



**The financing of infrastructure in Europe**  
*Investing in long-term Europe.*  
*Where do we stand? Progress made and next steps*

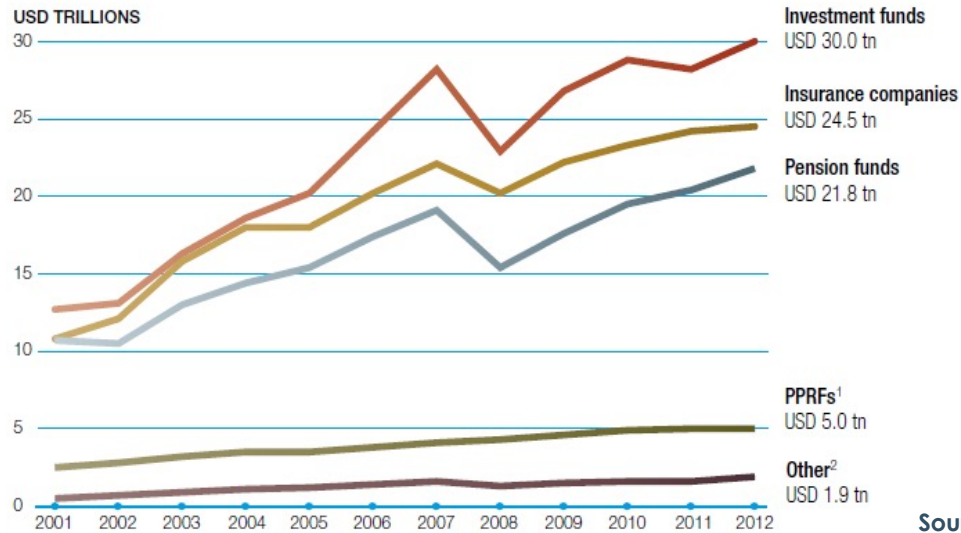
Thierry DEAU  
Founder and CEO of Meridiam  
Chairman of the Long-Term Infrastructure Investors Association (LTIIA)

Rome, 12 December 2014



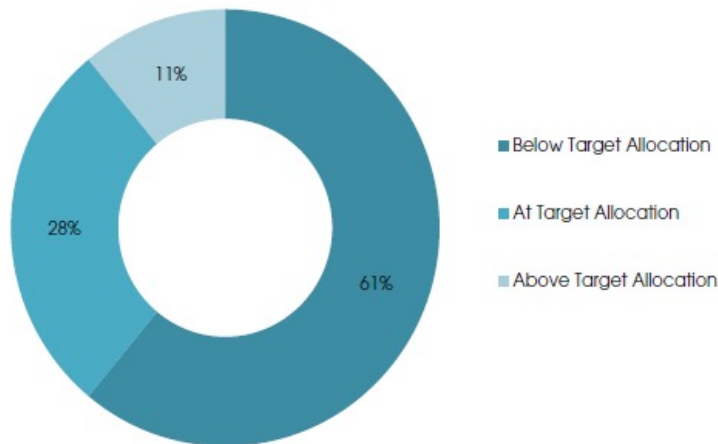
# Abundant savings are available globally to fund infrastructure

Institutional investors have about **USD 83 trillion** under management (2012 data)

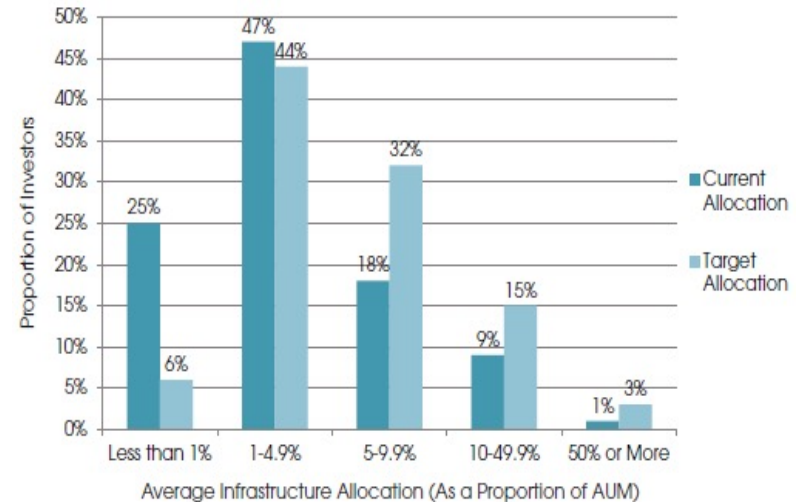


Source: OECD (2014)

