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Bank**

The EU bank



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EIB lending for railway rolling stock

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- ▶ Introduction to the EIB
- ▶ EIB lending to the transport/rail sector
- ▶ Rolling stock financing: key issues

The EIB: the EU bank



- ▶ Natural financing partner for the EU institutions since 1958
- ▶ Around 90% of lending is within the EU
- ▶ Shareholders: 28 EU Member States

**Investing in
Europe's growth**

EIB lending 2017

Environment



EUR



16.7bn

Infrastructure



EUR



18bn

Innovation



EUR



13.8bn

SMEs



EUR



29.6bn

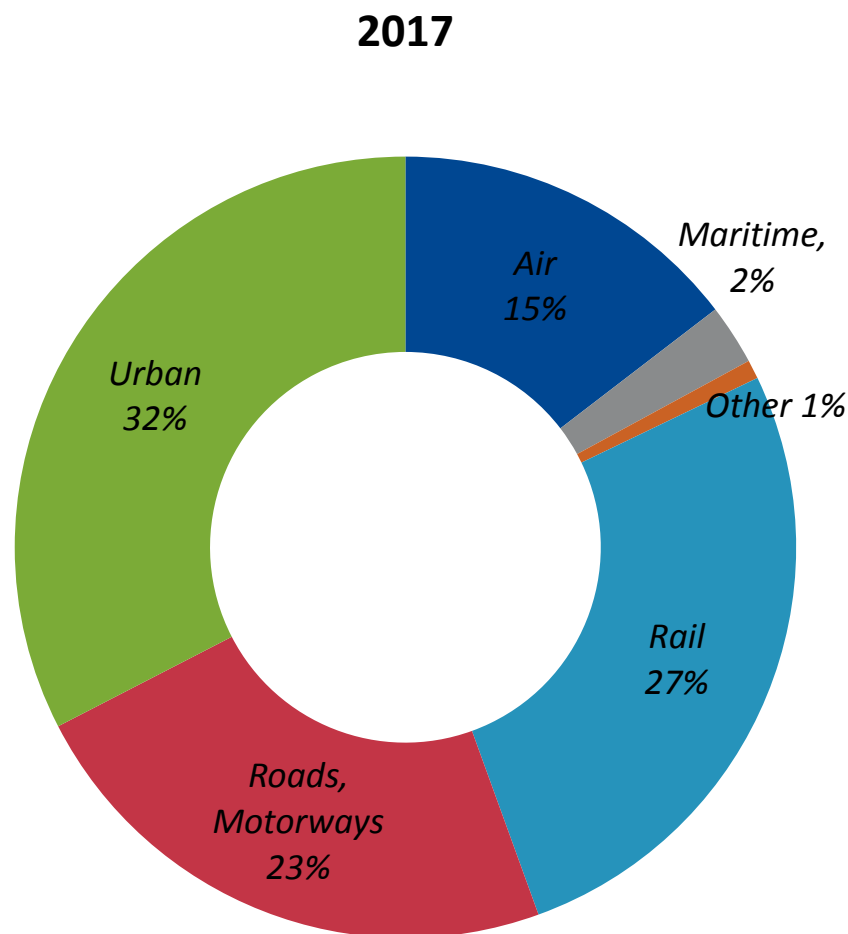
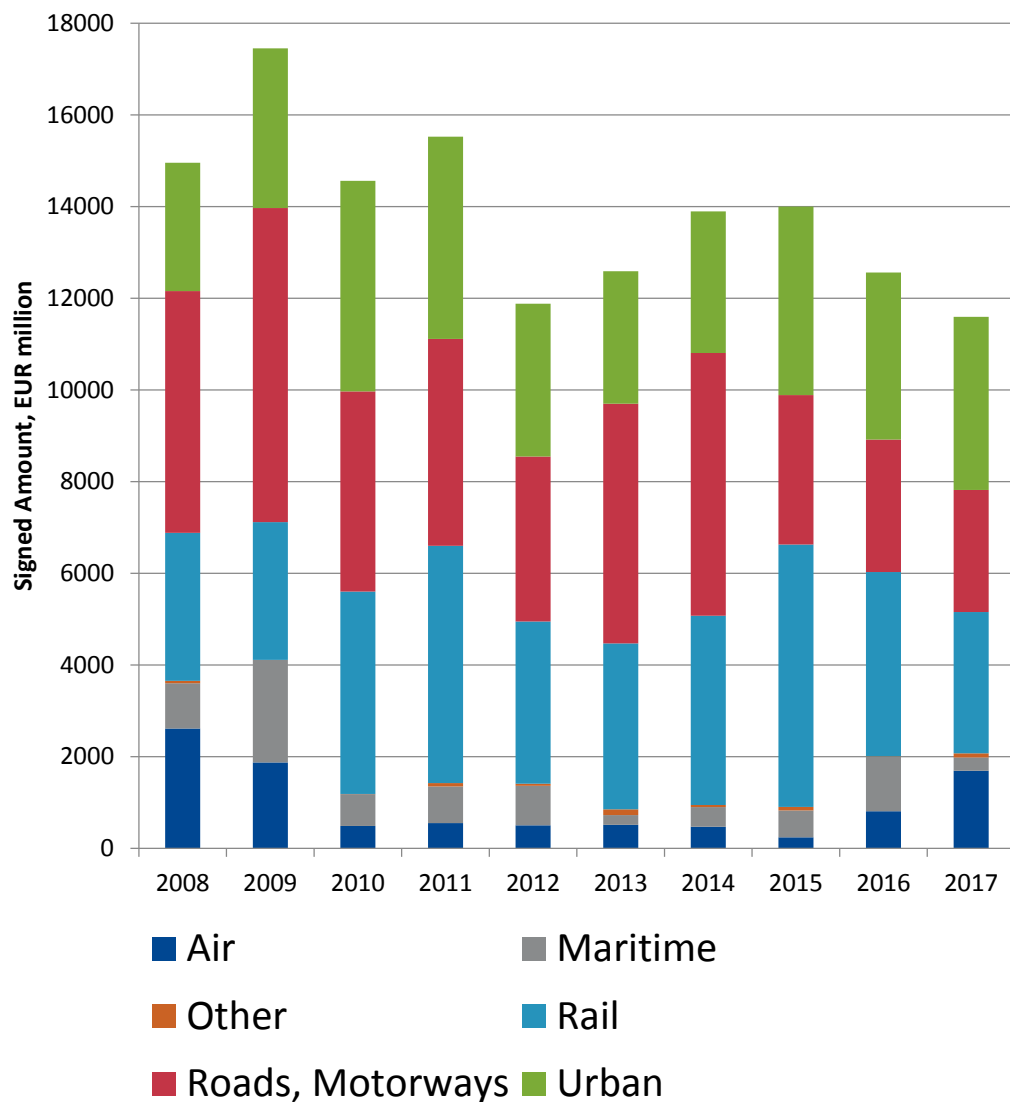
Transport among the key priorities of EIB lending

