

# ***New Research and Innovation Strategy for Construction in Europe***

## **The Strategies for the Networks in the Process of Integration and Development of Europe**

***autostrade*** // *spa*



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## General Overview

### Network Construction

### Liberalization Privatization

### New Structural Model

**'50s – '80s**

**1990s**

**21<sup>st</sup> Century**

#### Context

- Post war economy
- Iron curtain

- Unified European Market (380 million inhabitants)

- EU enlargement to Eastern Countries (450 million inhabitants)

- De-concentration of productive activity

- Demand for new infrastructure and services

- High competition in the global market

- International interchange imposes logistic and technological interconnection

#### Industry

- State/Government owned companies
- Toll system/taxes to finance investments
- Lack of pressure from the market

- Urgency to sell national assets to meet budget targets
- Users are more likely to accept the concept of paying for service operated by private subjects

- Need for private funding
- M&A driven by large investments required to face new demand

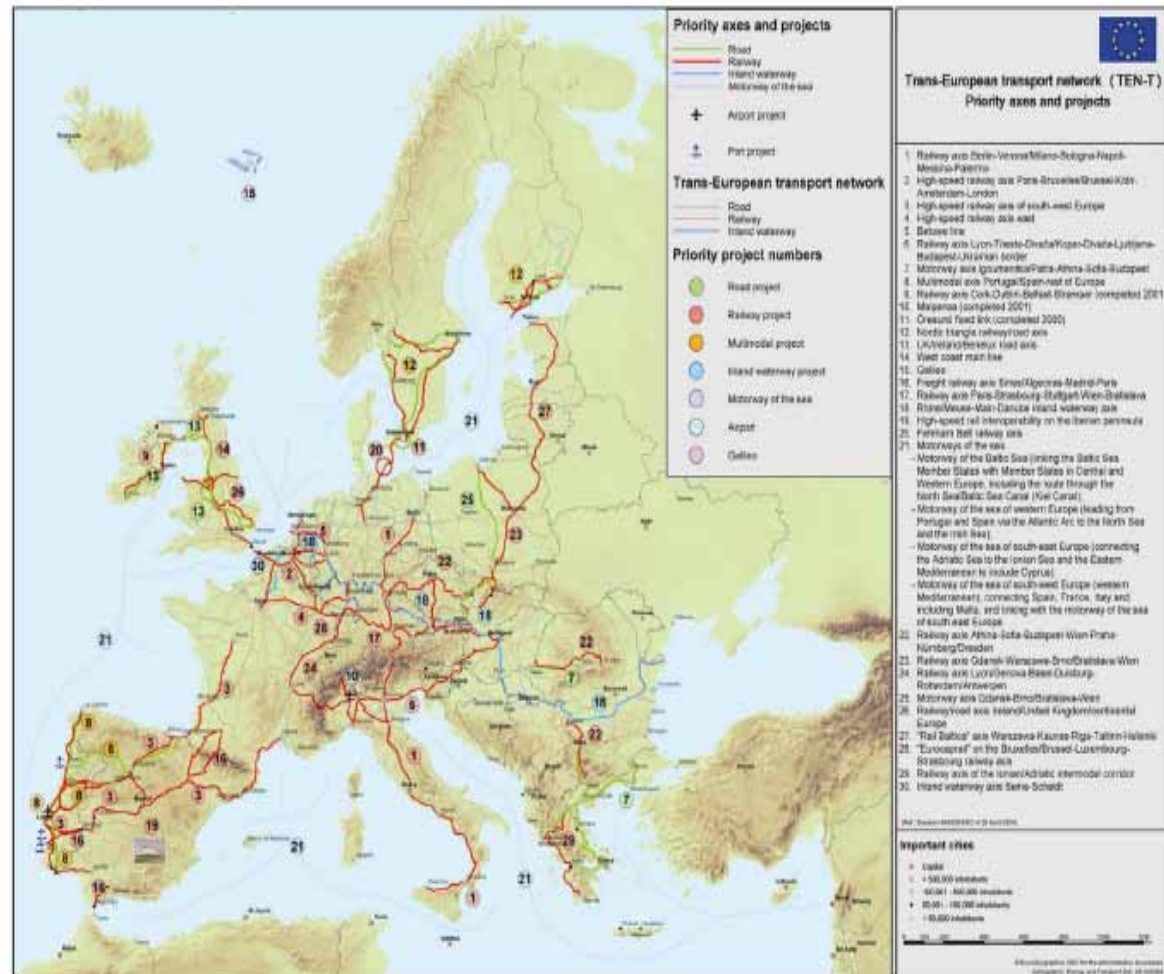
## The European Transport Politics

- **TEN-T implementation is one of the main pillar towards European phisical integration**
- **The tools allowing the development of TEN-T networks are “real” as well as “virtual”**
- **The EU White Paper “European Transport Policy for 2010: time to decide” is under revision:**