Mean allocation in infrastructure is expected to rise from about 1% to about 3% (i.e. additional USD2000bn)



Source: Preqin (2014)





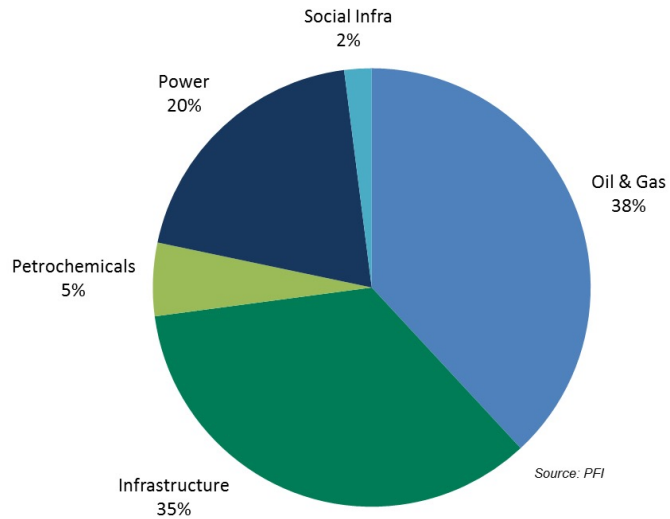
## The Juncker plan: a €315bn investment plan over 3 years to foster investment in Europe

- €21bn (€16bn from the EU budget plus €5bn committed by the EIB) will be pooled in a new **European Fund for Strategic Investment (EFSI)** to be **managed by the EIB**.
    - Risk-sharing capacities and attraction of complementary investors should create a 15x multiplier to fund the €315bn+ investment plan.
    - Member states can contribute to the EFSI. Contributions can be excluded from the Stability and Growth Pact constraints.
  - The EFSI's intervention **should focus on the riskier parts of projects. This could include in the infrastructure sector:**
    - Mitigation of Demand and/or Technology risks;
    - Enhancement of public counterparty risks that may constrain project risk.
  - To foster **capacity building across the European Union**, an **Investment Advisory Hub** leveraging the EIB and Commission existing initiatives (e.g. EPEC) to support procuring authorities.
  - The European Commission committed to **improve the investment environment** with better regulations to foster a Capital Market Union and elimination of barriers to investment.
- **Not a pure budgetary effort but an investment program with added-value projects to be developed and financed from different sources, mainly from the private sector**

