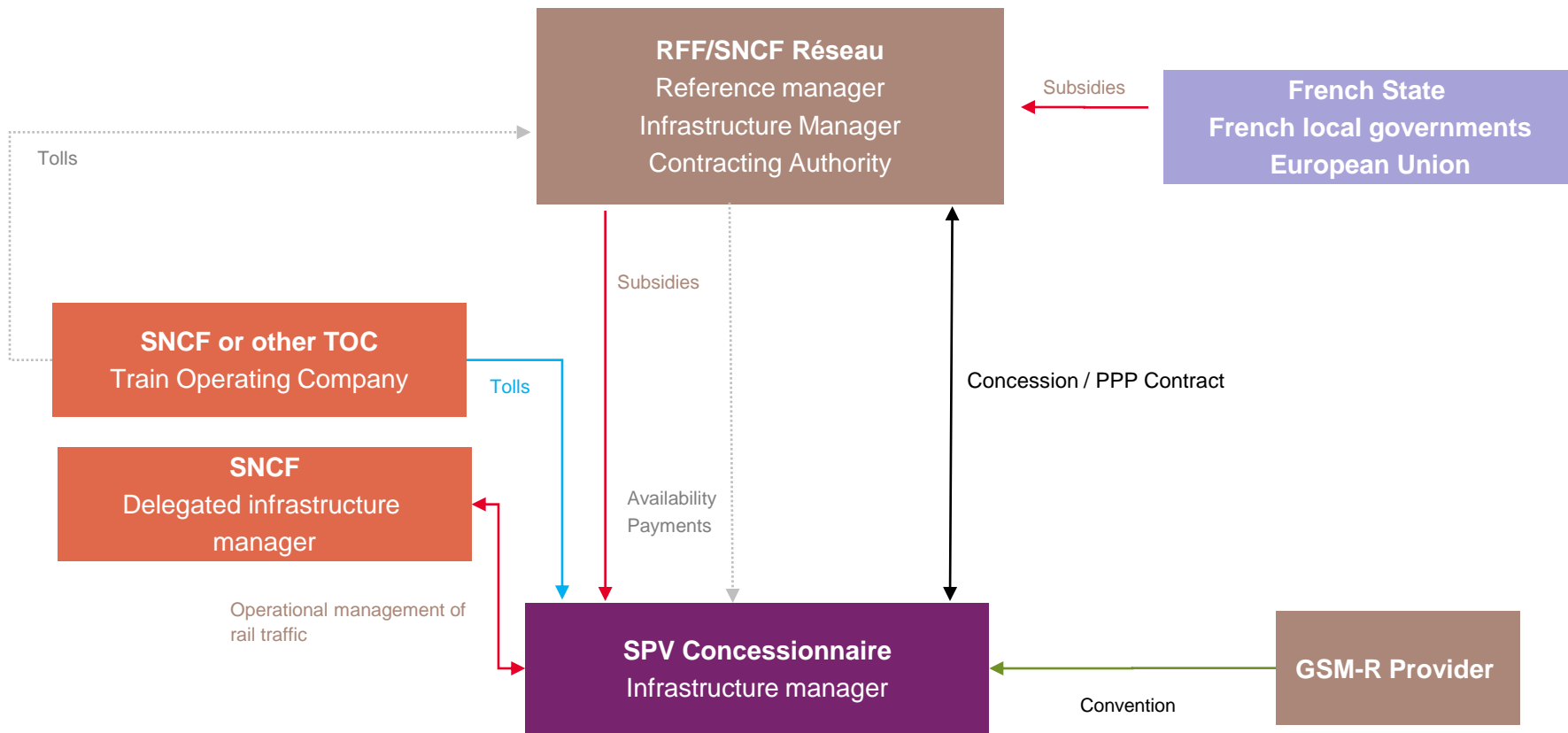
# CONTRACTUAL STRUCTURES : PUBLIC SCHEMA / PPP SCHEMA

Public schema	PPP schema
Ruling of the network	
Attribution of the network capacities *	
Tariff	policy *
Design, financing and	construction of the projects
Ren	ewals
Maintenance of the	infrastructure policy
Operation and maintenance of the	infrastructure (excluding regulation/safety systems)
Operation and maintenance of the safety systems	
Operational management of rail traffic for the Concessionaire	

