ADB TRANSPORT FORUM

Session 7.1

PRIVATE-PUBLIC PARTNERSHIP

Proponent Perspectives

ISOLUX CORSÁN

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September 12th, 2008

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1. WHY ISOLUX? (A)

ISOLUX CORSÁN CONCESIONES

ISOLUX CORSÁN has consolidated its position as one of the largest Spanish companies in Engineering, Construction, Concessions and Services and Renewable Energies, with the integration in 2004 of the engineering company Isolux Wat S.A. (1933) and the construction company Corsán Corviam (1928).

The complementary nature of these two companies has generated the largest unlisted Spanish group in its sector.

- **80** Years of rich work experience
- **30** Countries, active presence
- **2.4** Billion annual turnover
- **9.5** Billion portfolio
- **7,800** Employees

1. WHY ISOLUX CORSÁN? (B)

ISOLUX CORSAN CONCESIONES
belongs to GRUPO ISOLUX CORSÁN

Isolux Corsán Concesiones includes 3 divisions:

- Infrastructures (highway, health, water projects).
- Car Parking.
- Energy.

ISOLUX CORSÁN *CONCESIONES S.A.*

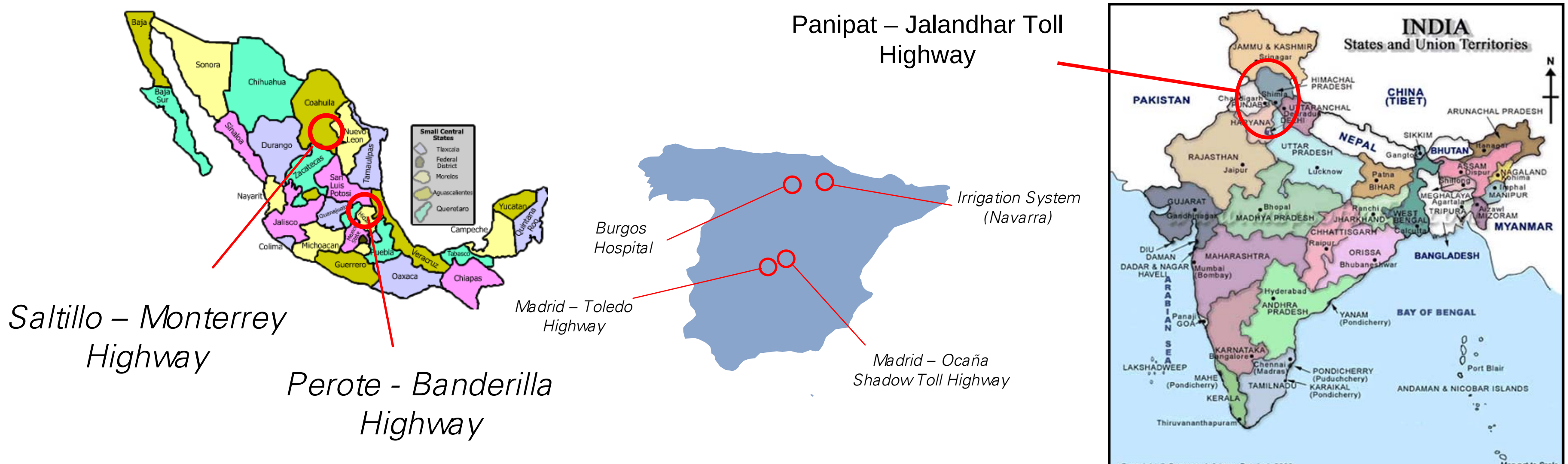
- INFRASTRUCT. CONCESSIONS
- ENERGY CONCESSIONS
- CAR PARKING CONCESSIONS

ISOLUX CORSÁN CONCESIONES

Concessions are one of the
main supports
of Grupo Isolux Corsán's development.

1. WHY ISOLUX? (C)

Infrastructure Concessions Portfolio



ROAD CONCESSION	COUNTRY	LENGTH	CONCESSION PERIOD	TOTAL INVESTMENT	ISOLUX SHARE	OPERATION / CONSTRUCTION
Madrid - Toledo Toll Highway AP-41	Spain	81 km (21km free)	2004 - 2040	472,79 € MM	25,50%	Operation Period
A-4 Expressway. Madrid - Ocaña	Spain	63,72 km	2007 - 2026	87,35 € MM	51,25%	Operation Period
Monterrey - Saltillo Toll Highway	Mexico	95 km	2006 - 2036	225,75 € MM	100,00%	Construction Period
Perote - Banderilla Toll Highway	Mexico	59,6 km	2008 - 2038	459,45 € MM	50,00%	Start up Period
Panipat - Jalandhar (NH1) Toll Highway	India	291 km	2008 - 2023	730,18 € MM	61,00%	Start up Period
TOTAL		**611,32 km**		**1.975,52 € MM**		

