



BRAZILIAN INFRASTRUCTURE FORUM 2013

Organizers



Sponsors



The Brazilian development bank



Supporters



The Logistics Investment Program:

A Strategic Project of the Brazilian State

Bernardo Figueiredo

President of the Brazilian Planning & Logistics Company



Empresa de Planejamento e Logística S.A.



PAÍS RICO É PAÍS SEM POBREZA

Logistics and Economic Development

Imperatives for accelerated and sustainable development:

- **Extensive and modern infrastructure network**
- **Efficient logistics**
- **Low tariffs**

Growth Acceleration Program - PAC



First structured initiative to provide the country with an adequate transportation system after two decades of low investment

New Stage

- **Integration between highways, railways, waterways, ports and airports**
- **Interaction with supply chains**
- **Ability to planning an integrated multimodal transport system**



Empresa de Planejamento e Logística S.A.

PUBLIC-PRIVATE PARTNERSHIP INVESTMENT

Estimated Total Investment

121

US\$ Billion over 30 Years



Highways

OBJECTIVES

Highways



- **Duplication of main roads**
- **All duplications during the first 5 years**
- **New concessions: complementary to awarded and upcoming concessions**

Investment Opportunities – Highways

9 lots
7,500 km

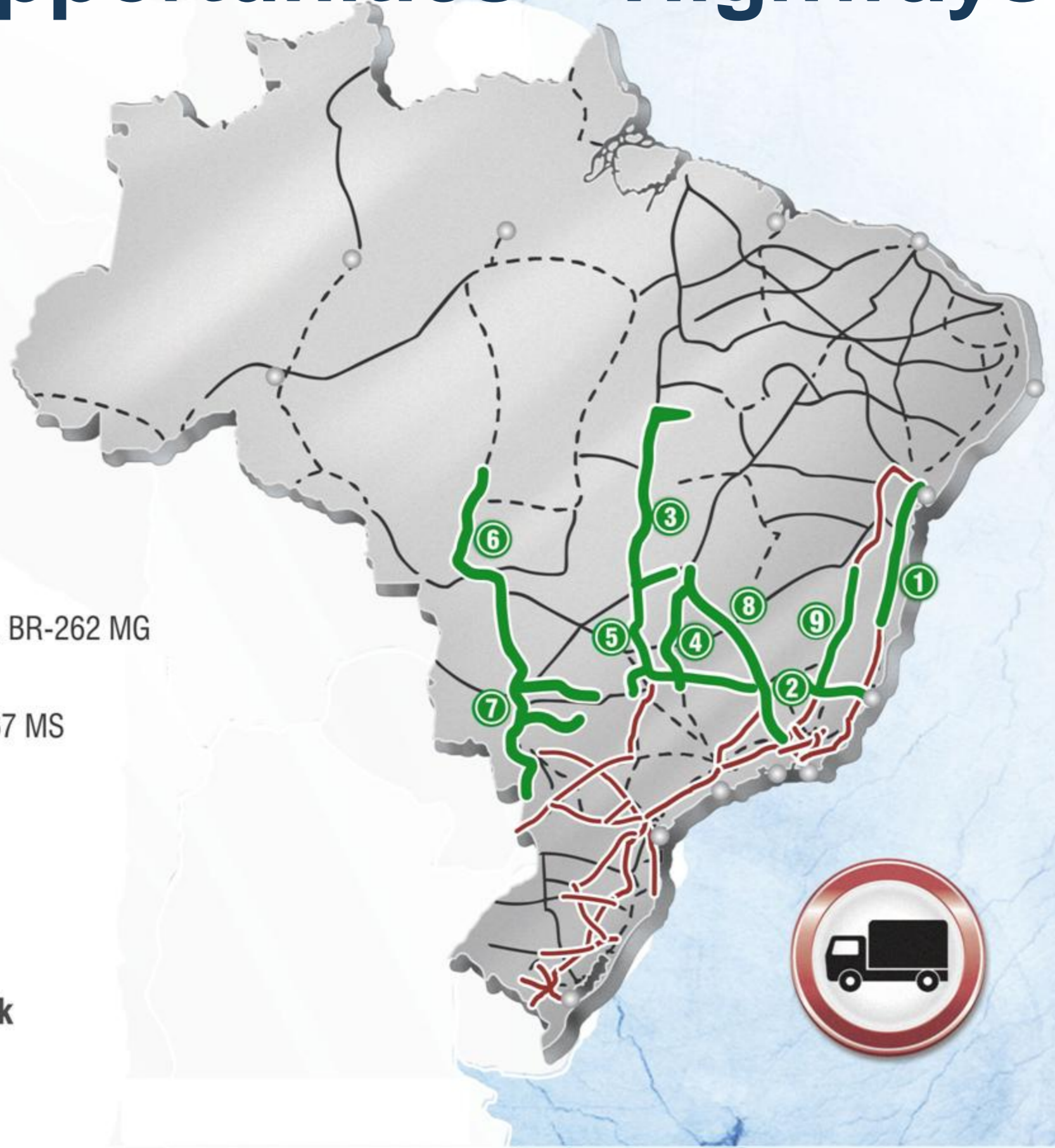
 **CONCESSION TO BE AWARDED**

- ① BR-101 BA
- ② BR-262 ES/MG
- ③ BR-153 TO/GO e TO/080
- ④ BR-050 GO/MG
- ⑤ BR-060 DF/GO, BR-153 GO/MG, BR-262 MG
- ⑥ BR-163 MT
- ⑦ BR-163 MS, BR-262 MS, BR-267 MS
- ⑧ BR-040 DF/GO/MG
- ⑨ BR-116 MG

 **AWARDED CONCESSION**

 **Current federal highway network**

 **PAC under execution**



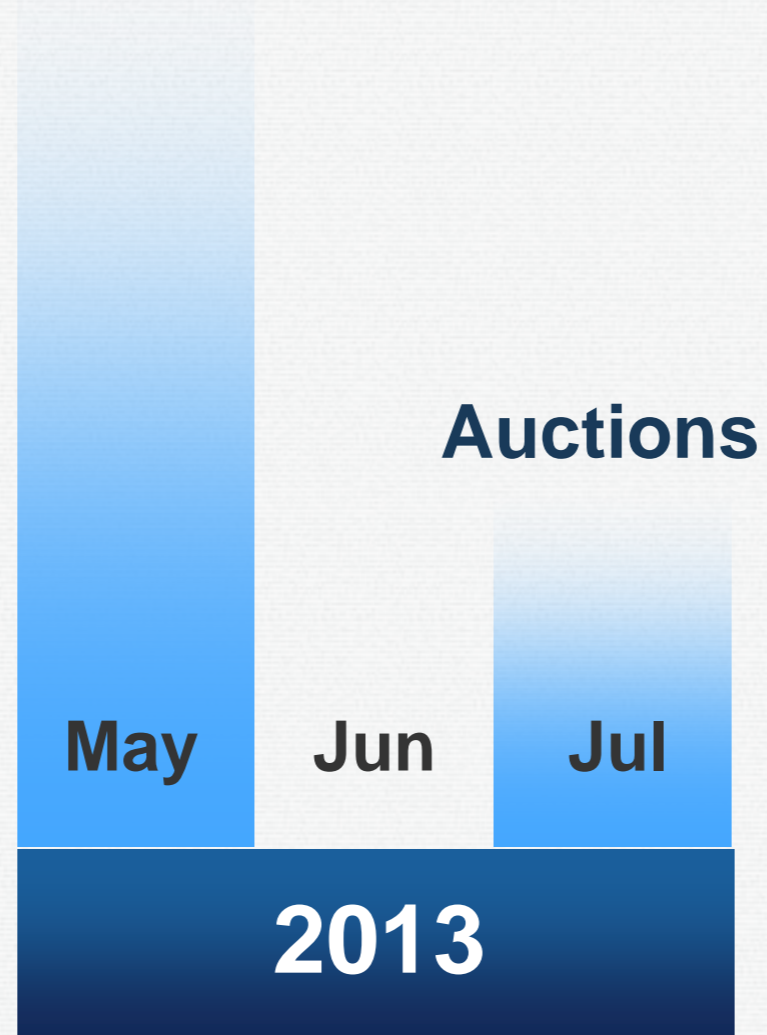
Highway Concessions

- Estimated Total Investment: **US\$ 21 billion**
(US\$ 11.75 billion over 5 years)
- Concession Term: **30 years**
- Tolling after **completion of 10%** of the duplication
- Leveraged IRR: **up to 15% p.a.**
- Winning bidder: **lowest toll rate**

