Project Structuring Division

February, 2012
BNDES’ operations

DEVELOPMENT Bank

 важness and sustainability
● Reducing social and regional inequalities

Priority Areas

● Innovation
● Capital Goods
● Socio-environmental Responsibility
● Micro, Small & Medium-sized Companies
● Infrastructure
● International Insertion
BNDES - The profile of a strategic agency

- Main provider of long-term financing in Brazil
- 100% State-owned company under private law
- Institutional funding
- 2,500 employees
- Instruments
  - Direct operations
  - Indirect operations
  - MSME (financing & guarantee)
  - Exim
  - Project finance
  - Equity investments
  - Project Structuring Division
### BNDES vs. Multilateral Banks

<table>
<thead>
<tr>
<th>US$ million</th>
<th>BNDES</th>
<th>IDB</th>
<th>IBRD</th>
<th>CAF</th>
<th>China DB</th>
<th>BIDV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>329,504</td>
<td>87,217</td>
<td>282,842</td>
<td>18,547</td>
<td>774,180</td>
<td>18,566</td>
</tr>
<tr>
<td>Shareholders' Equity</td>
<td>39,551</td>
<td>20,960</td>
<td>37,401</td>
<td>5,753</td>
<td>60,953</td>
<td>1,056</td>
</tr>
<tr>
<td>Net Income</td>
<td>5,950</td>
<td>330</td>
<td>(870)</td>
<td>166</td>
<td>5,618</td>
<td>150</td>
</tr>
<tr>
<td>Loan Disbursements</td>
<td>96,322</td>
<td>10,341</td>
<td>28,854</td>
<td>7,694</td>
<td>86,690</td>
<td>2,451</td>
</tr>
<tr>
<td>Total Loans</td>
<td>217,006</td>
<td>63,007</td>
<td>120,103</td>
<td>13,873</td>
<td>682,926</td>
<td>12,707</td>
</tr>
<tr>
<td>Capitalization</td>
<td>12.0%</td>
<td>24.0%</td>
<td>13.2%</td>
<td>30.8%</td>
<td>7.9%</td>
<td>5.7%</td>
</tr>
<tr>
<td>ROA</td>
<td>2.1%</td>
<td>0.4%</td>
<td>-0.3%</td>
<td>1.6%</td>
<td>0.8%</td>
<td>0.9%</td>
</tr>
<tr>
<td>ROE</td>
<td>21.2%</td>
<td>1.6%</td>
<td>-2.3%</td>
<td>3.7%</td>
<td>9.5%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

**Notes:**
- **IDB** = Inter-American Development Bank
- **IBRD** = The International Bank for Reconstruction and Development (World Bank)
- (*) Unlike other institutions, 12-month fiscal year ends June 30th
- **CAF** = Corporación Andina de Fomento
- **CDB** = China Development Bank
- **BIDV** = Bank for Investment and Development of Vietnam

**Calculations:**
- **Capitalization** = Shareholders' Equity / Total Assets
- **ROA** = Return On average Assets
- **ROE** = Return On average Equity
Current Panorama

Diagnostic

• Gap between investments in infrastructure and the desired growth
• The absence of projects represents an obstacle to investment in infrastructure
• There is no restriction on private resources for investment in infrastructure

Needs

Main issue is the supply of concessions & PPPs

• Flow of projects for approval
• Agility
• Impartiality when carrying out studies
Sectors with little or no private participation:

Opportunities

- **Health**
  - Hospitals
  - Dialysis Centers
  - Diagnostic Centers via images and pathology

- **Education**
  - Crèches
  - Schools
  - Universities

- **Forests**

- **Irrigation**

- **Providing infrastructure (including buildings) to the government**

- **Airports**

- **Sanitation**
  - Water distribution
  - Sewage collection
  - Water supply
  - Water and sewage treatment, as well as providing infrastructure to state-owned or municipal-owned sanitation companies

- **Social Rehabilitation Centers**

- **Urban Transport**
  - Subway
  - Light Railway
MECHANISMS FOR DEVELOPMENT OF PROJECTS

- Project Structuring Fund (FEP)
- Brazil PSP Development Program
- Brazilian Project Structuring Company (EBP)
Objective: To fund studies and research aimed at guiding public policy, identifying and developing projects that can provide structuring investments.

