

**PRESENTATION TO
DELEGATION FROM
SCHLESWIG-HOLSTEIN LANDTAG
22 APRIL 2015**

**THE ØRESUND
FIXED LINK PROJECT**

OUTLINE OF PRESENTATION

- General description of the Øresund-Project
- Financial set-up



Denmark

Sweden





THE ØRESUND PROJECT

- Political decision in 1991 (State Treaty)
- Final approvals in 1994
- Construction start 1995
- Start of commercial operation July 1, 2000
- Rationale:

To create common labour and housing markets in the Øresund region + creating better transport possibilities between Scandinavia and the European Continent

ØRESUND FIXED LINK – CONSTRUCTION COSTS

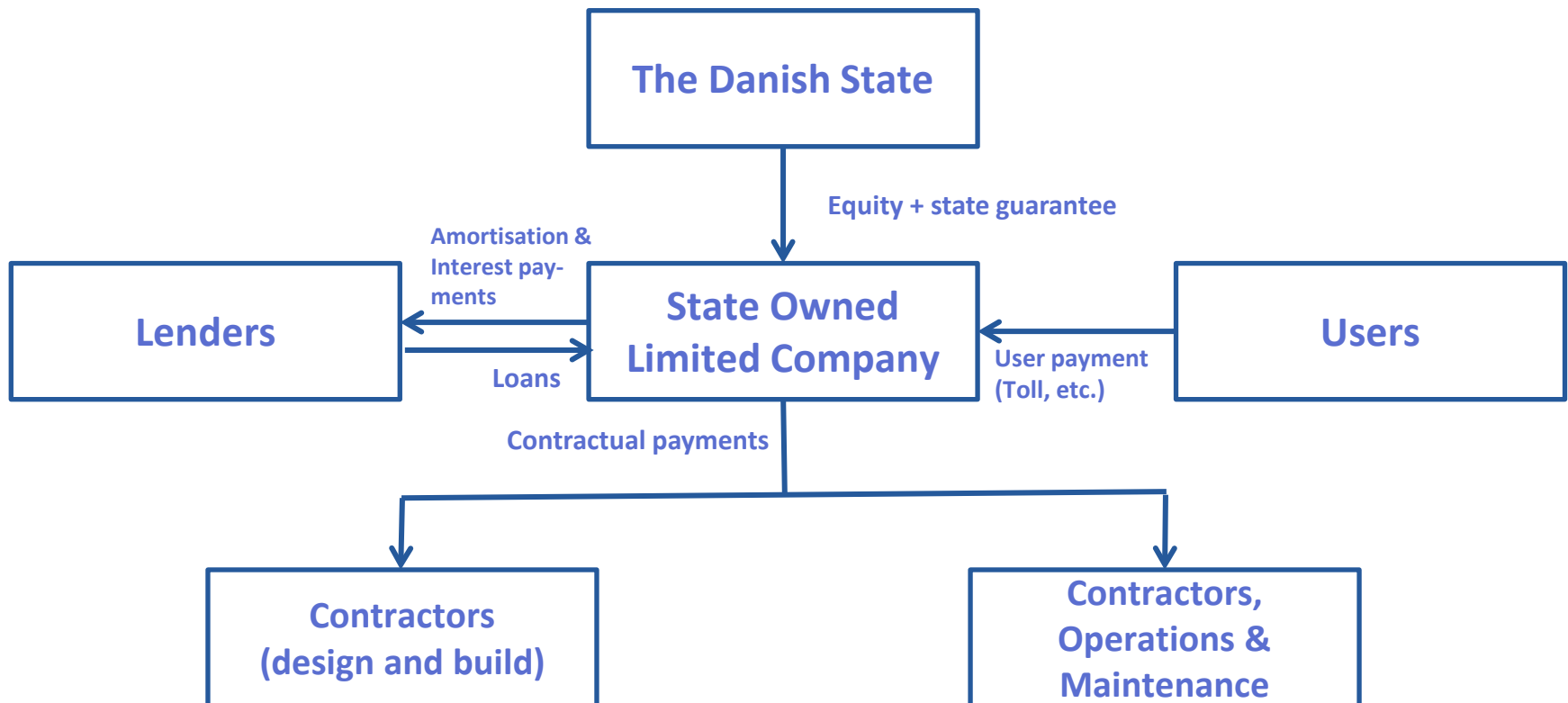
	DKK (bn)	EUR (bn)
Construction costs (1990 prices)	14,7	2,0
Price escalation	2,7	0,4
Interest during construction period	2,1	0,3
Total debt, at opening	19,5	2,7

THE STATE GUARANTEE MODEL – A BRIEF DESCRIPTION

- Design, Construction, Operation, Financing etc. is carried out by a SPV, owned by the state
- Construction costs etc. are financed almost 100 pct. by debt, raised in the capital market
- All funding has a strong state guarantee (irrevocable guarantee for the full and timely payment of interest and amortisation)
- Debt is repaid with income generated in the project (from toll and railway fee). Approx. 30 year repayment period. No state subsidy