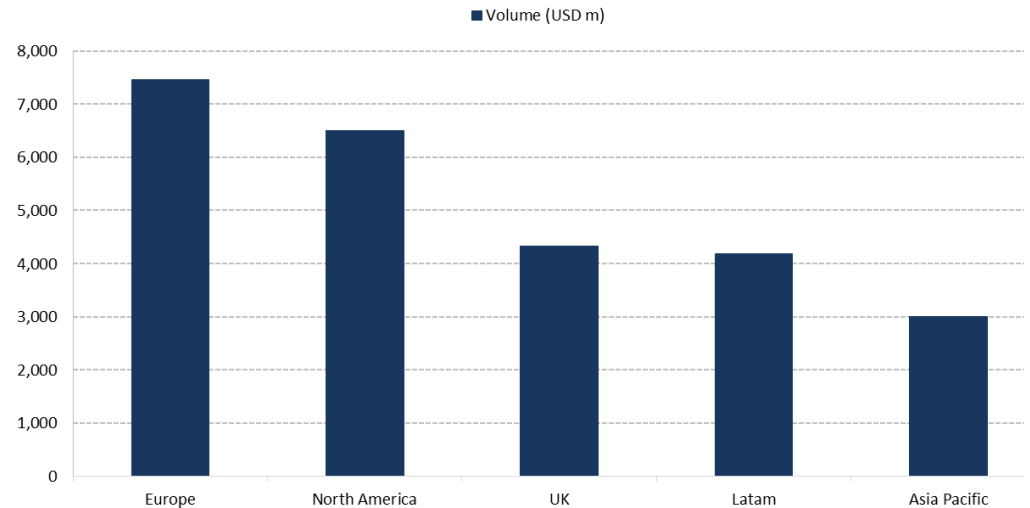


## European projects benefit more and more from bonds financing

### Bonds funding projects by sector – H1 2014



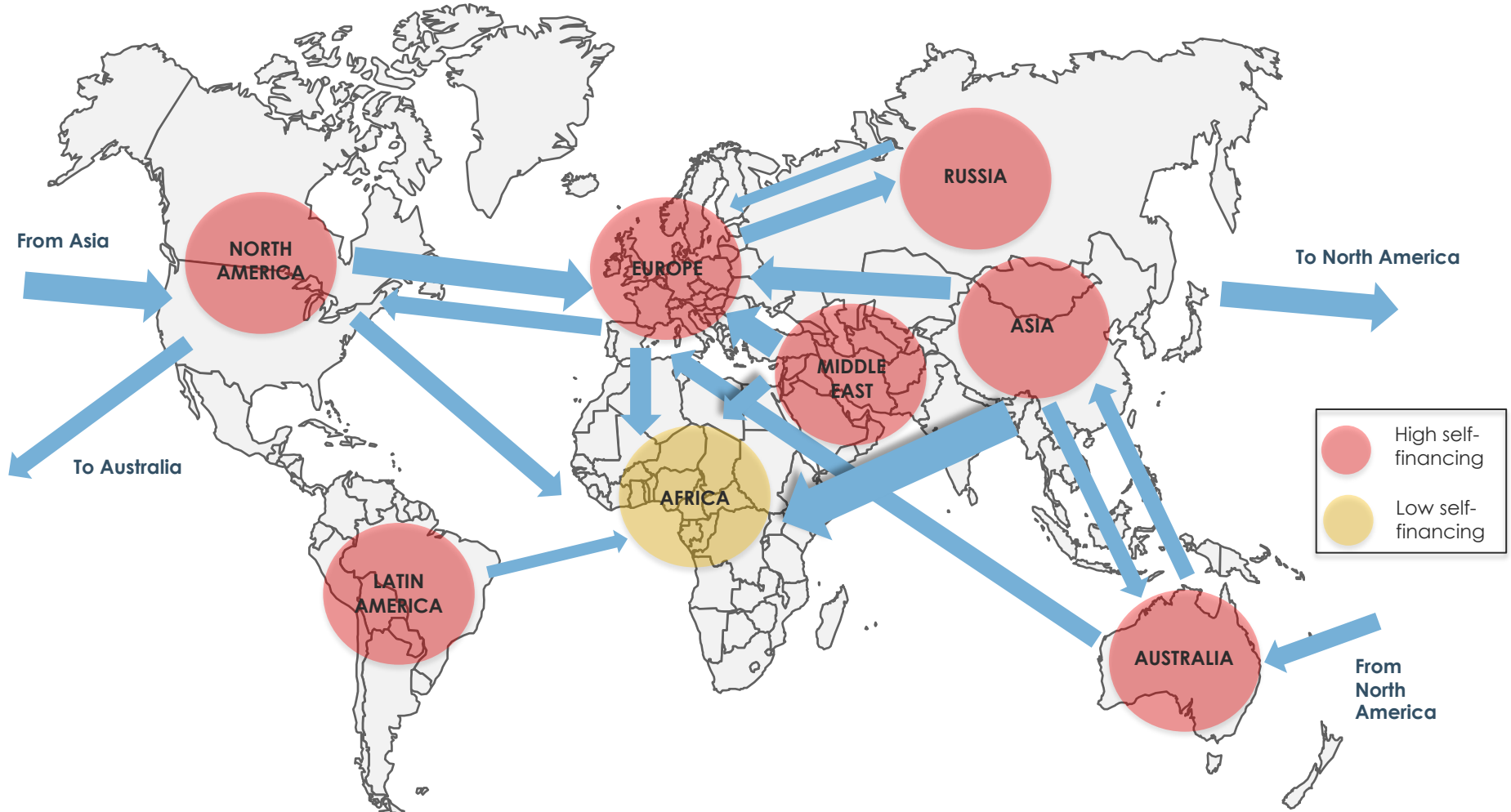
### Bonds funding projects by region – H1 2014