Studies:
- Exploration and production of Oil & Gas – concluded
- Aviation Sector Study – concluded
- Restructuring of INFRAERO – concluded
- Bioceanic Railway Corridor – concluded
- Port Sector Study – in progress
✓ Focus on innovative projects in sectors where there has not yet been any involvement from the private sector in long-term contracts and development in new institutional and business environments

✓ Project Portfolio
  - BH Basic Health Units: Under study
  - BH Schools and Day Care Centers: Under study

✓ In perspective
  - Concession of Public Forests
  - Bahia Diagnostics Center
Brazilian Project Structuring Company (EBP)

- Partners: Banco do Brasil; Espírito Santo Bank; Santander; Votorantim Bank; BNDESPAR; Bradesco; Citibank; Itaú/Unibanco and HSBC.

- Development of infrastructure projects of public interest and attractive to private investors.

- Projects Portfolio
  - BR101 ES: adjustments to the notice of publication
  - São José dos Campos Incinerator: Under study
  - Vitória/ES Sanitation: Under study
  - SP Shopping Circuit: Under study
  - SP Parking: Under study
  - AP-5 Rio Sanitation: publication of the invitation to bid expected for August, 2011
  - BH New Highway: Under study
  - BH Parking: Under study
  - COPASA: Under study
  - BHBus Integration Terminals: Under study
  - Concession of Airports
## PPP Projects pipeline

<table>
<thead>
<tr>
<th>Category</th>
<th>Projects/Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airports</td>
<td>Concession of São Gonçalo do Amarante Airport (RN) \ Concession of Guarulhos, Viracopos (SP) and Brasília (DF) airports</td>
</tr>
<tr>
<td>Health</td>
<td>Basic Health Units in Belo Horizonte (MG) \ Image Diagnostics Center (BA) \ Suburb Hospital in the state of Bahia \ Belo Horizonte Metropolitan Hospital (MG)</td>
</tr>
<tr>
<td>Education</td>
<td>Elementary and Middle School Education in Belo Horizonte (MG)</td>
</tr>
<tr>
<td>Sanitation / waste treatment</td>
<td>Sanitation in Rio de Janeiro (RJ) and Serra (ES) \ COPASA – Water treatment in Metropolitan Region of Belo Horizonte (MG) \ Solid waste incinerator in São José dos Campos (SP)</td>
</tr>
<tr>
<td>Public Transport</td>
<td>BHBus Stops in Belo Horizonte (MG) \ Parking Lots in Belo Horizonte (MG) and São Paulo (SP)</td>
</tr>
<tr>
<td>Highways</td>
<td>BR - 040 (DF/MG); BR - 116 (BA/MG to MG/RJ); BR -101 (RJ-ES to BA); BR-093 (BA) ; BR – 116/324 (BA)</td>
</tr>
<tr>
<td>Railways</td>
<td>High-speed Train linking Campinas (SP) to Rio de Janeiro (RJ)</td>
</tr>
<tr>
<td>Other Projects</td>
<td>Mineirão Stadium in Belo Horizonte (MG) \ Shopping Circuit in São Paulo (SP) \ Forest Concessions – Sustainable Management \ Restructuring IRB</td>
</tr>
</tbody>
</table>
PROJECT PORTFOLIO
BR-101 BA/ES Highway

- Location: BR-101 Highway from the junction with the BA698 Highway (access to Mucuri, BA) to the border between ES/RJ, extending 476 km;
- Concession for 25 years of operation, maintenance, and expansion of capacity;
- Granted by the federal government (ANTT);
- Concessionaire Investment: US$ 1.4 billion (over 25 years);
- Current status: Final adjustments in studies
- Auction held in January 18, 2012 (discount in the toll rate of 45%);
- BNDES/EBP studies in partnership.
BR-040 DF/MG Highway

• Location: BR-040 from the Federal District to Juiz de Fora (MG), extending 937 km;

• Concession for 25 years of operation, maintenance, and expansion of capacity;

• Granted by the federal government (ANTT);

• Concessionaire Investment: US$ 1.6 billion (over 25 years);

• Current Status: TCU analysis

• Expected auction date: July, 2012;

• Studies conducted by BNDES.
BR-116 MG Highway

- Location: BR-116 from the BA/MG border to the MG/RJ border, extending 817 km;
- Concession for 25 years of operation, maintenance, and expansion of capacity;
- Granted by the federal government (ANTT);
- Concessionaire Investment: US$ 2.1 billion (over 25 years);
- Current Status: TCU analysis
- Expected auction date: July, 2012;
- Studies conducted by BNDES.
BH Elementary and Infant-school Education

