

Private Sector Investment in Infrastructure in Growth Markets

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April 2008**



Private sector involvement introduces several benefits to infrastructure development

Private Capital Can Supplement Government Funding

- Government funding is typically limited without substantial increases in taxes or more borrowing
- Unlocking hidden value in infrastructure assets can help to redeploy capital to accelerate other projects
- Private sector can introduce flexible and innovative equity/debt funding solutions, including availability payment structures

Private Sector Involvement Leverages Experience

- Higher quality work/standards
- Shorter construction timelines
- Private sector can focus on operational outcomes and core competencies

Private Capital at Risk Improves Efficiency

- Reduced construction costs
 - Examples in the UK show that traditional procurement methods resulted in 70-75% of projects being late and over-budget compared to PPP with only 20-25%
- Reduced life-cycle costs and benefits to improved operational efficiency
- Remove political aspects of rate setting

Private Sector Involvement Shifts Risks

- Private sector has more efficient mechanisms to assume and manage risks
- Government can keep monetization proceeds and still retain control of asset
- Government regulates thru concession agreements/explicit regulation



Strategies for Success – Growth Markets

Structural Considerations to Support Infrastructure Investments

Consideration	Comments
Legal, Regulatory and Tax Framework	<ul style="list-style-type: none">■ Fair competitive process with clear and transparent legal framework■ Constitutional and statutory authority for the granting and enforcement of long term contracts (eliminate expropriation risk)■ Regulatory body with track record of fair and balanced enforcement of contracts, especially when looking for tariff relief and capex requirements■ Affordable and stable tax regime for investors in terms of dividend and interest expense withholding taxes■ Appropriate planning and involvement of owners of assets, potential investors and the public
Local Partners	<ul style="list-style-type: none">■ Availability and involvement of credible local partners with good corporate reputations and experience■ Capacity to analyze and operate major assets
Liquidity and Exit Strategies	<ul style="list-style-type: none">■ Availability of local equity capital markets for IPO■ Size of opportunity has to be large enough to allow for IPO or sale to other investors in the future



Strategies for Success – Growth Markets

Structural Considerations to Support Infrastructure Investments

Consideration	Comments
Financing Sources	<ul style="list-style-type: none">■ Availability of financing sources to supplement private capital<ul style="list-style-type: none">— Either bank funding or long-term local currency funding (10+ years) in the local capital markets■ Availability of local capital has spurred infrastructure investment in certain countries<ul style="list-style-type: none">— Pension funds and insurance companies looking for long-duration assets to match their liabilities have helped jump start infrastructure investment in Australia, Canada and others<ul style="list-style-type: none">– Australia: Current minimum contribution of 9% of employees’ earnings resulted in close to USD\$1 trillion of pension fund assets, some of which is invested in infrastructure assets– Canada: Limited government funding alternatives (unlike US tax-exempt market) off-set by the large pension systems like Ontario Teachers and CDPQ that invest in infrastructure– Mexico: National mandated defined contribution pension program (AFORES) has stimulated long term capital markets appetite for infrastructure assets– Chile: Government-sponsored program that requires workers to save 10-20% of earnings through private pension investment accounts created large pension funds that have invested in infrastructure■ Alternatively, availability of FX swap market to access foreign currency borrowings and hedge local FX risk■ Availability of globally recognized debt insurance providers to provide credit support to financings■ Availability of World Bank, IFC, IDB or other multilateral development agency funding<ul style="list-style-type: none">— In the case of the Mexican toll road transaction, IDB is willing to guarantee a subordinate tranche that will facilitate an investment grade capital markets financing that the AFORES can invest in■ Availability of Government sponsored “staple” debt financing for capital expenditures<ul style="list-style-type: none">— Example: BNDES (local development bank) in Brazil<ul style="list-style-type: none">– BNDES is willing to provide financings with more favorable terms (12-yr tenor for 9-10% interest cost) compared to the bank/bond market (7-yr for close to 11-12%)



Mexico Toll Roads

FARAC Toll Road Portfolio

Transaction Details

- On August 6, the Mexican government announced that a venture led by Goldman Sachs Infrastructure Partners (“GSIP”) and Empresas ICA, S.A. (“ICA”) was awarded a 30-year concession to operate, manage and maintain a network of toll roads located in Central Mexico
 - ICA is Mexico’s largest engineering, procurement, and construction company and will operate the assets in partnership with GSIP
 - The four roads total 558 kilometers (~350 miles) and link Mexico’s two largest cities, Guadalajara and Mexico City
- The MXN \$44.05 billion (USD\$4.1 billion) bid followed a highly competitive public auction process and was 1.4% higher than a competing bid from Carlos Slim’s IDEAL and Macquarie Infrastructure Group. Other bidders included road companies Abertis, CCR, FCC and OHL
- The bid was supported by a 7-yr miniperme bank loan from Santander for USD\$2.8bn