- ▶ Infrastructure interconnects internal markets and economies
- ▶ Mobility essential for the free movement of people and economic growth
- ▶ Strong commitment to the financing of TEN-T networks
- ▶ Support for clean and sustainable transport contributing to reduce GHG emissions (Climate Action)
- ▶ This is the case for economically justified rail rolling stock projects (urban, suburban, regional and interurban trains) contributing to the attractiveness and competitiveness of the rail mode, and promoting modal shift from road to rail.

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EIB lending to transport sector 2008-2017



Eligible investments in rail sector

Technically viable

Economically
sound

Financially
sustainable

Into:

Infrastructure

- Construction
- Modernisation, upgrade, signaling

Rolling stock

- Conventional and high speed
- Passenger and freight

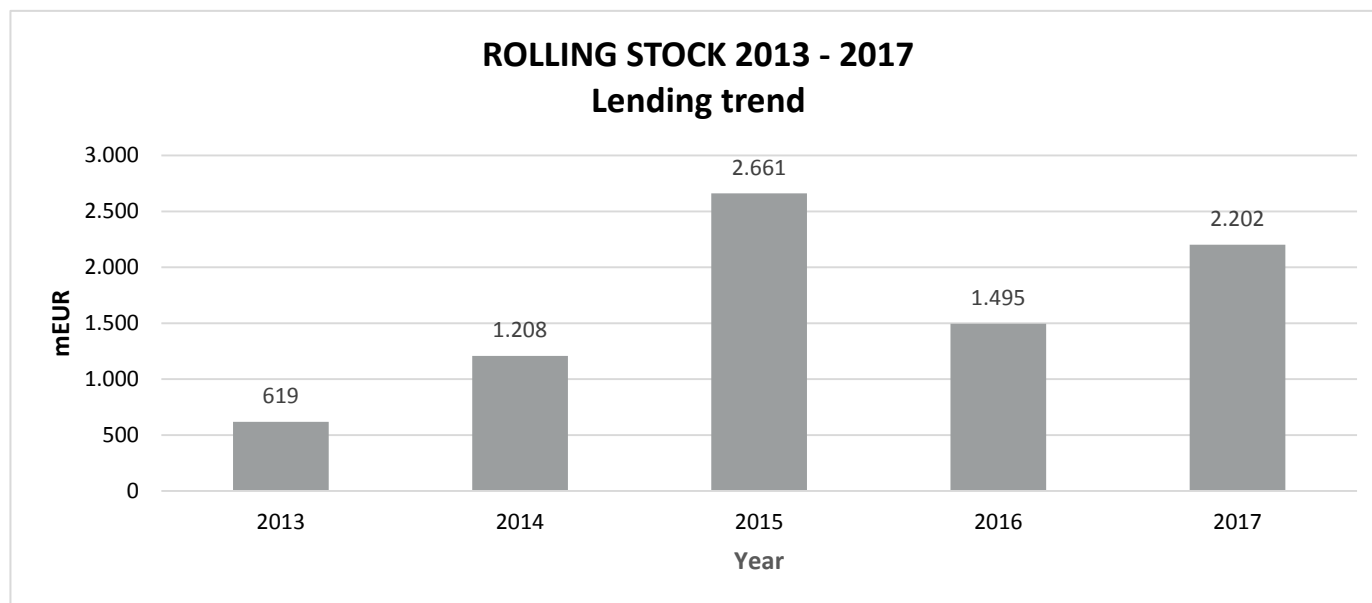
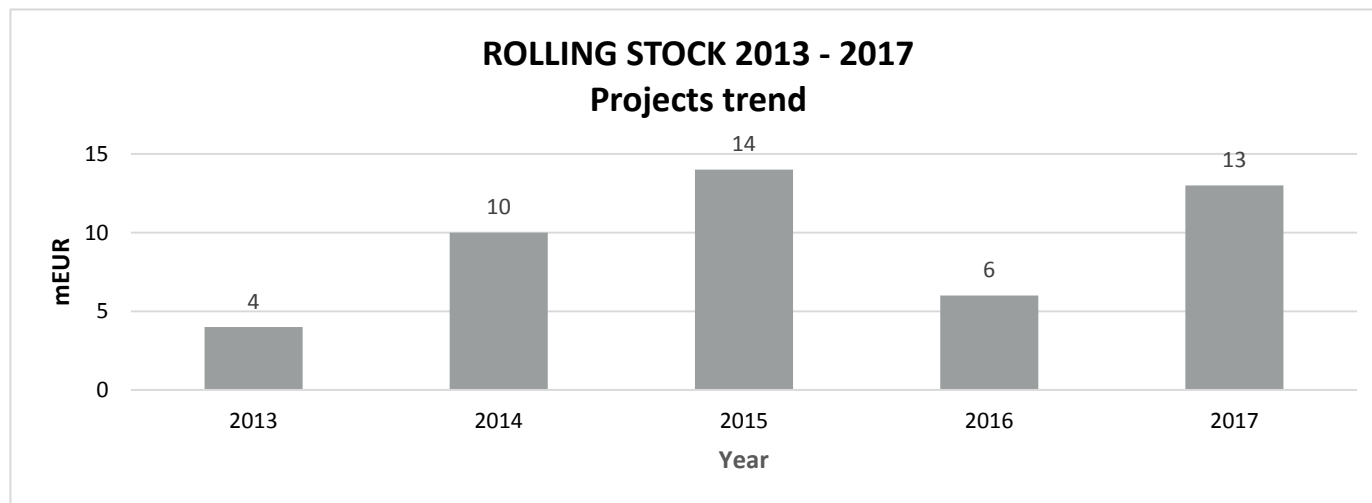
Manufacturing of
rolling stock