- Scope: Construction and operation of Non-Pedagogical services of 32 UMEIs and 5 Elementary Schools

- UMEI: 440 children (ages 0 to 5) – Municipal Project recognized as “high level”

- EF: 960 students (ages 6 to 14)

- Concessionaire Investment: US$ 98 MM

- BNDES/IFC studies in partnership

- Current Status: Final adjustments to documents after public consultation. Notice scheduled for 1st quarter, 2012

BH Basic Health Units

- Scope: construction, renovation, and management/operation of non-clinical services in the basic BH health network (168 units)

- The range of non-clinical services includes cleaning and waste management, laundry, logistics management of medication and materials, and information technology.

- Estimated Amount of Investment: US$ 206 million

- BNDES/IFC studies in partnership

- Notice published in December 30, 2012

BH Bus Terminal

- Project: Concession to construct and operate the new Bus Terminal (Inter-city and inter-state arrivals and departures)
- Location: the North Region, new development area for the city;
- 426,000 passengers/month (2012)
- Possibility of exploring the adjacent land (ex. shopping mall, supermarket, hotel)
- Concession period: 30 years
- Amount of the investment: US$ 36.5 million (US$ 61 million with accessory construction)
- BNDES/EBP studies in partnership
- Auction held in December 22, 2011 (premium of 409%)
• Project: Concession to construct parking lots in downtown BH

• Part of the current 18,000 parking spaces on the streets (Blue Lane) will be transferred to underground parking lots

• Scope of Concession:
  i. Only underground parking; or
  ii. Underground parking + operation of the Blue Lane

• Amount of the investment: to be defined

• BNDES/EBP studies in partnership

• Current status: Public Consultation
COPASA

• Project: Concession for the construction, maintenance, and shared operation of the Rio Manso Water Production System (SRM)

• SRM supplies 33% of the RMBH

• 3 phases of expansion: from 4m³/s to 5m³/s; 6m³/s; and 9m³/s

• Amount of the investment: US$ 359 million

• BNDES/EBP studies in partnership

• Current status: Public Consultation
• Project: concession for the construction, and operation of the sanitary waste management system of the AP-5 region of the City of Rio de Janeiro (21 districts in the West Zone)

• 1.8 million inhabitants (56% of collected waste and 4% treated)

• Amount of the investment: US$ 940 MM

• BNDES / EBP studies in partnership

• Auction held in November 23, 2011 (premium of 8%)
ES Sanitation

**Sewage system in Espírito Santo**

- Scope: Administrative Concession for the expansion, maintenance and operation of a sewage system.
- Concession term: 30 years, with possibility of a 5 years extension.
- Location: Serra, ES.
- Pop.: 409,000 inhabitants.
- Sewage coverage and client adherence:
  - Current 50% with 60% of adherence
  - Target: 90% coverage at the end of the 20th year, with 95% of clients connected.
- Investment: US$ 410 MM to US$ 530MM
- BNDES / EBP studies in partnership
- Public Consultation: March, 2012

Espírito Santo area: 46,184 sq.km
Denmark area: 43,098 sq. Km
Serra area: 553.25 sq. km
Solid Waste in São José dos Campos

- Scope: Administrative concession for the construction and management of an energy recovery system from solid urban waste treatment, including environmentally-friendly final destination.

- Concession term: 30 years, extendable to 35 years.

- Location: São José dos Campos (SP)

- Pop: approximately 630,000 inhabitants and 672 metric tons of waste/day

- Investment: US$ 111 MM

- BNDES/EBP studies in partnership

- Current status: Public Consultation

- More information available at:
  http://servicos.sjc.sp.gov.br/servicos/hotsitesemea/
• Project: Concession for the construction, maintenance, and operation of the popular shopping center, shopper support center, drivers and guides, circular transportation of passengers and cargo, bus terminal, parking for busses and automobiles, hotel and commercial towers.

• Location: Downtown São Paulo, SP

• Daily flow of 523,000 shopping tourists; 21,000 of which are from other cities and states.