Schedule

Highway Concessions

Release of
Bid Notices



Highway Concessions – Public Financing

Special financing conditions:

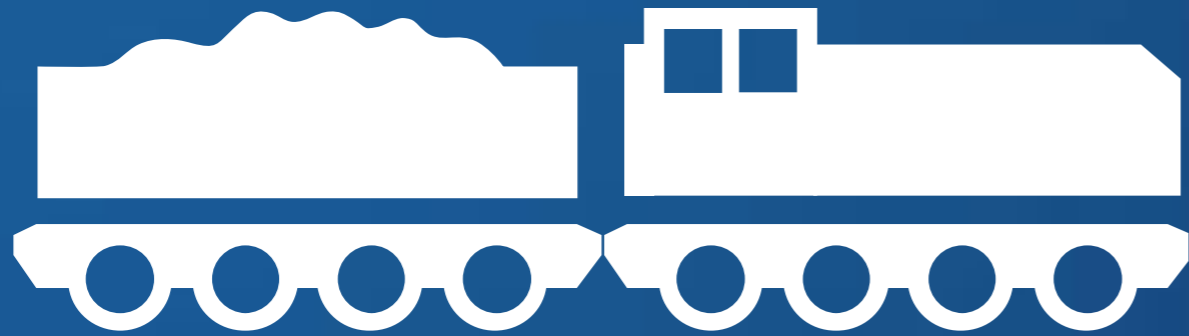
Interest: TJLP* + up to 1.5% p.a.

Grace period: up to 5 years

Amortization: up to 20 years

**Degree of
Leverage:
Up to 80%**

* TJLP: Brazil Long Term Interest Rate



Railways

OBJECTIVES

Railways



- **New model of investment/exploration of railways**
- **Breaking of monopoly in the provision of rail transport services**
- **Expansion, modernization and integration of Brazil's railway network**

Investment Opportunities – Railways

10,000 km

CONCESSION TO BE AWARDED

- ① São Paulo Rail Beltway - North Section
- ② São Paulo Rail Beltway - South Section
- ③ Accessway to the Port of Santos
- ④ Palmas - Anápolis - Uruaçu - Lucas do Rio Verde
- ⑤ Uruaçu - Corinto - Campos
- ⑥ Rio de Janeiro - Campos - Vitória
- ⑦ Belo Horizonte - Salvador
- ⑧ Salvador - Recife
- ⑨ Anápolis - Estrela D'Oeste - Panorama - Dourados
- ⑩ Maracaju - Eng. Bley - Paranaguá
- ⑪ São Paulo - Eng. Bley - Rio Grande
- ⑫ Açailândia - Vila do Conde

- - - Routes under evaluation
- - - PAC under execution
- Current Rail Network



Railway Concessions

PRIVATE EXPLORATION OF INFRASTRUCTURE

- Estimated Total Investment: **US\$ 45.55 billion** (US\$ 28 billion over 5 years)
- Construction, maintenance and control of trains circulation
- Concession Term: **35 years**
- Leveraged IRR: up to **16% p.a.**

RISK OF DEMAND MANAGED BY THE PUBLIC SECTOR

- Purchase of the full capacity of the railway guaranteed by the government
- Creation of independent rail operators
- Capacity public offers
- Right of transportation through the whole rail network

Investing in Railways – Public Financing

Special financing conditions:

Interest: TJLP* + up to 1% p.a.