- Only convergence regions

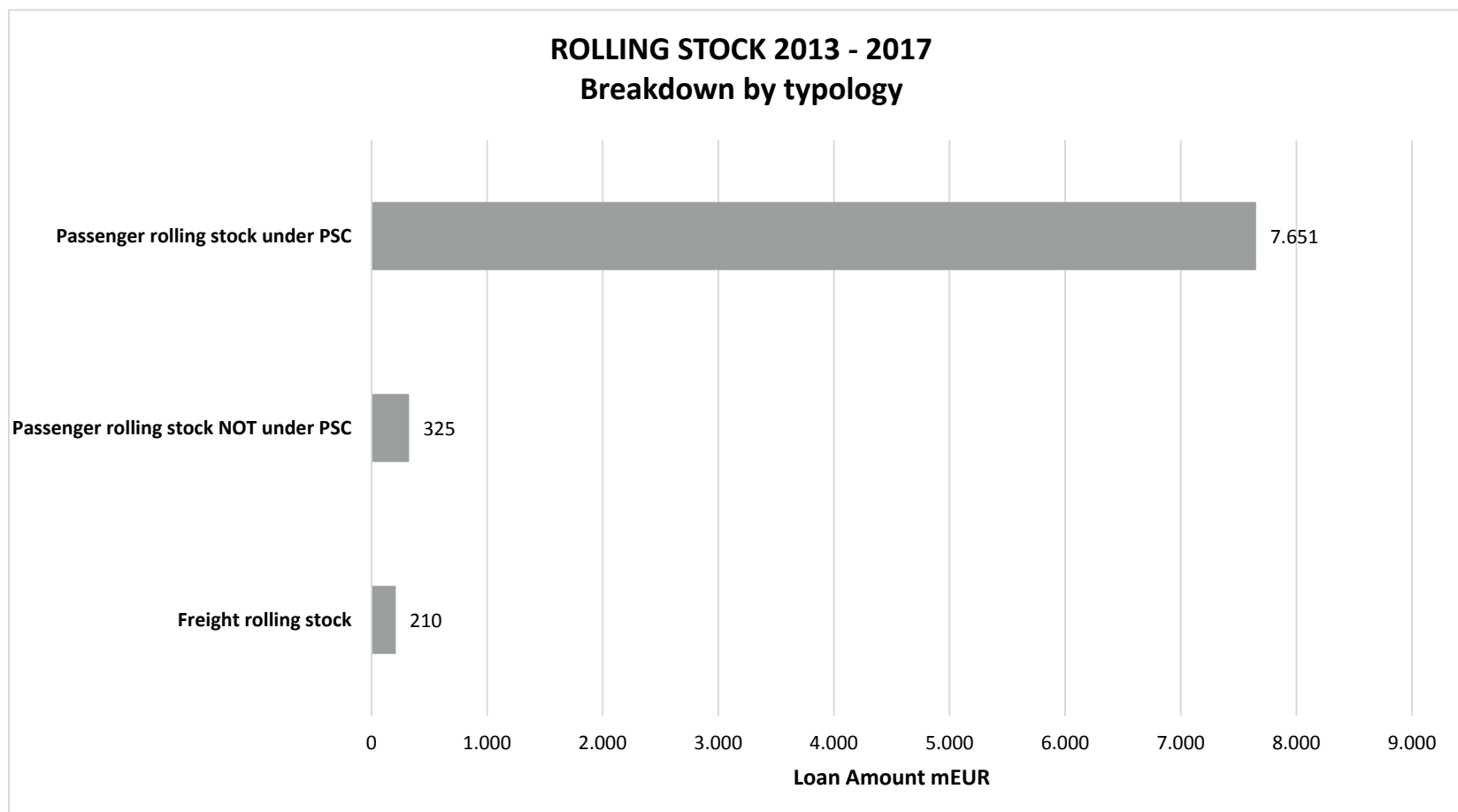
Intermodal
terminals

Research,
development and
innovation

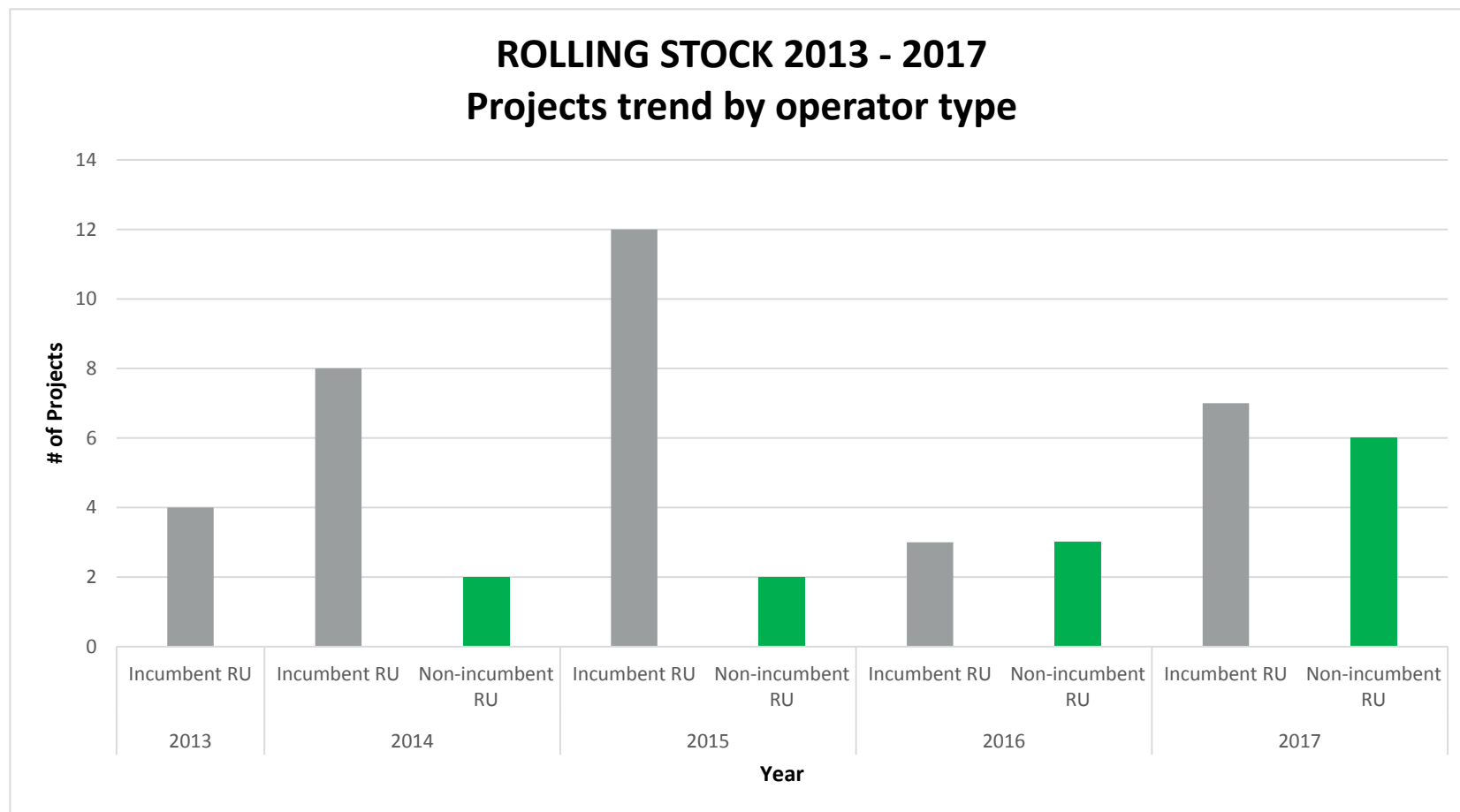
EIB Rolling Stock projects 2013-2017



EIB Rolling Stock projects 2013-2017

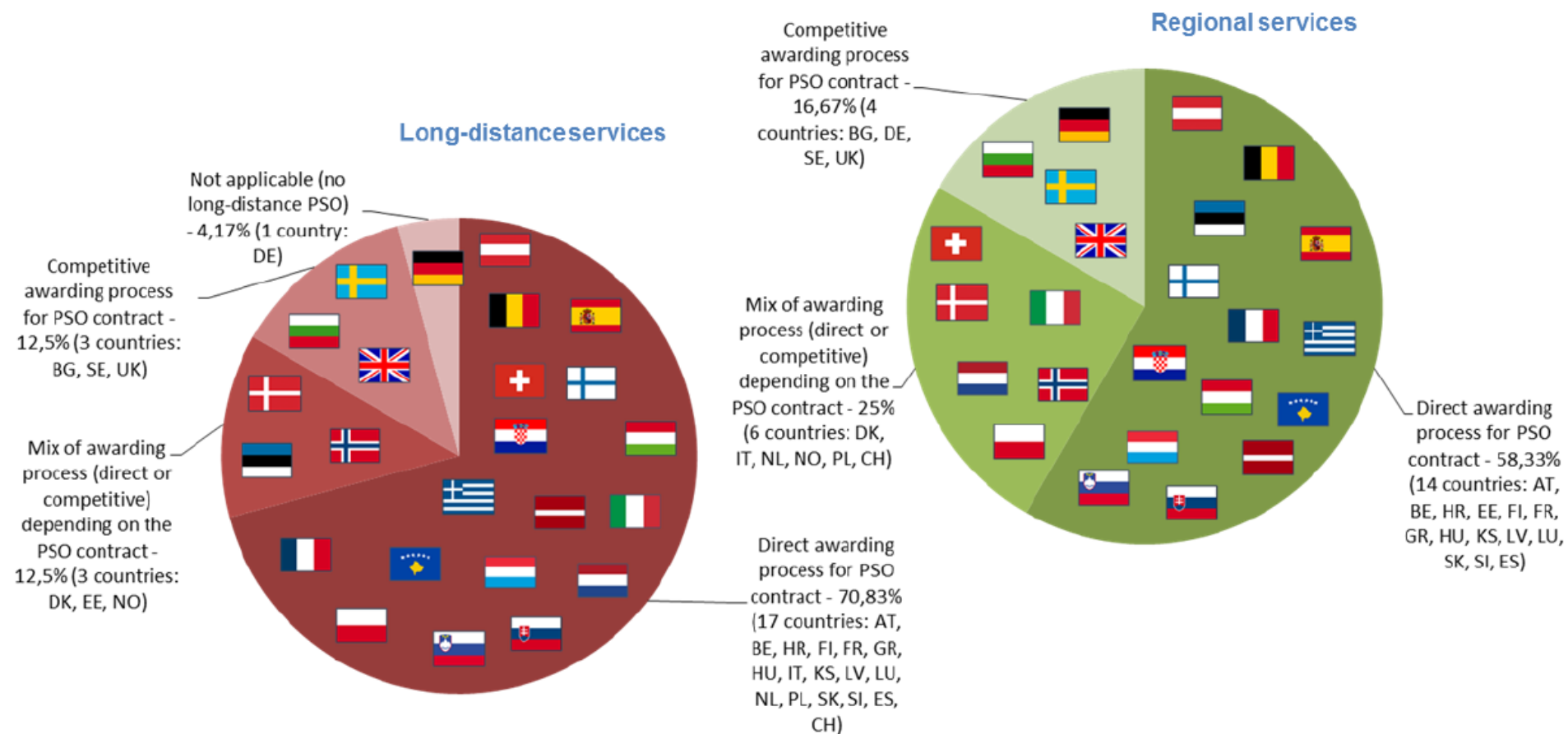


EIB Rolling Stock projects 2013-2017



Pipeline of rolling stock projects

Competition for the market – PSO awarding rules for passenger transportation



Source: IRG-Rail 5th Annual Monitoring Report, 2015

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- Rolling stock financing: key issues

Pipeline of rolling stock projects

Some observations about rolling stock (financing)

- ▶ EU: Railway Packages requirements + applicable TSIs (prerequisite for EIB support)
- ▶ (Slow but) Ongoing market opening, in particular for regional services under PSO
- ▶ In countries introducing competition: Non-incumbents gain market shares, have rolling stock needs
- ▶ Emerging financing needs for regional RUs, (public) rolling stock pools, increased interest in lease financings and financings for leasing companies.
Not typically PPP, but often project finance structures.
- ▶ Rolling stock financing including structuring elements is gaining in importance and volume for EIB