• Amount of the investment: US$ 160MM

• BNDES/EBP studies in partnership

• Current status: ending studies, awaiting definition of the definitive transfer of the Federal Lot to the City.
Parking Areas in SP

- **Project:** Phase 1: common concession for the construction, maintenance, and operation of 2 parking lots in downtown São Paulo; Phase 2: recommendations to re-qualify the parking policy in the city of São Paulo and the concession of 10 additional parking lots.
- **Location:** São Paulo, SP
- **Creation of new spaces in Phase 1 to meet demand and prioritize the creation of spaces under the park & ride model in Phase 2.**
- **Amount of the investment:** approximately US$ 71MM on Phase 1 and US$ 276MM on Phase 2
- **BNDES/EBP studies in partnership**
- **Current status:** Phase 1: studies finished; Phase 2: maturing discussions on the parking policy guidelines and advancing in studies on supply and demand in the city.
- **Phase 2 studies:** Until May, 2012
Forest Concession: sustainable management

• Concession allows:
  ✓ Wood production;
  ✓ Exploitation of non-wood products, such as vegetal oils, plants and fruits;
  ✓ Commercialization of waste wood for firewood use;
  ✓ Additional services (i.e.: ecotourism).

• Concession does not allow:
  ✓ Access to genetic assets;
  ✓ Use of water resources above the legally permitted limits;
  ✓ Exploitation of mineral resources;
  ✓ Exploitation of fishing resources or wildlife;
  ✓ Commercialization of carbon credits;
  ✓ Exploitation of traditional products used or exploited by local communities for their living.

• > 70% of the Amazon region are public areas;
• 240 M.ha are public forests, 24 M.ha (59.3 M acres) of which are exempt of any legal restriction for concession.
BUSINESS MODEL

**Premises**

- Concession 1 (C1): Systems, rolling stock and operation and maintenance;
- Amount of investment C1: US$ 2.84 billion;
- Payment C1: ticket’s sale + parcel freight

Concession 2 (C2): Infrastructure Implementation + real estate;

- Amount of investment C2: US$ 17.61 billion;
- Payment C2: Public contribution for the use of infrastructure.

Concession’s term: 40 years after the beginning of operation.

**Schedule**

- Publication of the Tender Documents of Concession 1: March/2012;
- Expected auction date of Concession 1: October/2012;
- Expected auction date of Concession 2: October/2013;

CONCESSION 1 MODEL

- Concession of operation and maintenance
- Auction: Technical pre-qualification with phases inversion
- Variables: Highest fixed value of lease + Estimated value of infrastructure.
- Price system: price-cap in Rio-São Paulo link in economic class.
• **Objective**: concession of the new international airport in Rio Grande do Norte, 18 km from Natal.

• The current airport, Augusto Severo, will function as an air force base.

• **Pre-existing construction**: the runways and apron are being completed by INFRAERO, through the Army Construction Battalion.

• **Investments**: US$ 353 MM, including passenger terminal, cargo, equipment, basic infrastructure etc.

• **Auction (August 22th, 2011)**: Highest bid of US$ 100 MM (228% over the initial bid of US$ 30,5 MM)
Guarulhos International Airport - SP

- **Project**: Renovation and expansion of the Guarulhos International Airport.

- **INFRAERO’s share**: up to 49% of the voting shares of the future SPE

- **Traffic in 2011**: 26.7 million pax

- **Estimated traffic in 2031**: 54 million pax

- **Period of concession**: 20 years

- **Estimated investment**: US$ 3.7 bn

- **BNDES/EBP studies in partnership**

- **Auction held in February 6, 2012**

http://www2.anac.gov.br/GRU-VCP-BSB/
Brasília International Airport (DF)

- **Project**: Renovation and expansion of the Brasília International Airport.

- **INFRAERO’s share**: up to 49% of the voting shares of the future SPE

- **Traffic in 2011**: 15.4 million pax

- **Estimated traffic in 2036**: 51 million pax

- **Period of concession**: 25 years

- **Estimated investment**: US$ 2.1 bn

- **BNDES/EBP studies in partnership**

- **Auction held in February 6, 2012**

http://www2.anac.gov.br/GRU-VCP-BSB/
Campinas Airport (SP)

- **Project**: Renovation and expansion of the Campinas Airport (Viracopos).

- **INFRAERO’s share**: up to 49% of the voting shares of the future SPE

- **Traffic in 2011**: 7.5 million pax

- **Estimated traffic in 2041**: 90 million pax

- **Period of concession**: 30 year

- **Estimated investment**: US$ 6.8 bn

- **BNDES/EBP studies in partnership

- **Auction held in February 6, 2012

http://www2.anac.gov.br/GRU-VCP-BSB/