Grace period: up to 5 years

Amortization: up to 25 years

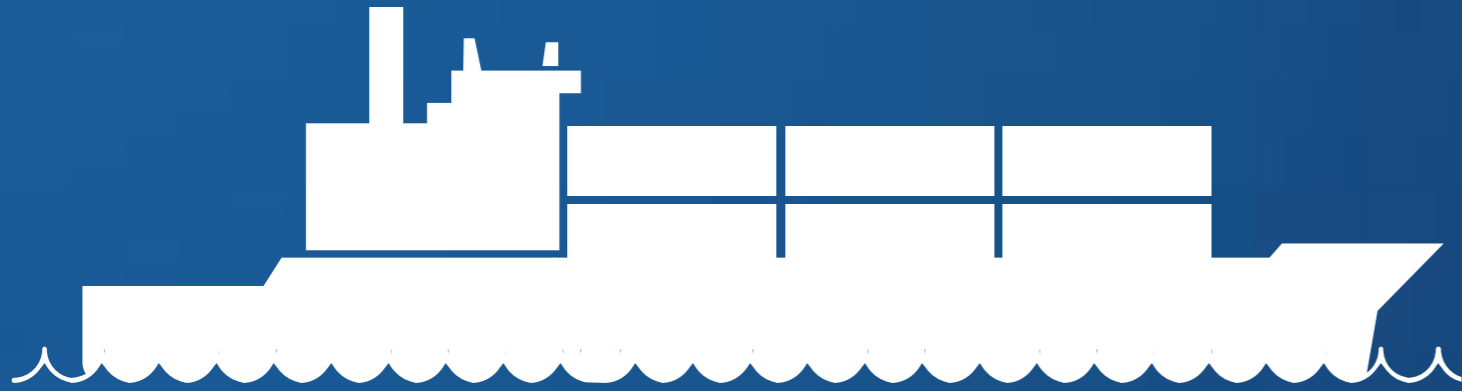
**Degree of
Leverage:
Up to 80%**

* TJLP: Brazil Long Term Interest Rate

Schedule

Railway Concessions



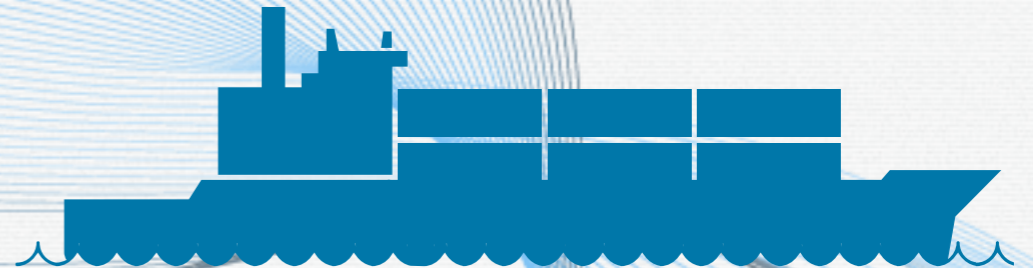


Ports



OBJECTIVES

Ports



- **End of entry barriers**
- **Port Lease Program & end of restrictions to private terminals**
- **Increased cargo handling with reduced costs**

Investment Opportunities – Port Facilities



Terminal Leases / Port Concessions

- **Estimated Total Investment : US\$ 10.1 billion**
- **Term: 25 years, renewable once**
- **Winning Bidder: Highest cargo handling with lowest fees**
- **Bids standardized and performed via Auctions by Antaq***

Privately Used Terminals – TUPs

- **Estimated Total Investment: US\$ 15.3 billion**
- **Term: 25 years, renewable successively**
- **Authorization preceded by public call – Antaq***
- **End of differentiation between own cargo and third-party cargo**

* Antaq: National Agency for Waterway Transportation

Investing in Port Facilities - Public Financing

Special financing conditions:

Interest: TJLP* + up to 2.5% p.a.

