

PricewaterhouseCoopers

World overview of the PPP Markets

26 March 2012

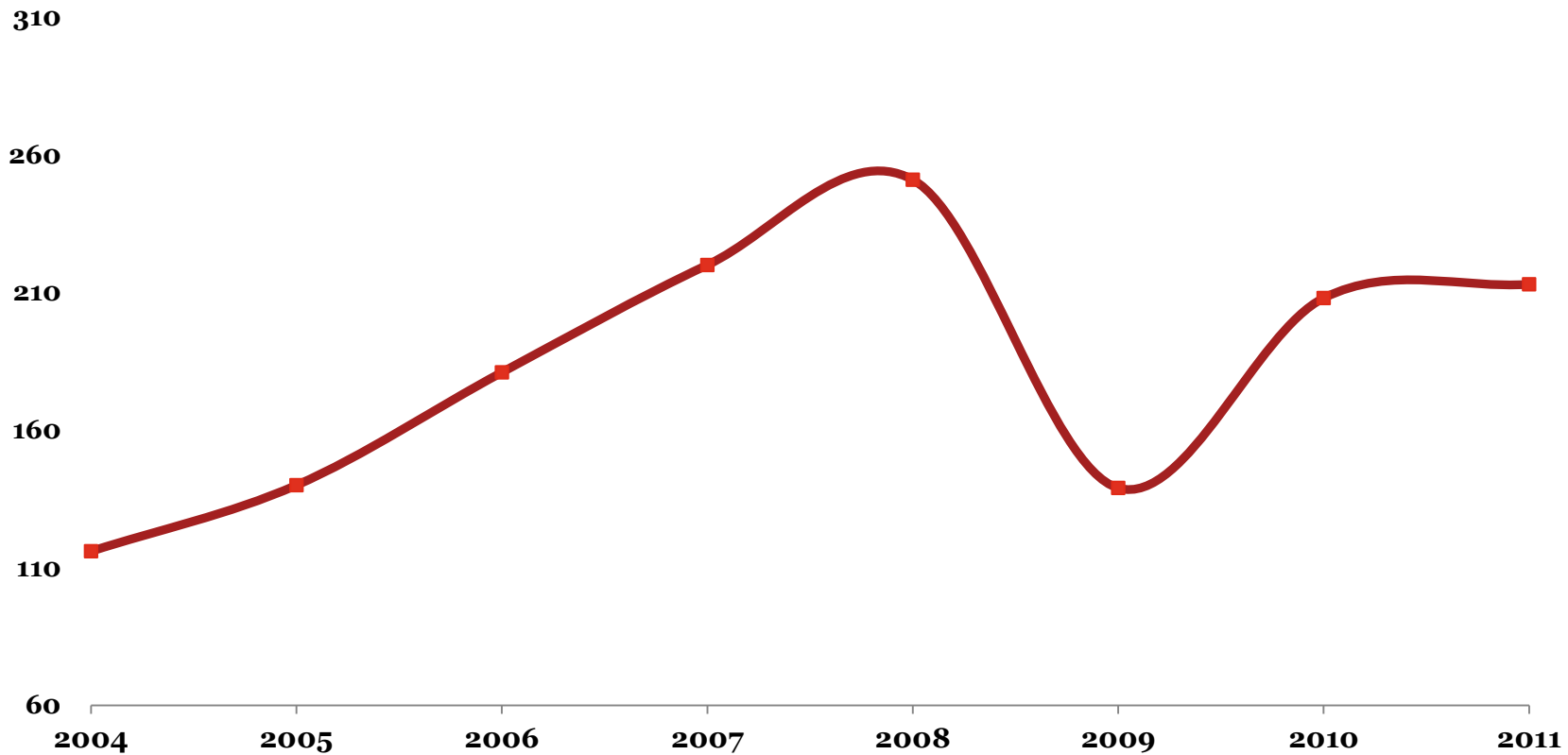


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Global project finance market

Annual project finance invested globally (US\$ Bn)