  - **Threats: rising congestion; increasing pollution, lack of safety and security**
  - **Opportunities: the mobility of people and goods as a tool to enhance economic growth, social welfare and job creation**

**Integration as the key-solution for sustainability in transport system**

## TEN-T Network and Pan European Corridors

- Creation of integrated Trans-National Networks: 30 priority project defined by Van Miert high level group to be launched before 2010
- TEN-T network operators are in charge to manage infrastructures together with the services necessary for the operation of these infrastructures
- Creation of global logistic networks, as EU White Paper forecasts a 38% increase in the demand for goods transport by 2010



## Critical Asset for TEN-T Implementation

### ■ Construction:

- encouraging private operators to invest
- stimulate competition through competitive tendering

### ■ Interoperability:

- pushing towards harmonisation of common rules
- achieve standardisation of ETC systems

### ■ Sustainability :

- improving safety
- reevaluating economic and environmental dimension of projects

### ■ Co-modality :

- develop all single mode, focusing on cross-border projects and concentrating on junctions between transport systems

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## Upward Trends in Motorway Industry

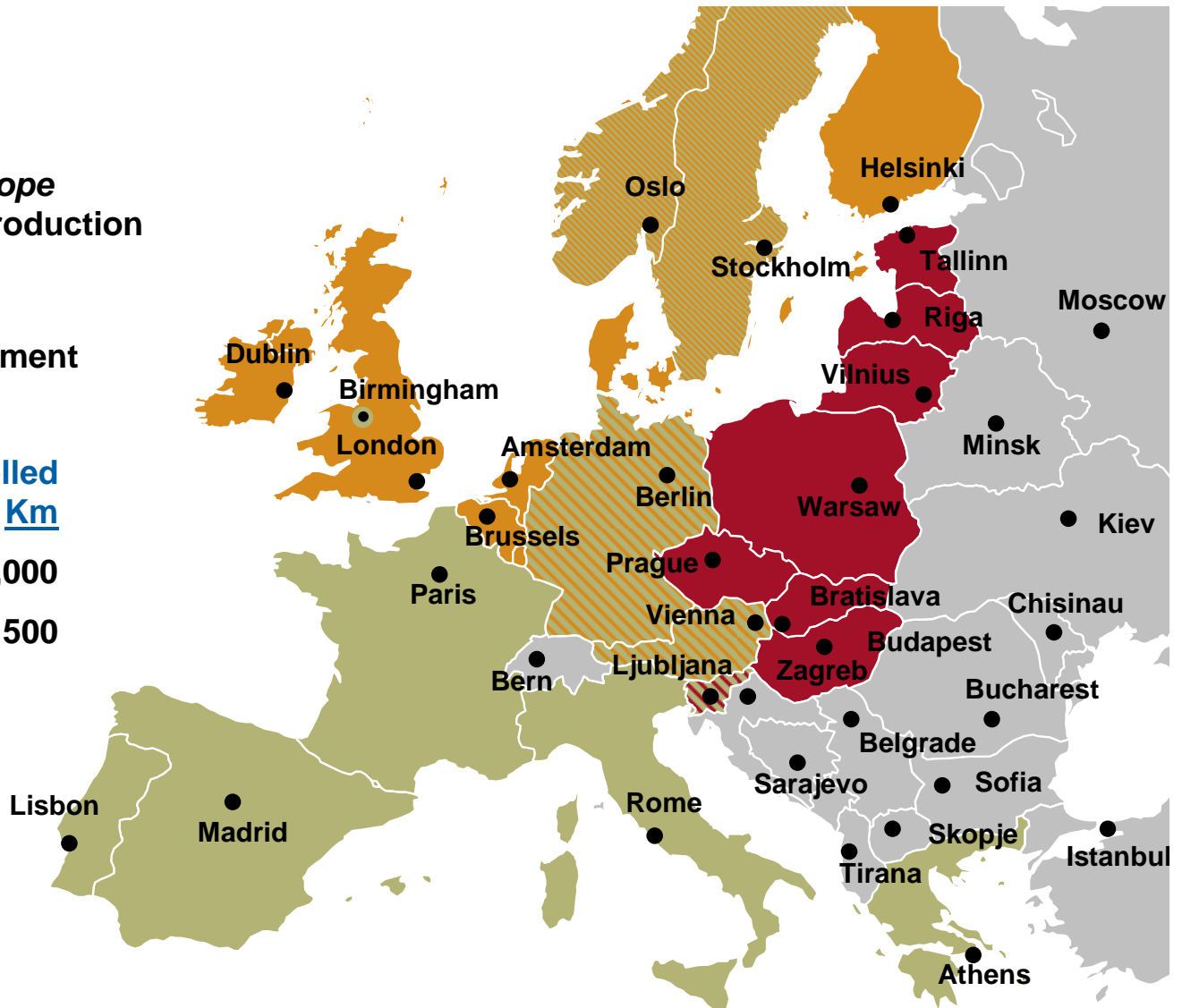
- Over the last 15 years motorway industry is experiencing some significant changes:
  1. Evolution towards Toll system
  2. Privatisation
  3. Consolidation
  4. Business Integration



