



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	BUDAPEST AIRPORT CONCESSION (CAPEX PLAN)
<u>Promoter or financial intermediary</u>	BUDAPEST AIRPORT ZRT
<u>Country of implementation</u>	Hungary
<u>Summary project description</u>	<p>Budapest Airport (BUD) is the main international gateway to Hungary, handling 13.1 million passengers in 2017. It serves Budapest and its catchment area, which extends to the whole of Hungary and border areas of neighbouring countries. BUD is the third largest airport in Central and Eastern Europe behind Warsaw and Prague with sustained growth and record passenger numbers in each of the last five years, achieving 54% passenger growth between 2013 and 2017.</p> <p>The project comprises a number of investments at BUD that are aimed at [...] accommodating future growth in passenger and cargo traffic [...]. Works include the construction of the new Pier in Terminal 2 and a new Terminal 3, the construction of a new cargo city, the renewal of the airfield ground lighting and a range of other landside and airside enhancements.</p> <p>The upgrade of the Baggage Handling System with the most recent Standard 3 machines is also included. The project will increase the handling capacity of the airport to accommodate the expected future demand, strengthen the Airport's operational resilience and improve the passenger experience. [...]</p> <p>The project will contribute to the European Security Initiative (ESI) on the basis that 12.7% of its project cost shall [...] with the new standards of the Commission Regulation on implementation of the common standards on aviation security.</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under the articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
EFSI	
Contribution to EFSI	100.00%
EFSI: development of transport infrastructures, and equipment and innovative technologies for transport	100.00%
Projects and horizontal priorities eligible under Regulations (EU) No 1315/2013 and (EU) No 1316/2013	100.00%

Pillar 2

Quality and soundness of the project	Excellent
1. Growth	[...]
2. Promoter capabilities	[...]
3. Sustainability	[...]
4. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of four indicators which include:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*
- (iii) "Sustainability" i.e. environmental and social sustainability²;*
- (iv) "Employment" i.e. the project's direct employment effect.*

Pillar 3

EIB Technical and financial contribution to the project	Moderate
1. Financial contribution	[...]
2. Financial facilitation	[...]
3. Advice	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor),*
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments,*
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer – provided in-house by the EIB or in the form of assignments to external consultants – to facilitate the preparation or implementation of a project.*

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 – Complementary indicators

Additionality

In line with the EFSI objective of developing transport infrastructures, equipment and innovative technologies for transport, the operation supports BUD, one of the TEN-T core network airports in the region, being at the intersection of 3 TEN-T corridors (Mediterranean, the Orient/East-Med and the Rhine Danube). At the same time, the operation supports policy objectives in relation to the ESI as it will contribute to BUD's compliance with the new standards of the Regulation (EC) N°300/2008 on the implementation of common rules and basic standards on aviation security.

The operation addresses the market failure relating to the external costs imposed on users due to airport congestion and contributes to supersede this [...] by providing additional airport capacity. Furthermore, the project contributes to further economic development and job creation in cohesion regions in BUD's catchment area (Hungary and neighbouring countries) as BUD plays a pivotal role in enabling domestic companies to thrive across Europe and international markets.

With the support of EFSI, the EIB financing addresses a sub-optimal investment situation by contributing to the necessary acceleration of BUD's CAPEX plan. The investments aim at [...] accommodate future growth in traffic by improving and extending the existing infrastructure.

The operation is expected to fall under the Special Activity category taking into account the inherent risks to the project and the required longer maturity to match the economic life of the investments. Without EFSI support, the EIB could not have supported this operation to the same extent. Thanks to EFSI, EIB can undertake a subordinated position by offering a substantially longer tenor than the majority of BUD's senior debt lenders and thus provide comfort and a strong signal to private sector financiers to offer complementary funding in support of the Promoter's sustainable long-term financing structure.

This operation will expand EIB activities as it will be the first operation between the EIB and the promoter.

Set of indicators related to the macroeconomic environment

Hungary - Economic environment

Economic Performance

	HU	EU	US	HU
	2016	2016	2016	2001-2007
GDP per capita (EUR, PPS)	20,384	29,440	42,615	21,221
GDP growth (%)	2.0	1.9	1.6	3.7
Potential GDP growth (%)	1.9	1.3	2.1	3.2
Output gap (% of potential GDP)	0.21	-0.75	-0.03	1.9
Unemployment Rate (%)	4.3	8.2	4.7	6.6
Unemployment Rate (%) - Y/Y change (% points)	-1.9	-0.8	-0.3	0.3
Bank-interest rates to non-financial corporations (%)	1.2	1.4	1.8	9.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-1.7	-0.21	-1.4	-1.3
Investment rate (GFCF as % of GDP) - Total	17.8	19.7	19.6	24.1
Investment rate (GFCF as % of GDP) - Public	3.1	2.7	3.4	4.3
Investment rate (GFCF as % of GDP) - Private	14.7	17.0	16.2	19.7

Air

	2013	2014	2015	2016	EU (latest available)
Airport infrastructure investment as % of GDP	0.02	0.01	--	--	--
Passengers transport by air (number)	8,441,319	9,054,848	10,228,352	--	918,209,300
Goods transport by air (Tonnes)	64,166	61,970	65,783	--	14,633,266

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Air transport (% of total)	--	--	--	--	--
Value added in Warehousing and support activities for transportation (% of total)	--	--	--	--	--
Employment in Air transport (% of total)	--	--	--	--	--
Employment in Warehousing and support activities for transportation (% of total)	--	--	--	--	--

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial corporations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics

	Expected at PCR
Start of works	02.01.2017
End of works	30.12.2022
Project investment cost	462.60 MEUR
EIB/EFSI eligible investment mobilised	449.31 MEUR
External EFSI multiplier	2.25
External EIB (non-EFSI) multiplier	
Amount of private financing	262.60 MEUR
Quick start (% of expenditure during 2015-2018)	18.56 %
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs	3,590 person years
Employment during operation - new permanent jobs	270 FTE

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report.