2. WHY INDIA? (A)

MACROECONOMIC DATA	2004	2005	2006	2007e	2008(f)
GDP Current Prices (USD bn)	695,9	805,7	912	1,170.	1,407.
GDP *per capita* (USD)	653	746	833	1,054	1,251
GDP Growth (%)	7,5	9	9,4	9	8,5
POPULATION (mill. Inhab.)	1,079	1,096	1,113	1,130	1,147
Inflation Rate	5,3	3,9	5	4,8	4,8
Trade Balance (USD bn)	-21,8	-36,1	-45,7	-59,3	-64,2
Current Acc. Bal. (% of GDP)	-0.4	-1.1	-1.1	-1.2	-1.0
FDI - Net (USD)	3,7	5,2	8,2	8,8	12
Foreign Currency Res. (USD bn)	136,5	145,9	192,4	285,2	329,1
External Debt Service (% export)	12,9	13	8,6	8,9	8,9
Budgetary balance (% of GDP)	-7,6	-7,3	-6,3	-5,9	-5,5

3,387,263 Km2

Rating S&P	BBB-/Stable
DTA*	YES
APPRI**	YES

*DTA: Double Taxation Agreement
**APPRI: Reciprocal Investment Promotion & Protection Agreement

2. WHY INDIA? (B)

- **Substantially developed :**
  - Legal, financial, technical frameworks
  - Nearly100 concessions already awarded; over 150 projects under consideration
- **Large field:**
  - Federal Government: NHAI responsible / Program
  - State Governments: considerable differences among states and concessions
- **High proportion of BOT projects.**
- **Trend:**
  - Concessions refer to longer sections of highways

2. WHY INDIA? (C)

- **2nd largest road network globally**: 3.3 mill de Km.
- **194,590 Km. Highways**: 66,590 National (*40% of traffic*) /128,000 State
- **Toll culture**
- **Room for improvement**: transport times triple international standards
- **Passenger traffic** *(80% at NH)* grows at **15%-18%** annually; **Freight** *(45% at NH)* **at 12%-15%**

RED DE CARRETERAS DE INDIA (Diciembre 2006)			
No.	Tipo de carretera	Longitud (Km.)	Porcentaje (%)
1.	National Highways	66.590	2%
2.	State Highways	128.000	4%
3.	Major and other Disrict Roads	470.000	14%
4.	Rural Roads	2.650.000	80%
5.	**TOTAL**	**3.314.590**	**100%**

TIPOS DE NATIONAL HIGHWAYS (Diciembre 2006)			
No.	Tipo de carretera	Longitud (Km)	Porcentaje (%)
1.	4 ó más carriles con mediana	7.980	12%
2.	2 carriles ó 1 más intermedio	36.936	55%
3.	1 solo carril	21.674	33%
5.	**TOTAL**	**66.590**	**100%**