Source: Project Finance International

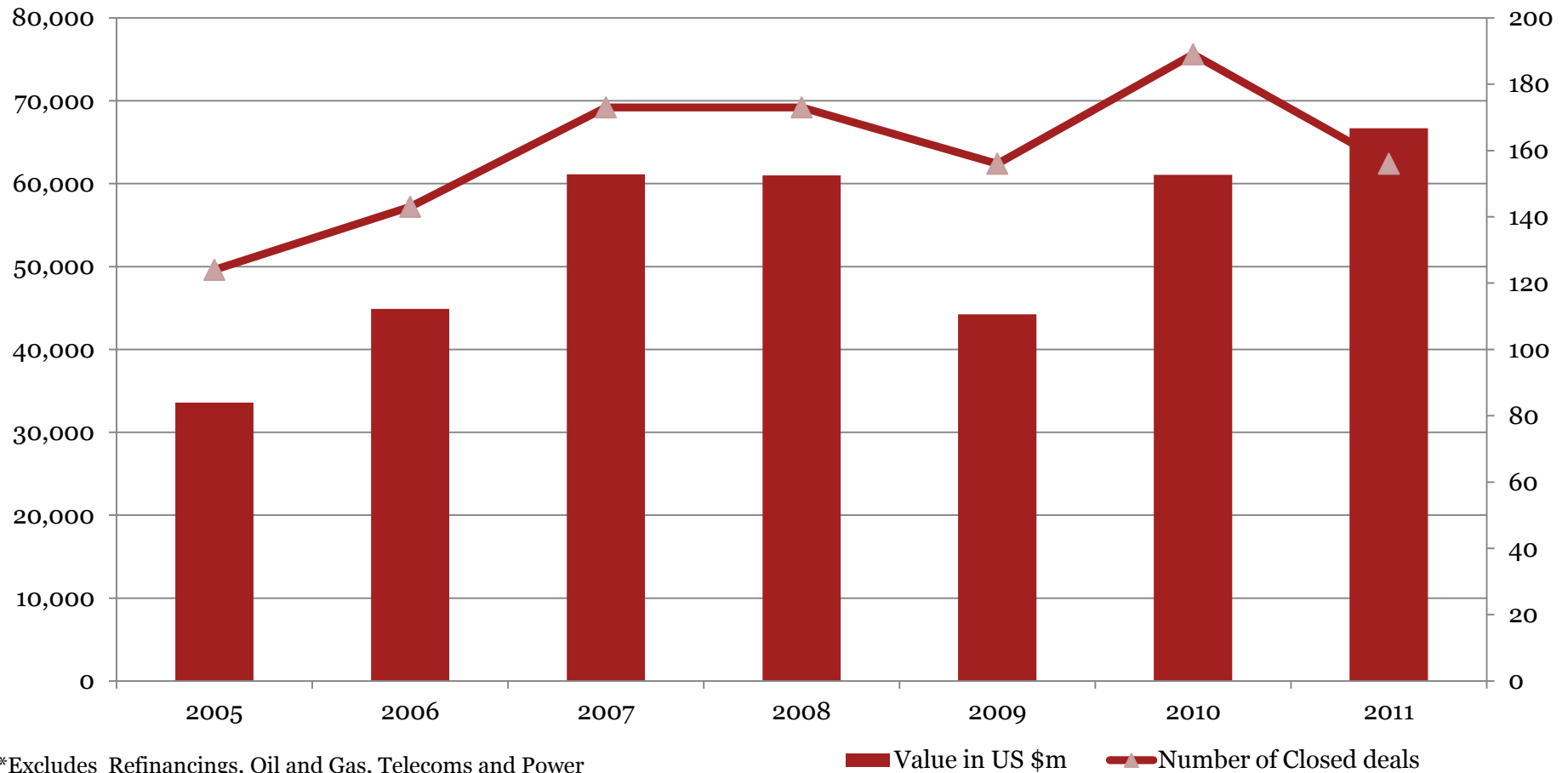
Global project finance market

Global loans by sector (US\$m)