# Europe's challenge is to channel its own savings to added value infrastructure

European infrastructure remains predominantly financed by European savings



This requires: (i) high quality administration, (ii) appropriate regulations and (iii) European institutions acting as catalysts of private funding



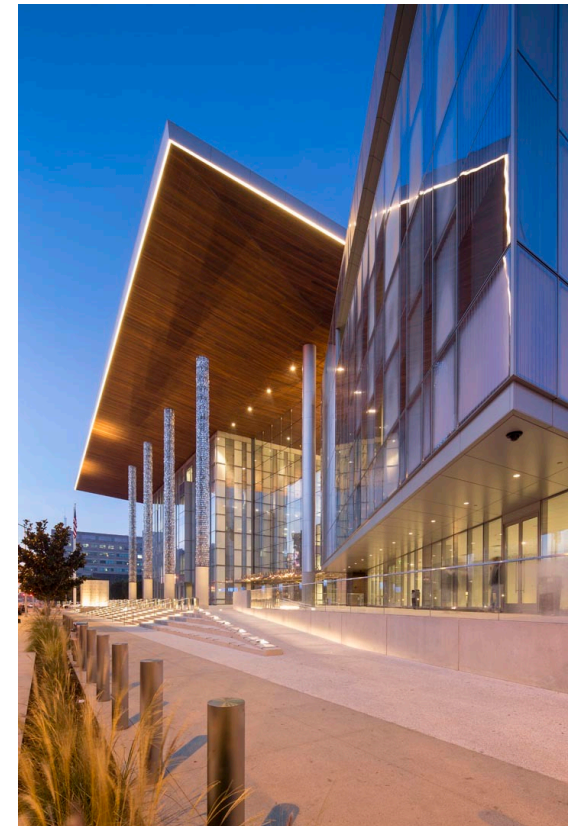
# What are the obstacles to increase infrastructure investments?

## 1. Government must create « investable » projects

- The European energy transition will require funding myriads of small projects (less than €50m): energy efficiency programs for public buildings or for private housings, heating networks or smart grids, etc.
- But attracting institutional investors requires to bundle projects to reach a €100m minimum size



VNF Dams renovation, France



Long Beach Courthouse, California, USA



## What are the obstacles to increase infrastructure investments?

**2. Infrastructure industry must document its performance to be recognized as a proper asset class and benefit from suitable regulation framework**

**Equity investment in infrastructure is the “invisible man” of EU Solvency-2 framework:** treated as “alternative assets” attracting much higher capital requirements than property investment

**Why a different approach between property and infrastructure: no infrastructure benchmark**

**Research is needed to develop such benchmark: key objective of the recently created Long-Term Infrastructure Investors Association (LTI/A)**



Long-term  
Infrastructure  
Investors  
Association



## About Meridiam

Meridiam is a global investor and asset manager specializing in public and community infrastructure with a long-term view. Founded in 2005 by current CEO Thierry Déau, the company is an independent player committed to aligning the interests of all stakeholders.

Meridiam develops projects in OECD countries by working closely with public authorities at every stage of their projects, from design through long-term management (25 years). Meridiam promotes a hands-on approach with a strong focus on technical, environmental and social aspects as well as an active engagement with project stakeholders. [www.meridiam.com](http://www.meridiam.com)

## Thierry Déau, Founding Partner, Chief Executive Officer, Meridiam

Thierry Déau is Chairman and Chief Executive Officer of Meridiam, a leading independent global investor and asset manager specializing in public and community infrastructure founded in 2005.

He began his career in Malaysia with the construction firm GTM International. He then joined France's Caisse des Dépôts et Consignations where he held several positions with its investment and development subsidiary Egis Projects, moving up from project manager, then director of concession projects to his appointment as Chief Executive Officer of Egis in 2001. During his tenure at Egis he headed up international operations for the Egis Group executive committee, served on its risk management committee, and acted as member and chairman on the boards of several subsidiaries.

He is a graduate of France's engineering school, École Nationale des Ponts et Chaussées.





Paris

New York

Toronto

Istanbul

Luxembourg