<div>Borrower</div> <div>RS Operator</div>	Train Operating Company (Public)	Public Transport Authority (PTA)	Privately owned ROSCO / SPV
Publicly owned Train Operating Company (TOC) / Railway Undertaking (RU)	RS purchased by TOC who is also the borrower (Poland, Italy)	RS purchased by PTA and put at disposal of/leased to TOC (France, Germany) RS purchased by publicly owned ROSCO on behalf of PTA(s) and leased to TOC (Germany, Region Lombardy)	
Privately owned Train Operating Company (TOC) / Railway Undertaking (RU)		RS purchased by PTA and leased to TOC (Germany) RS purchased by publicly owned ROSCO on behalf of PTA(s) and leased to TOC (Germany)	RS purchased by privately owned ROSCO and leased to TOC (UK) RS purchased by privately owned SPV and leased to TOC with a redeployment guarantee from the PTA (Germany) Lease structure

Trenitalia Regional Rolling Stock

Description:

Acquisition of new rolling stock to operate in Lazio, Liguria, Piedmont, Tuscany and Veneto

- 5 regions, concentrating 50% of the service supply and 60% of the entire Trenitalia's patronage.

Structure:

Innovative financing structure (bond scheme) under EFSI for the acquisition of 49 five-car articulated EMUs and 250 double-deck passenger coaches:

- EIB will buy bonds issued by Ferrovie dello Stato, the Italian state railway company
- Ferrovie dello Stato will pass the proceeds of the sale to its subsidiary Trenitalia, which will buy the trains

Project Investment cost: € 708 m

Loan Amount: € 300 m

Delivery of rolling stock: 2014 – 2016



Nahverkehr Brandenburg

Description:

Framework loan to support investments in public transport infrastructure in the Federal State of Brandenburg from 2014 to 2019. The project targets new construction and extension of existing infrastructure for rail, bus and tram services.

Typical projects under the program will be facilities for Park&Ride and Bike&Ride, new railway crossings and improvements of public transport stations including better access for people with reduced mobility.

Structure:

Framework loan to Investitionsbank des Landes Brandenburg (ILB) that then on lends to the Federal State of Brandenburg, the Promoter. Brandenburg provides these funds to the final beneficiaries who are Municipalities and other public entities as well as public and private enterprises (like DB).

Project Investment cost: € 300 m

Loan Amount: € 150 m

Implementation: 2014 – 2019



Rhein-Ruhr Express

Description:

New rolling stock for a high density schedule and fast regional rail system in the densely populated Rhein-Ruhr region in Germany (conurbation: Köln, Düsseldorf, Duisburg, Essen, Dortmund and Hamm.)

- Acquisition of 82 double deck trains (high capacity).

Structure: Rolling stock was procured by PTAs, but as a service for 30 years. On balance sheet of PTAs and leased to PTOs who won tenders for PSO. Innovative structure and tendering procedure. Manufacturer redesigned train to get to lower OPEX as e.g. energy usage and maintenance were part of the price.

Project Investment cost: € 950m

Loan Amount: € 340m

Delivery of rolling stock: Train delivery is scheduled for 2018-2020.



Mitsui Locomotives

Description:

There have been three lending operations.

The last one comprises of 67 new electric locomotives for leasing to European railway undertakings mainly for freight operations in Germany, Italy and Austria.

Structure:

Borrower is Mitsui Rail Capital Europe B.V. ("MRCE")

- Trains will be owned by Mitsui and leased to European Railway undertakings.

Project Investment Cost: € 250 m

Loan Amount: € 120 m

Delivery of rolling stock: The delivery of the locomotives is expected to be completed by the end of 2018.



How can EIB support the implementation of the 4th Railway Package

- ▶ As the EU public investment bank operating across all member states and beyond, EIB has acquired an extensive knowledge of the possible rolling stock financing schemes in the context of sector liberalisation and is ready to disseminate it to public transport authorities preparing for the successful implementation of the 4th railway package.
- ▶ The European Investment Advisory Hub hosted by the EIB can be a vehicle for EIB advisory activities.

Thank you!



More information at: www.eib.org
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