Sector	2009	2010	2011	2009-2011 growth
Power	56,289	73,300	80,499	43%
Oil & Gas	25,640	25,951	38,835	51%
Transportation	25,451	52,315	43,607	71%
Telecommunications	8,118	13,383	5,314	-35%
Leisure and Property	7,474	13,824	15,439	107%
Water & Sewerage	4,699	1,578	997	-79%
Mining	4,071	8,858	10,823	166%
Industry	3,454	6,306	12,154	252%
Petrochemicals	2,797	11,306	4,614	65%
Waste & Recycling	1,194	1,267	724	-39%
Other	n/a	86	479	
Total	139,186	208,174	213,487	53%

Source: Project Finance International

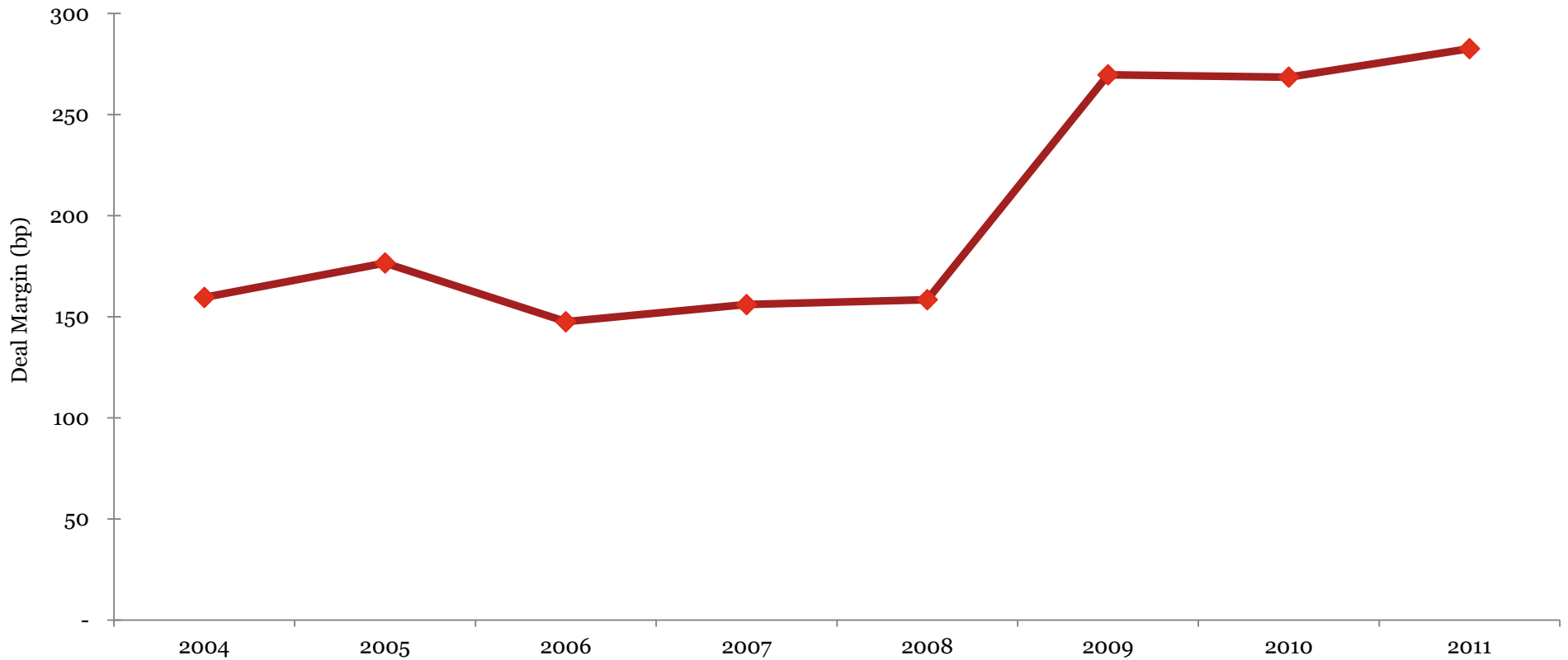
Global PPP* deal volumes held up ...