THE STATE GUARANTEE MODEL

BASIC FLOWS



EXAMPLES OF INFRASTRUCTURE PROJECTS IN DENMARK

The Great Belt Fixed Link (100 pct. Danish)

- Debt approx. DKK 23,5 bn (EUR 3,2 bn)
- Annual turnover DKK 3,6 bn (EUR 480 m)
- Expected, final repayment in 2029 (31 years from opening)



EXAMPLES OF INFRASTRUCTURE PROJECTS IN DENMARK

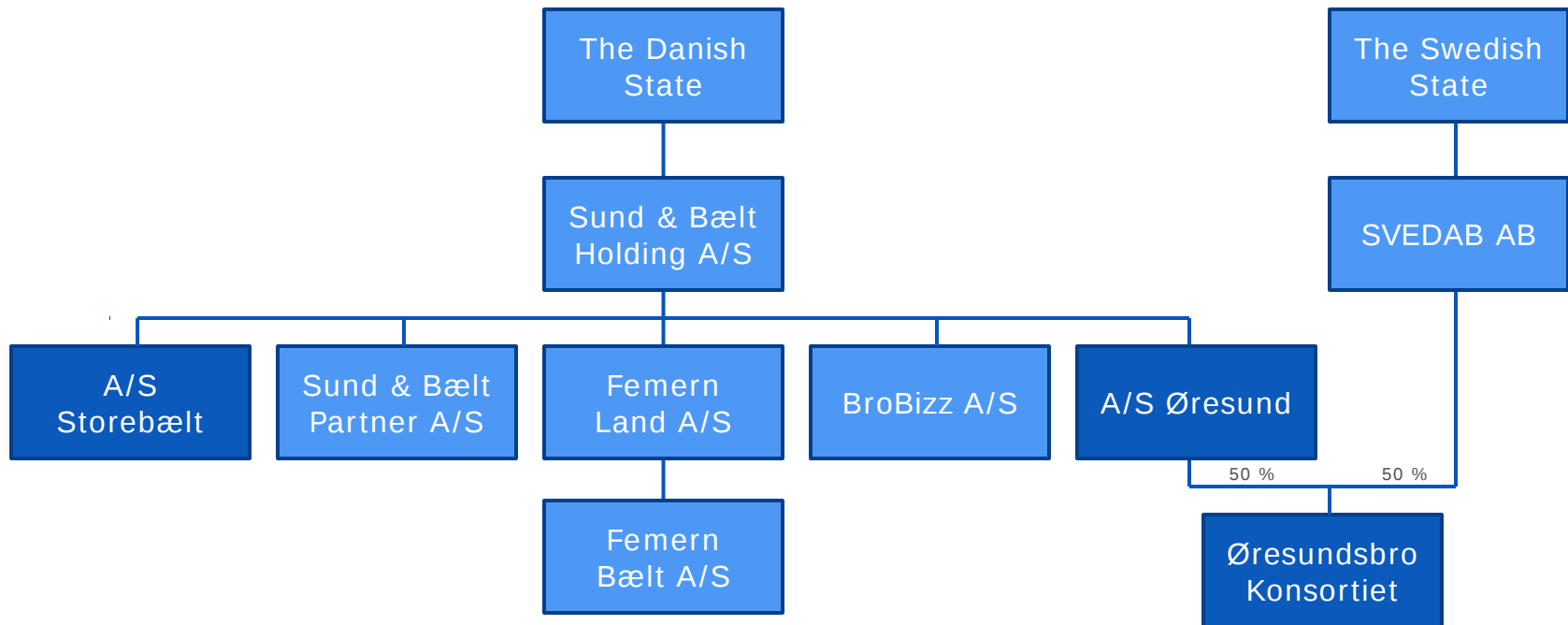
The Øresund Fixed Link

(joint and severally owned and guaranteed with Sweden)

- Debt approx. DKK 15,4 bn (DKK 2,1 bn EUR)
- Annual turnover DKK 1,7 bn (EUR 228 m)
- Expected, final repayment in 2033 (33 years from opening)



ORGANISATION



MAIN CHARACTERISTICS OF THE STATE GUARANTEE MODEL

- The cost of the project is effectively paid by the users (Road and Rail)
- The cost is not a burden on the state budget (off-budget financing)
- The financing cost is very low due to the guarantee (provided high-rated Guarantor)
Important parameter in long-term projects
- The state carries the ultimate risks, and has the up-side potential, of the project.
- Private sector organisational models used to increase efficiency in project management, including unified responsibility for construction, operation and financing
- The state keeps the strategic control with the Project

FURTHER READING



<http://www.femern.de/servicemenu/presse--materialien/dokumente>

