FINANCING SUSTAINABLE MOBILITY: International Projects

TMB & EIB a good long term relationship: the case of TMB, the internal operator from AMB.

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How do you build a relationship?

• Paying a visit to the Head Quarters (EIB & TMB).
• Knowing each other, no matter if people change.
• Trying & proving each other, through a project.
• Being transparent showing your commitment.
• Introducing your technical & financial team.
• Working closely writing down a good questionnaire.
• Working together negotiating a good contract.
• Justifying your steps & investments clearly.
• Proposing new projects no matter how difficult they are.
TMB & EIB courtship (2004-2010)

• In great projects meetings in Barcelona:
  – under the construction of our automated metro line 9,
  – under the discussions of who will be the operator,
  – explaining we are not builders, but operators,
  – and operators need to renew or purchase rolling stock.

• In great public transport summits (UITP, ITF, UN).
  • Attending its presentations & ask them if our needs match them schemes.

• Inviting them to visit us and showing our premises & services.
  – Trying to convince them to meet they offer with our demand.
  – Knowing always our limitations.
  – EIB adapting to economic conjuncture.
2010-2011 (the first serious test)

• ELENA Project:
  – The first chance to prove each other confidence.
  – EIB offered monies to hire good consultancy companies to assess the possibility to invest in buses clean technologies within a new network in our city.
  – TMB was able to hire some excellent companies with the commitment to invest at least 25% of the project total cost, in new & more sustainable clean buses.
  – It has been a success and the way to get know each other, and it was ended in 2014.
2011-2013 (the second investment try)

- An efficiency energy programme:
  - TMB tried to design & implement two investment programmes to be financed by EIB for buses premises & metro premises:
    - We work hard internally to prepare a complete inventory of possible green investments to reduce energy consumption & to reduce energy cost in our buses & metro exploitation.
    - EIB came to visit a whole week to validate our proposals and prepare the contract for financing those investments, but ... economic & financial crisis arrived.
    - TMB finally decide not to commit financially in an operation which can not repay properly due to the deep recession from the Spanish economy and its public administrations.
2016-2018 (the way to financing)

• We kept talking & exchange information from each other between 2016 & 2017.

• In the meantime the EIB change its financing policies reduce the amount need it to finance (from a minimum 100M€ ticket to 25M€.

• In the case of Spain, there was a claim from the Public Transport national association to get financing from the European Investment Bank.

• Finally EIB in July 2018 set up an a financing programme for Spanish cities to get finance for the sustainable buses fleets.
2019: TMB & EIB have done it.

- TMB has obtained a 73,5M€ credit from EIB to finance the **bus** fleet renewal & its electric infrastructure equipment's.
  - We have dedicated time to write-down a technical questionnaire with the support from our technical departments (bus fleet & infrastructure teams).
  - EIB paid us a visit to check the information filled in the questionnaire by TMB.
  - EIB had to pass all its internal committees.
  - TMB had to fulfil all the technical & formal requirements before the credit signature.
  - Time required from the start to the signature: 5 month.
The EIB questionnaire for TMB buses

- **Project context:**
  - short company presentation,
  - Reason goals & project justification and the adopted solution.

- **The Barcelona Metropolitan Region, its PT system and TMB:**
  - Mobility & Infrastructure plans in the region & the City.
  - Institutional & regulatory framework.
  - Last three years on buses exploitation (costs, subventions, Revenues, ratios).

- **Project scope & technical aspects.**

- **Project costs and its breakdowns at estimated market prices.**

- **Project environmental subjects.**

- **Buses exploitation (operation & maintenance), current & future:**
  - Contract programme between the operator & the public administrations.
  - Tariff policies, users estimations in the lines used by the new buses.
  - Key Performance Indicators.

- **Social, economical & financial justification aspects** (the new vs old buses).
Basic Financial Scheme EIB-TMB Bus

Diagram flows

- **a) Long term Credit** after a interest-only period
- **b) Purchase-Sell**
  - Purchase buses: 5% pay at the signature & 95% once the bus delivered
  - Sell buses
- **c) PC**
- **Amortizations**
- **Confort letter**
- **Users (market)**
- **Financial Institutions**

- **EIB** multilateral Bank
  - Provide a 50% Credit of total project cost.
  - Pay installments after buses delivery (Principal + interests)

- **TMB** Public Owned Co.
  - Pay installments after buses delivery

- **ATM**
  - Public Administrations Consortium

- **GENCAT**
- **AMB**
- **AJB**
Basic Data from the financial transaction BEI-TMB buses:

- **Total project cost**: €147,5M (€134,8M TMB buses project plus €14,6M for possible technical & financial contingency costs calculated by EIB).
- **Amount financed by EIB**: up to a maximum of €73,5M (€67,5M requested by TMB buses).
- **Transaction**: Financing -up to 50% of total project cost- through a credit facility for the supply of 254 sustainable buses (116 electrics) with its electric infrastructure in the period 2019-2021.
- **Frame Agreement**: CLEAN URBAN TRANSPORT PROGRAMME LOAN SPAIN from European Investment Bank.
- **Maturity**: Minimum 4 years from the first drawdown and up to a maximum of 16 years.
- **Financial Institution**: European Investment Bank (EIB) rating AAA (maximum solvency).
- **Borrower**: Transports de Barcelona, SA (TMB) owned 100% by Àrea Metropolitana de Barcelona (AMB).
- **Drawdown form**: Freedom to choose in each first drawdown between fixed or variable interest rate.
- **Amortization table in each first drawdown**: it will be different.
- **Drawdown requests**: Certain documentation must be delivered in advance (authorizations, biddings, contracts, etc.)
- **Amortizations**: lineal, annual, by installments.
- **Guarantees**: Company own risks (single signature).
- **Covenants**: Negative Pledge, Pari Passu, Ownership control change.
- **Financial Ratios**: standard for public companies.
- **Legislation**: Spanish.
2019: a key year for TMB metro

• We have to renew 42 trains & the bidding is underway analysing the manufacturers offers.
• We have already fulfil the technical questionnaire and the EIB already made its visit.
• Now we are waiting the results from the EIB committees and we expect the definitive answer (approval) in early September.
• We will combine the multilateral bank finance together with commercial private banks.
The EIB questionnaire for TMB trains

- **Project context:**
  - short company presentation,
  - Reason goals & project justification and the adopted solution.

- **The Barcelona Metropolitan Region, its PT system and TMB:**
  - Mobility & Infrastructure plans in the region & the City.
  - Institutional & regulatory framework.
  - Last three years on metro exploitation (costs, subventions, Revenues, ratios).

- **Project scope & technical aspects.**

- **Project costs and its breakdowns at estimated market prices.**

- **Project environmental subjects.**

- **Metro exploitation (operation & maintenance), current & future:**
  - Contract programme between the operator & the public administrations.
  - Tariff policies, users estimations in the lines used by the new trains.
  - Key Performance Indicators.

- **Social, economical & financial justification aspects** (the new vs old trains).
Basic financial Scheme EIB TMB Metro

Basic Data from the financial transaction to be drawn & negotiated

Thank you very much for your kind attention!