\* Allocation depends on the scheme: PPP or concession

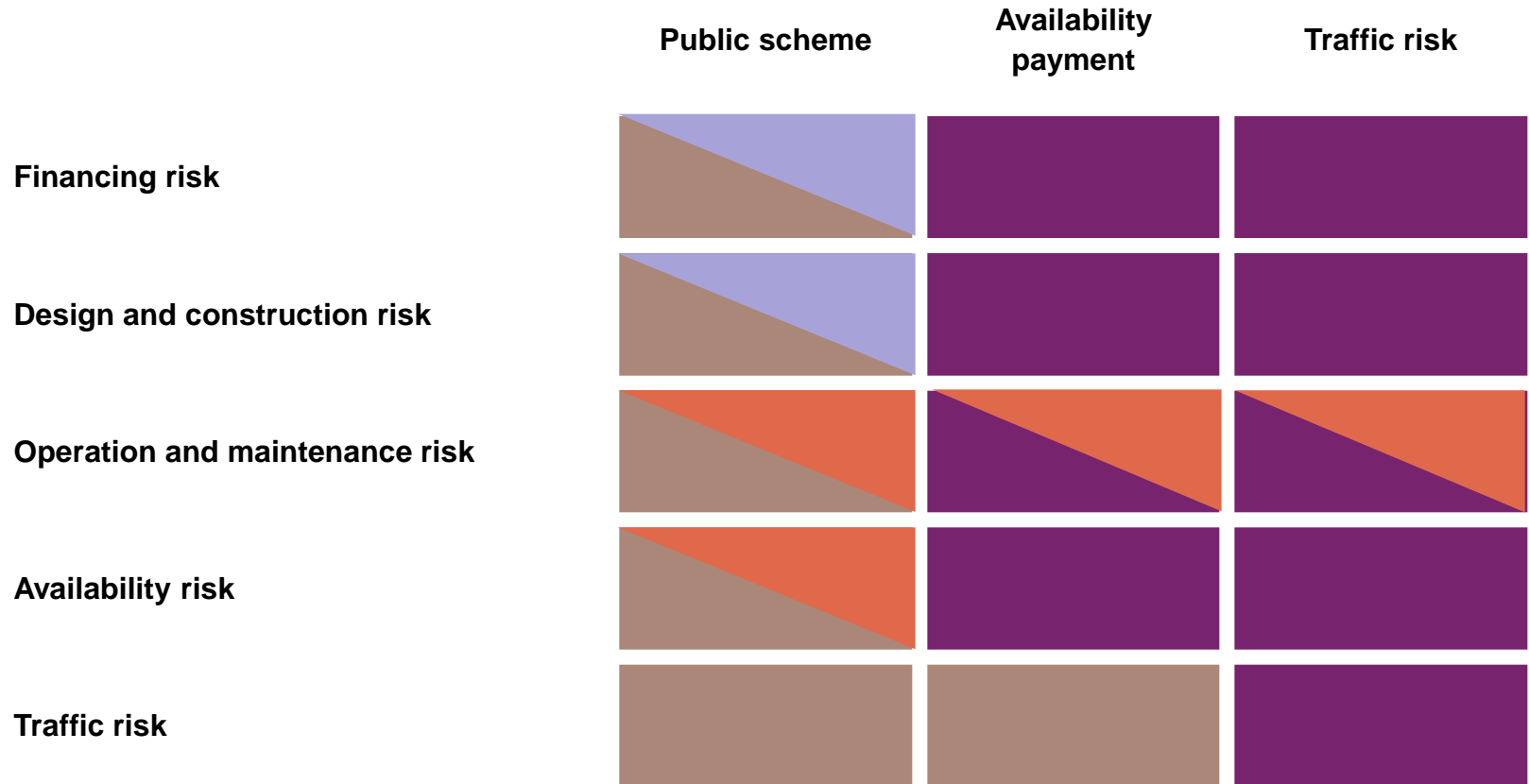
RFF/SNCF Réseau  
SNCF

# CONTRACTUAL STRUCTURES : AVAILABILITY PAYMENT / TRAFFIC RISK



- Contractual link and cash flow
- Contractual link
- ..... Concession cash flows
- ..... PPPs cash flows

# CONTRACTUAL STRUCTURES : PUBLIC SCHEMA / PPP SCHEMA



# SOCIÉTÉ GÉNÉRALE: PROVEN EXPERTISE IN EUROPEAN PPP/PFI (SELECTED DEALS 2011-2014)