*Excludes Refinancings, Oil and Gas, Telecoms and Power
Source: Dealogic ProjectWare

“PFI/PPP rose 11% to a record level in 2011”

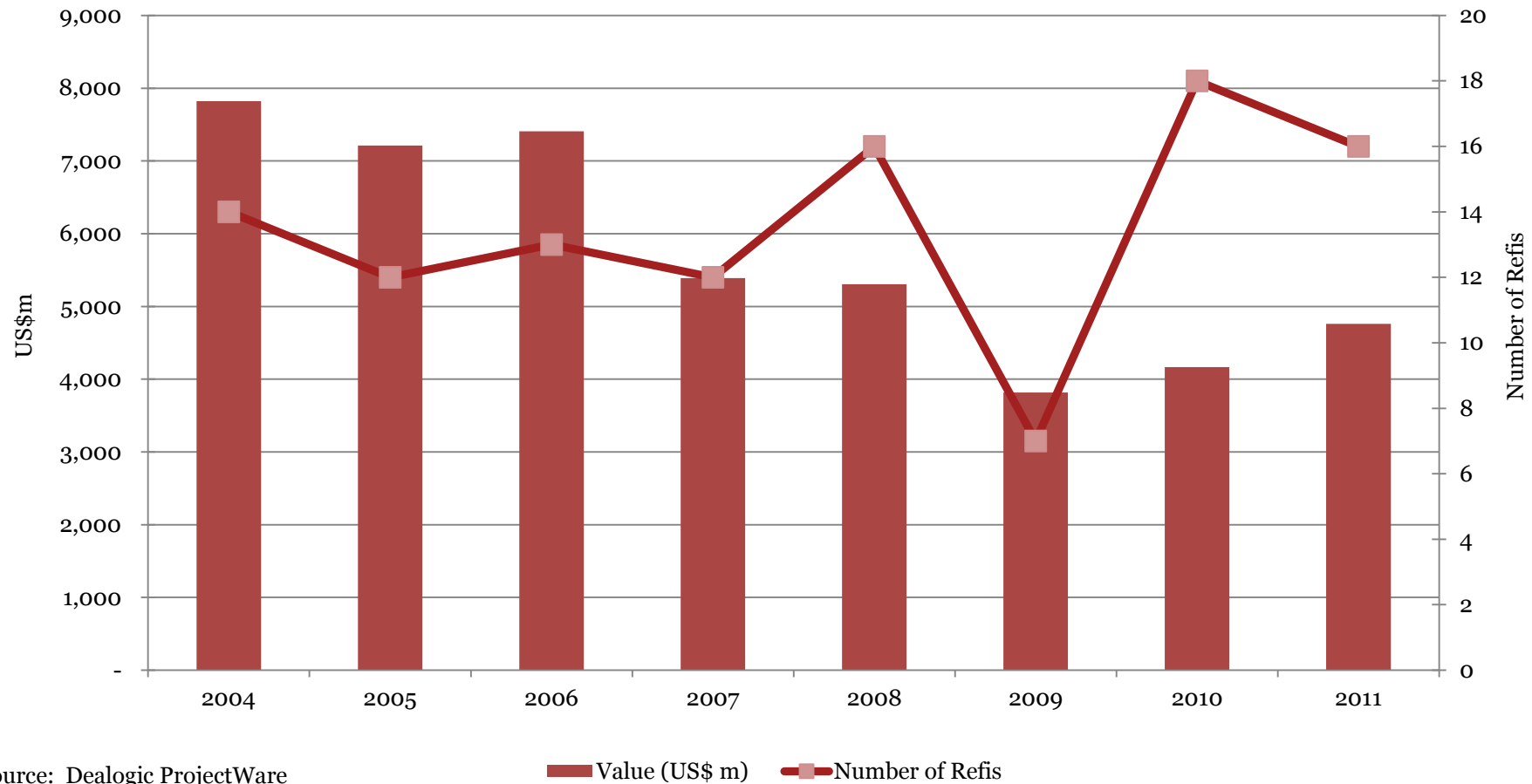
... but PPP margins remain high



Source: Dealogic LoanAnalytics

Note: Excludes Refis

... and refinancing volumes remain low



Asia Pacific and the subcontinent grow, Europe declines



Trends, observations and the future

Funding markets

1. Bank debt markets are suffering as a result of global downturn, sovereign crisis and regulatory change (Basle III). Debt is scarce and expensive with significant regional variation
2. Bank market uncertainty and liquidity constraints expected to persist while governments introduce financial regulations tailored to macro prudential concerns
3. Withdrawal of traditional banks creates opportunities for new players (e.g. Canadian, Japanese and Australian lenders)
4. And for capital markets players and products, but maturity and appetite is highly variable

Ongoing reliance on multilaterals, state support and development banks. e.g. EIB in Europe, Banobras in Mexico, BNDES in Brazil

PPP structuring (with Governments willing to take more risk?) will be increasingly important and refinancing will continue to be difficult