Grace period: up to 3 years

Amortization: up to 20 years

**Degree of
Leverage:
up to 65%**

* TJLP: Brazil Long Term Interest Rate

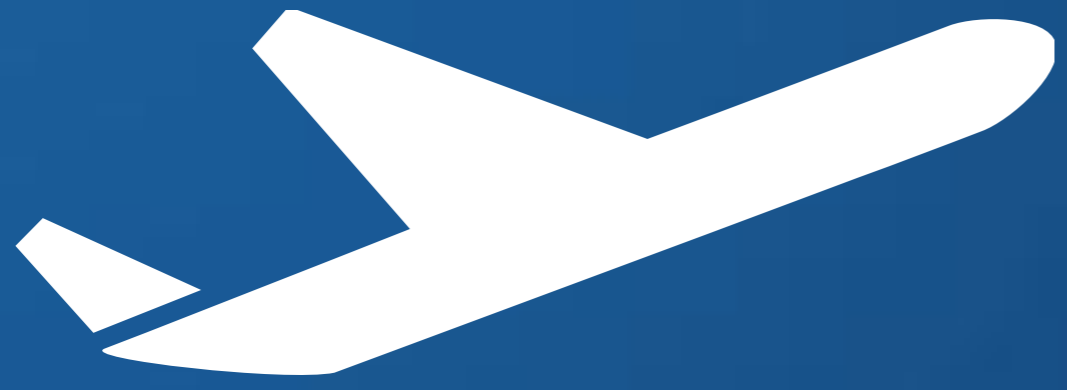
Schedule

Lease of Port Terminals



National Dredging Plan 2

- **Estimated Total Investment: US\$ 1.9 billion**
- **Deepening and Maintenance of access channel, turning basins and berths**
- **10-year contracts in blocks**
- **Bids start in April 2013**



Airports

OBJECTIVES

Airports

- **Concession of major airports:
Galeão and Confins**
- **Investments in the regional aviation
network**
- **Authorization for private general aviation
airports**

Investment Opportunities – Airports



AWARDED CONCESSION

- ① BRASÍLIA
- ② VIRACOPOS
- ③ GUARULHOS

CONCESSION TO BE AWARDED

- ① CONFINS
- ② GALEÃO



Airport Concessions

- Estimated Total Investment: **US\$ 5.7 billion**
- Required experience for operators: **Atq least 35 million passengers/year**
- Consortium:
 - Operator's share: **At least 25%**
 - Infraero's* share: **49%**
- Winning bidder:
 - Highest economic bid
 - Percentage of tariff to be paid to the Government

* Infraero: Brazilian Company of Airport Infrastructure

Airport Concessions – Public Financing

Special financing conditions:

Interest: TJLP* + 0.9% p.a. + risk spread

Grace period: up to 3 years

Amortization: up to 20 years

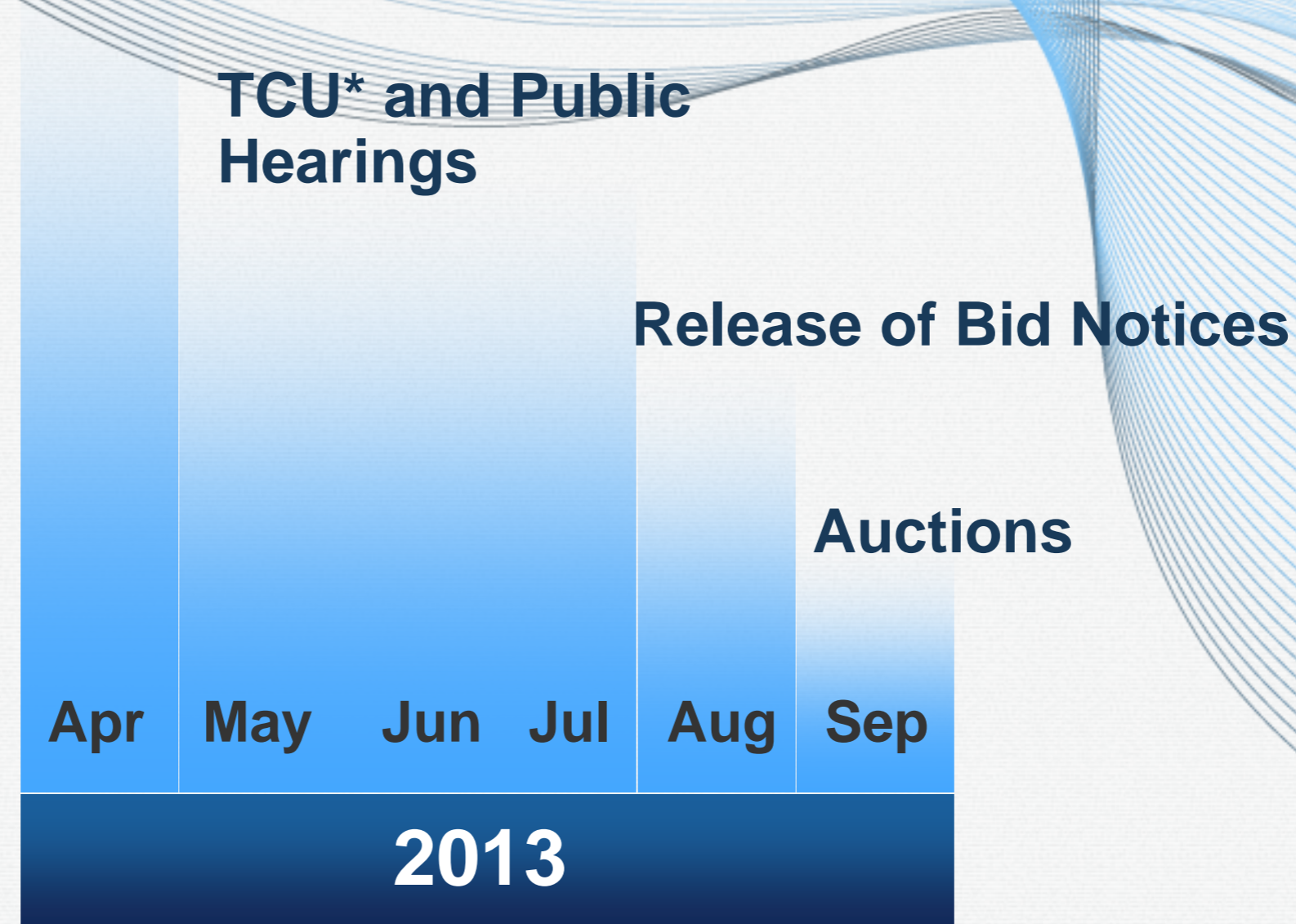
**Degree of Leverage:
Up to 70%**

* TJLP: Brazil Long Term Interest Rate

Schedule

Airport Concessions

Studies



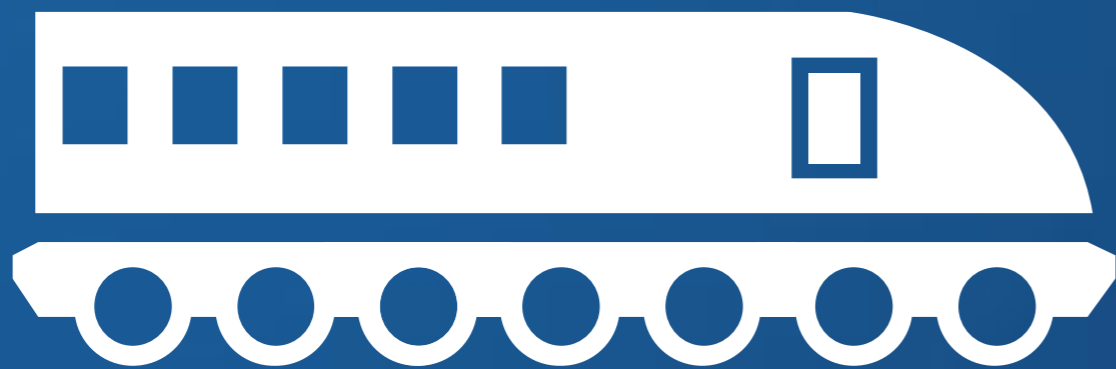
* TCU: Brazilian Court of Audit

Regional Airports

- Strengthen and restructuring of a network of **689** regional airports
- Estimated Total Investment in the 1st phase: **US\$ 3.65 billion in 270 airports**
- Airports management through partnership with States and municipalities
- Administrative concessions