Asset Location





Mexican Toll Roads

FARAC Toll Road Portfolio

Investment Rationale

- The roads offer substantial quality and time savings compared to free alternative routes
- New roads planned for completion in the near future are expected to enhance the current portfolio
- The roads are located in one of the most dynamic regions in the country, representing 15.7% of Mexico's GDP
- No ramp-up risk within ten years of tolled traffic history
- Recent law enacted prohibiting large trucks from taking free roads, requiring them to drive on the toll roads provides potential upside
- Mexico lacks quality alternatives, as a small fraction of the road system is paved with multiple lanes

Asset Description

Toll Road	Length (km)	Years in Operation	2005		2005 ADT	Historical ADT CAGR
			Revenues (US\$ mm) ¹	Toll per km		
Maravatio-Zapotlanejo	309.7	12.5	\$66.3	\$0.10	6,254	10.9%
Zapotlanejo-Lagos	118.5	15.0	\$50.2	\$0.14	9,101	10.5%
León-Aguascalientes	103.9	13.5	\$35.8	\$0.14	7,103	9.8%
Guadalajara Zapotlanejo	26.0	11.5	\$35.4	\$0.12	32,835	10.4%
Total Network	558.1	13.2²	\$187.7	\$0.12²	55,293	10.2%

¹ Assumes trans action fees at 2.5% of EV

² Weighted average based on toll roads length

³ Assumes a USD/MXP exchange rate of 10.75

Sources and Uses (US \$ in Millions)

Sources of Funds:		Uses of Funds:	
Debt	\$ 2,884	Concession Payment	\$ 4,098
Equity	1,454	Construction Trust Deposit	140
		Other	100 ¹
Total Sources	\$ 4,338	Total Uses	\$ 4,338

Operating and Financial Summary

	2002	2003	2004	2005
Average Daily Traffic				
Cars	31,730	32,592	34,602	37,375
Buses	2,712	3,273	3,577	3,755
Trucks	8,305	8,163	8,798	9,646
Total	42,747	44,028	46,977	50,776
Revenues (US\$ mm) ³	\$114.6	\$152.7	\$169.5	\$187.7



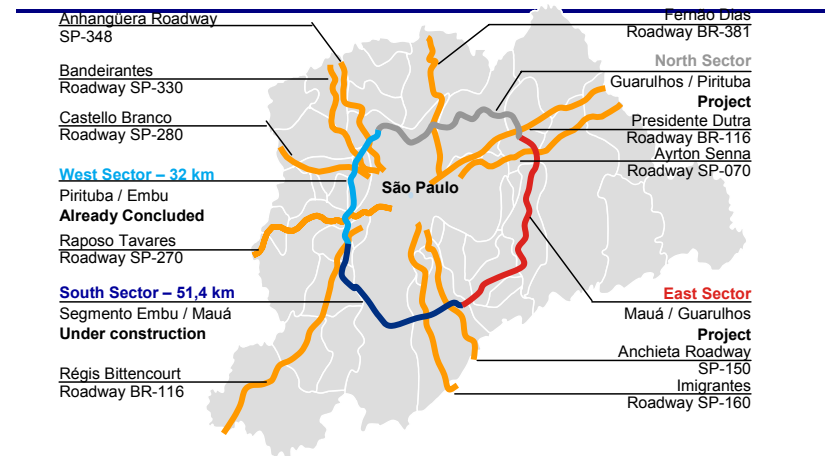
Rodoanel

São Paulo, Brazil

Project Overview Overview

- The Rodoanel project consists of a 175 km road segment around the City of São Paulo, and connects 10 roadways to São Paulo
- The Project is divided into four sections, of which the West portion has already been completed
- Proceeds from the West section are expected to be used by the State of São Paulo to fund construction of the South section
- West sector asset details
 - **Length:** 32 km
 - **Toll Plazas:** 13 (14 upon completion of South stretch)
 - **Vehicles / day:** 145,000
 - **Traffic Profile:** 80% passenger / 20% commercial vehicles
 - **Concession length:** 30 years
 - **Minimum Payment:** BRL\$2.0 bn
 - **Bid Structure:** Lowest toll per car, given R\$3 maximum toll

Location



Rodoanel Bids

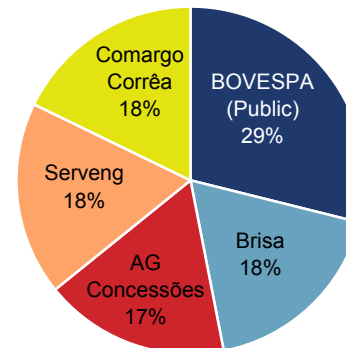
- Final bids were submitted March 11, 2008
- A wide range of toll rates were submitted, with CCR submitting the winning bid representing a 61% discount to the maximum toll set by the State of São Paulo

Key Sponsor	Toll Rate Bid	Discount to Max
CCR	R\$1.16	61%
BRVias	1.26	58
Triunfo-Iberpistas	2.17	28
Queiroz Galvão	2.24	25
OHL	2.28	24
Maximum Toll	3.00	0

Source: Press Releases

CCR

Ownership Structure



Company Overview

- Companhia de Concessões Rodoviárias (“CCR”) is the largest private highway concession group in Brazil
- CCR is responsible for 1,452 km of the Nation’s highway system under concessions in the following states:
 - São Paulo
 - Rio Janeiro
 - Paraná