Trends, observations and the future

PPP programmes

1. Uncertainty is likely to slow new PPP procurement in many western European economies and favour non-Eurozone jurisdictions
2. UK market continues to decline driven by government cutbacks and political desire to reinvent the model “*too costly, inflexible and opaque*”
3. Potential opportunities to acquire government-owned infrastructure assets at significant discount (e.g. Greece, Ireland and Portugal)

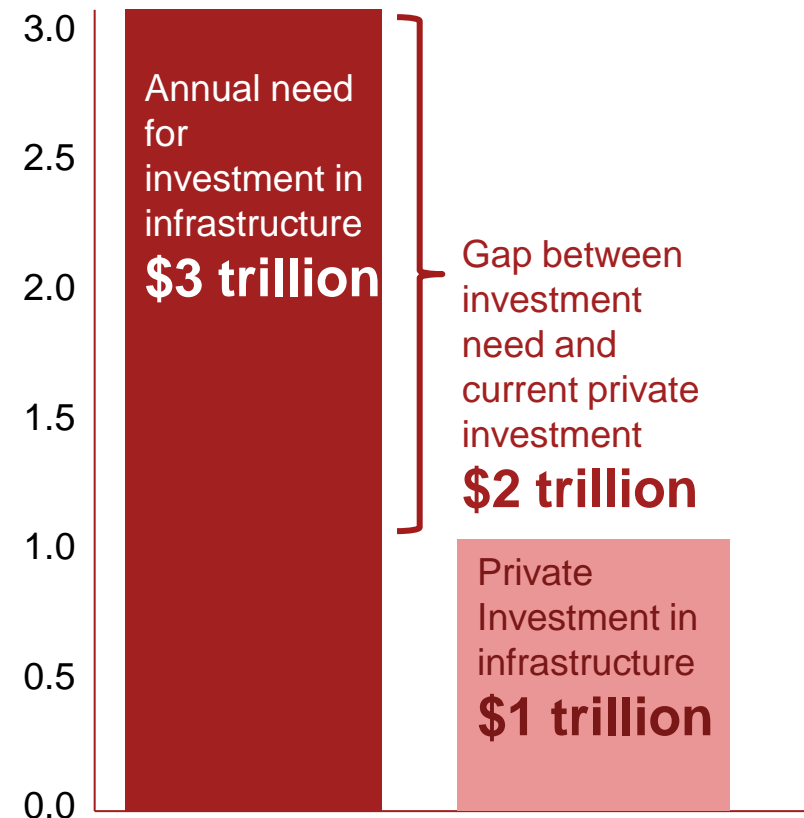
Continued shift from Europe to the South, East and possibly North America.

And from primary deals to the secondary market and M&A

The big picture

Fundamental drivers for PPP remain:

- Case for infrastructure investment to create growth and sustain competitiveness is clear
- Gap between required spend and currently affordable spend is increasing, so private capital is required



Source: World Economic Forum

The big picture

The ongoing challenges for policy officials will be to:

- Adapt to current circumstances so that deals can continue to be done
- Sustain clear pipelines and effective deal delivery mechanisms wherever possible
- Ensure long-term affordability and value for money
- Manage the PR of PPPs - make the case