General Aviation

- Regulatory approval for the commercial exploration of private airports dedicated exclusively to general aviation
- Regular aviation will always prevail over general aviation



High Speed Train (TAV)

OBJECTIVES

High Speed Train (TAV)



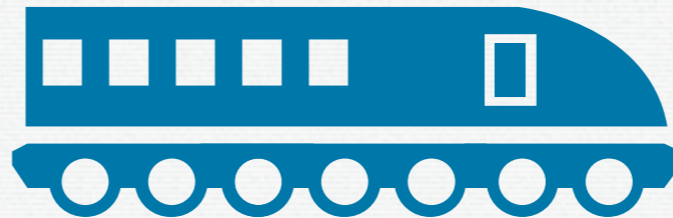
- **Structural intervention in transportation along the Rio-São Paulo axis**
- **New standard for passenger transportation: modern and efficient**
- **Technology transfer**

High Speed Train (TAV) Rio de Janeiro - Campinas



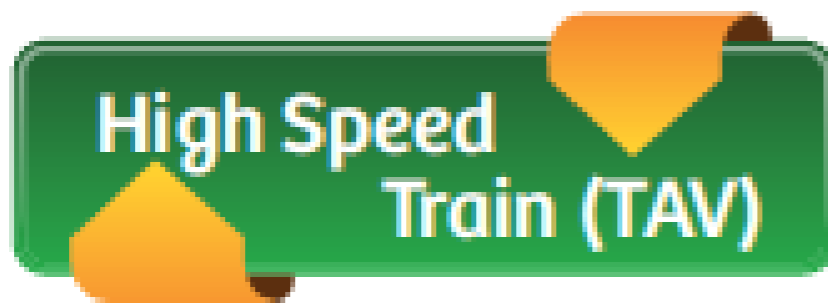
High Speed Train (TAV) Rio de Janeiro – Campinas – 1st Phase

The 1st phase includes the concession of the operation and maintenance of the system, supply and assembly of operational (signalling, electrification and telecommunication) and safety systems, rolling stock and acoustic protection, and technology transfer.



High Speed Train (TAV) Rio de Janeiro – Campinas – 1st Phase

• TAV Investments (US\$ billion)- 1st Phase



Phase 1: US\$ 3.53 billion*

* Estimated data from 2008, subject to changes.



70.4%

Trains

17.5%

Electrification

8.1%

Signalling and
Telecommunications

4.0%

Others

TAV Rio de Janeiro – Campinas - 1st Phase – Public Financing

Special financing conditions:

Financing (70% of CAPEX): US\$ 2.47 billion

TJLP* + 1%, total term 30 years

- Divided into sub-credits with different grace periods

Equity (30% of CAPEX): US\$ 1.06 billion

- Public Share: US\$ 476.5 Million
- Private Share: US\$ 582.5 Million

* TJLP: Brazil Long Term Interest Rate

TAV Rio de Janeiro – Campinas - 1st Phase

Economic and Financial Modeling Assumptions

- Maximum economy class rate in the Rio-Sao Paulo axis: **US\$ 100**
- Concession Term: **40 years** from the beginning of operation
- Start of commercial operation: **Jul/2020**
- Base date for prices: **Dec/2008**
- Degree of Leverage: **70%** debt and **30%** equity
- **Tax benefits:** ICMS, PIS, COFINS and REIDI

TAV Rio de Janeiro – Campinas - 1st Phase – Economic Modeling

Summary of Results:

Leveraged IRR – 13,34%

Leasing (equiv. rail Km) – US\$ 35.15

Current Lease Value Paid - US\$ 13.8 billion

Schedule

TAV Rio de Janeiro – Campinas – 1st Phase



* TCU: Brazilian Court of Audit

Contact

Executive Secretariat for Investor Assistance Planning & Logistics Company - EPL

Tel: +55 (61) 9628-4671

Email: investidor@epl.gov.br

Website: <http://www.epl.gov.br>



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