Ver mapas: http://gis.nic.in/roads/?linkid=183&langid=2

2. WHY INDIA? (D)

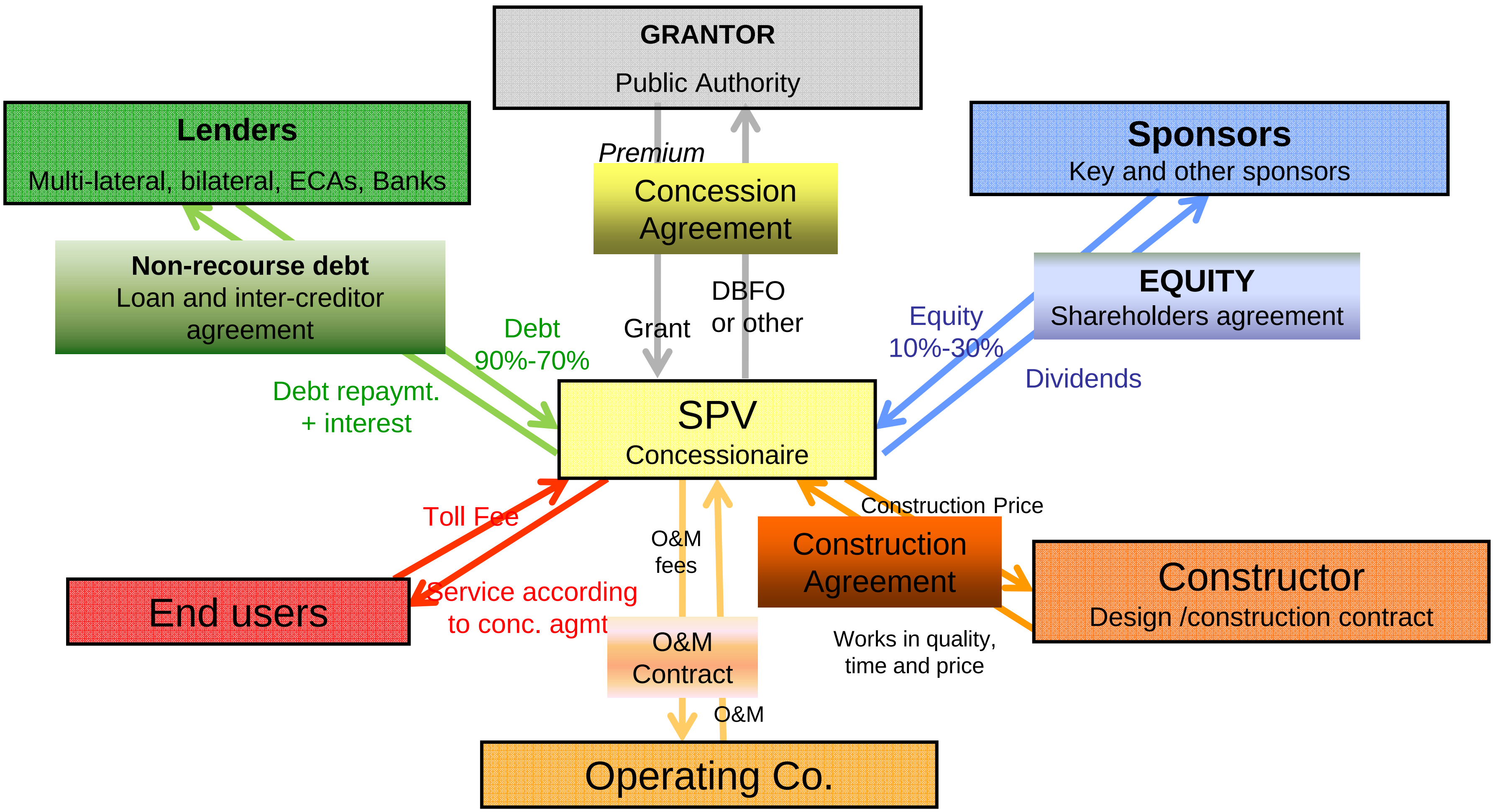
- NO SPECIFICATION OF ADDITIONAL TOLL GATES THAT COULD IMPROVE THE TOLL SYSTEM
- TECHNICAL DOCUMENTATION PROVIDED TO BIDDERS IS LIMITED TO A CONCEPTUAL PLAN, WHICH MEANS SOME DEFINITION TO BE FURTHER DISCUSSED
- NHAI DECIDES THE TOLL RATE ON A POLITICAL BASIS
- SOME RISKS DUE TO THE CONSTRUCTION OF ALTERNATIVE ROADS COMPETING WITH THE ONE UNDER THE CONTRACT
- VERY IMPORTANT PENALTIES AND LOST OF INCOME FOR NOT COMPLYING WITH MILESTONES DURING CONSTRUCTION
- EXISTANCE OF TRAFFIC TOP LEVELS, WHICH COULD ENTAIL CHANGES OF THE CONCESSION PERIOD OR EVEN THE TERMINATION OF THE CONCESSION CONTRACT

3. WHY PPPs? (A)

- Mobilise private financing
  - Public component can still be important
  - Private finance at risk comes at a price
- Deliver public infrastructure assets on time and on budget
  - Public sector procures services and defines requirements
  - Private sector designs, finances, builds, operates, and usually transfers the asset
- Improve the efficiency and quality of public services
  - Access to private sector innovation and expertise
  - Private sector efficiencies achieved

3. WHY PPPs? (B)

Project Finance Structure



3. WHY PPPs? (C)

- Dedicated and knowledgeable public sector team
- Financial feasibility model ex-ante
- Realistic risk sharing expectations
- Reliable regulatory framework
- Effective use of experienced advisors

- Interesting presentation and in depth discussion by ADB at Madrid Annual Meeting, linking:

http://www.adb.org/Media/Articles/2008/12487-south-asian-infrastructures-challenges/ppp-presentation.ppt