



EFSI Operation Scoreboard¹

| PROJECT PRESENTATION | |
|--|--|
| <u>Project name</u> | VOLAN PUBLIC TRANSPORT FLEET RENEWAL |
| <u>Promoter or financial intermediary</u> | VOLAN BUSZPARK KFT |
| <u>Country of implementation</u> | Hungary |
| <u>Summary project description</u> | <p>The Project consists of the Promoter's bus fleet renewal programme for the period of 2019-2022.</p> <p>The fleet is used to provide long distance regional services (approx. 80% of buses) and local services (approx. 20% of buses) in some 70 smaller towns most of them less than 25,000 inhabitants. The renewal programme concerns approx. 3,200 buses or some 50% of the Borrower's fleet of 6,400 buses.</p> <p>The existing fleet is very old with an average life of 17 years and some of the fleet is 25 years old. Buses typically have an economic operating life of 10-14 years and ideally the average life of a well-planned fleet would be maintained below 8 or 9 years. As a consequence the fleet is running on life expired diesel technology with poor reliability and high levels of pollution.</p> <p>The urgent need for replacement is set out in Hungary's National Transport Strategy (NTS) towards sustainable public transport growth and it is one of the main policy measures of the Transport Energy Efficiency Improvement Action Plan (TEEIAP) as well as of the National Energy Efficiency Action Plan (NEEAP) for 2020. Hungary was the first EU member state to approve Paris Agreement, early in 2016 and following that, the State has already adopted (in May 2017) the new National Climate Change Strategy (NCCS-2).</p> <p>Therefore, the project is aligned with Hungary's strategic transport, energy and climate change framework and represents an important element of the country's transition towards a more energy-efficient and lower emission public transport sector.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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 | | High |
|--|--|---------|
| Cross-cutting objectives | | |
| Climate Action | | 100.00% |
| EIB Cohesion Priority Regions / Economic and Social Cohesion | | 85.00% |
| EFSI | | |
| Contribution to EFSI | | 100.00% |
| EFSI: development of transport infrastructures, and equipment and innovative technologies for transport | | 100.00% |
| Smart and sustainable urban mobility projects (targeting accessibility, reduction of greenhouse gas emissions, energy consumption and accidents) | | 100.00% |

Pillar 2

| Quality and soundness of the project | | Good |
|--|-------|------|
| 1. Overall strategic intent and investment quality | [...] | |
| 2. Promoter capacity | [...] | |
| 3. Sustainability | [...] | |
| 4. Employment | [...] | |

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to 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;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

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 up to 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

This operation addresses the EFSI objective of smart and sustainable urban mobility by allowing a Hungarian state-owned fleet management company to renew its bus fleet by purchasing new buses for the regional and local transportation of passengers. The project will enable the Borrower to significantly improve the energy efficiency of the fleet by switching to technologically advanced engines complying with the current and envisaged environmental regulation at the country level. It is consistent with the EU transport policies aiming at reducing transport emissions and as such, it contributes in full to the EIB Climate Action objective.

The bus renewals will also help to improve the comfort and reliability for the users and thus increase the attractiveness of public transport in Hungary. Equally, the operation will address the objective of supporting less-developed regions and transition regions as up to 85% of the operation is expected to be deployed in Cohesion regions. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

The operation will address the sub-optimal investment situation in relation to public transportation where the available public and private financing are limited. The availability of long-term debt financing from the EIB will strongly contribute to the project's viability, as other sources of suitable long-term financing would not be accessible in the volume necessary to complete the entire investment programme. In this context, the Bank's participation will also signal the economic and financial viability of the project and help attract private and public financing into public transportation.

The operation falls under EIB special activities, in particular because of the size of the financing and the uncertain market environment. As such, the operation could not have been carried out during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The Borrower is a new counterpart to the EIB. Involvement of advisory hub has been initiated to support the introduction of international best practices and new bus technologies in accordance with EU's Clean Vehicle Directives.

Set of indicators related to the macroeconomic environment

Hungary - Economic environment

Economic Performance

| | HU 2017 | EU 2017 | US 2017 | HU 2001-2007 |
|---|------------|------------|------------|-----------------|
| GDP per capita (EUR, PPS) | 20,519 | 29,996 | 43,470 | 21,343 |
| GDP growth (%) | 4.1 | 2.4 | 2.2 | 3.7 |
| Potential GDP growth (%) | 2.8 | 1.6 | 2.0 | 3.3 |
| Output gap (% of potential GDP) | 1.7 | 0.08 | 0.04 | 1.4 |
| Unemployment Rate (%) | 3.8 | 7.3 | 4.1 | 6.6 |
| Unemployment Rate (%) - Y/Y change (% points) | -0.5 | -0.9 | -0.6 | 0.31 |
| Bank-interest rates to non-financial corporations (%) | 0.74 | 1.3 | 2.4 | -- |
| Bank-interest rates to non-financial corporations (%) - Y/Y change (% points) | -0.49 | -0.04 | 0.4 | -- |
| Investment rate (GFCF as % of GDP) - Total | 22.2 | 20.2 | 20.5 | 24.0 |
| Investment rate (GFCF as % of GDP) - Public | 4.5 | 2.7 | 3.3 | 4.3 |
| Investment rate (GFCF as % of GDP) - Private | 17.7 | 17.4 | 17.2 | 19.7 |

General Sector Indicators

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

Transport (General)

| | 2013 | 2014 | 2015 | 2016 | EU (latest available) |
|--|-------|-------|-------|------|-----------------------|
| Volume of passenger transport relative to GDP (Index 2000=100) | 98.9 | 97.0 | -- | -- | 97.9 |
| Volume of freight transport relative to GDP (Index 2000=100) | 128.9 | 129.2 | 127.0 | -- | 89.7 |
| Share of GHG emissions from transport (% of total GHG emissions) | 18.2 | 20.4 | -- | -- | 27.1 |

- 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 | 01.01.2019 |
| End of works | 31.12.2022 |
| Project investment cost | 797.58 MEUR |
| EIB/EFSI eligible investment mobilised | 790.12 MEUR |
| External EFSI multiplier | 5.42 |
| External EIB (non-EFSI) multiplier | |
| Amount of private financing | 572.15 MEUR |
| Quick start (% of expenditure during 2015-2018) | |
| 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) | 0.00 MEUR |
| Energy efficiencies realised | 0.00 MWh/a |
| Climate Action indicator | 100.00% Mitigation - Transport (transversal) |
| Employment during construction - temporary jobs | 6,155 person years |
| Employment during operation - new permanent jobs | 0 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. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.