## Evolution Towards Toll System

- Latin Countries**  
Toll motorways
- Central & Northern Europe**  
Shadow Toll → Toll introduction
- Eastern Europe**  
Network under development

<u>Motorway Network</u>	<u>Total Km</u>	<u>Tolled Km</u>
EU-15	53,000	31,000
EU New Comers	3,000	500



## Shareholding Structure



- 50,1% Schema28 (Edizione Holding, Italian financial institutions, Abertis)
- 49,9% Floating



- 59% ACS + Spanish financial institutions
- 41% Floating



- 68% Vinci
- 32% Floating



- 46% Portugal Financial institutions
- 10% Abertis
- 44% Floating

## Consolidation

- In each Southern European country a major private operator controls a market share of 50% (ASF + Cofiroute) to 80% (Brisa) of total national network

Italy		
	Km	%
<b>Autostrade Group</b>	<b>3,408.1</b>	<b>52%</b>
Gavio Group	973.4	15%
Anas	894.0	14%
Other concessionaires	1,211.8	19%
<b>Total network</b>	<b>6,487.3</b>	<b>100%</b>

Portugal		
	Km	%
<b>Brisa</b>	<b>1,006.7</b>	<b>81%</b>
Ado and others	236.9	19%
<b>Total network</b>	<b>1,243.6</b>	<b>100%</b>

France		
	Km	%
<b>Vinci/ASF</b>	<b>3,867</b>	<b>49%</b>
Eiffage/APRR	2,198	28%
SANEF	1,683	21%
Others	224	3%
<b>Total toll network</b>	<b>7,972</b>	<b>100%</b>

49% of national network

Spain		
	Km	%
<b>Acesa</b>	<b>599</b>	<b>22,9%</b>
<b>Iberpistas</b>	<b>417</b>	<b>16,0%</b>
<b>Aurea</b>	<b>506</b>	<b>19,4%</b>
ENA	479,5	18,4%
Europistas	84,3	3,2%
Others	526,4	20,1%
<b>Total Toll Network</b>	<b>2.612,2</b>	<b>100,0%</b>

Abertis is the result of 3 operators integration  
58.3% of national network; 1,522 km

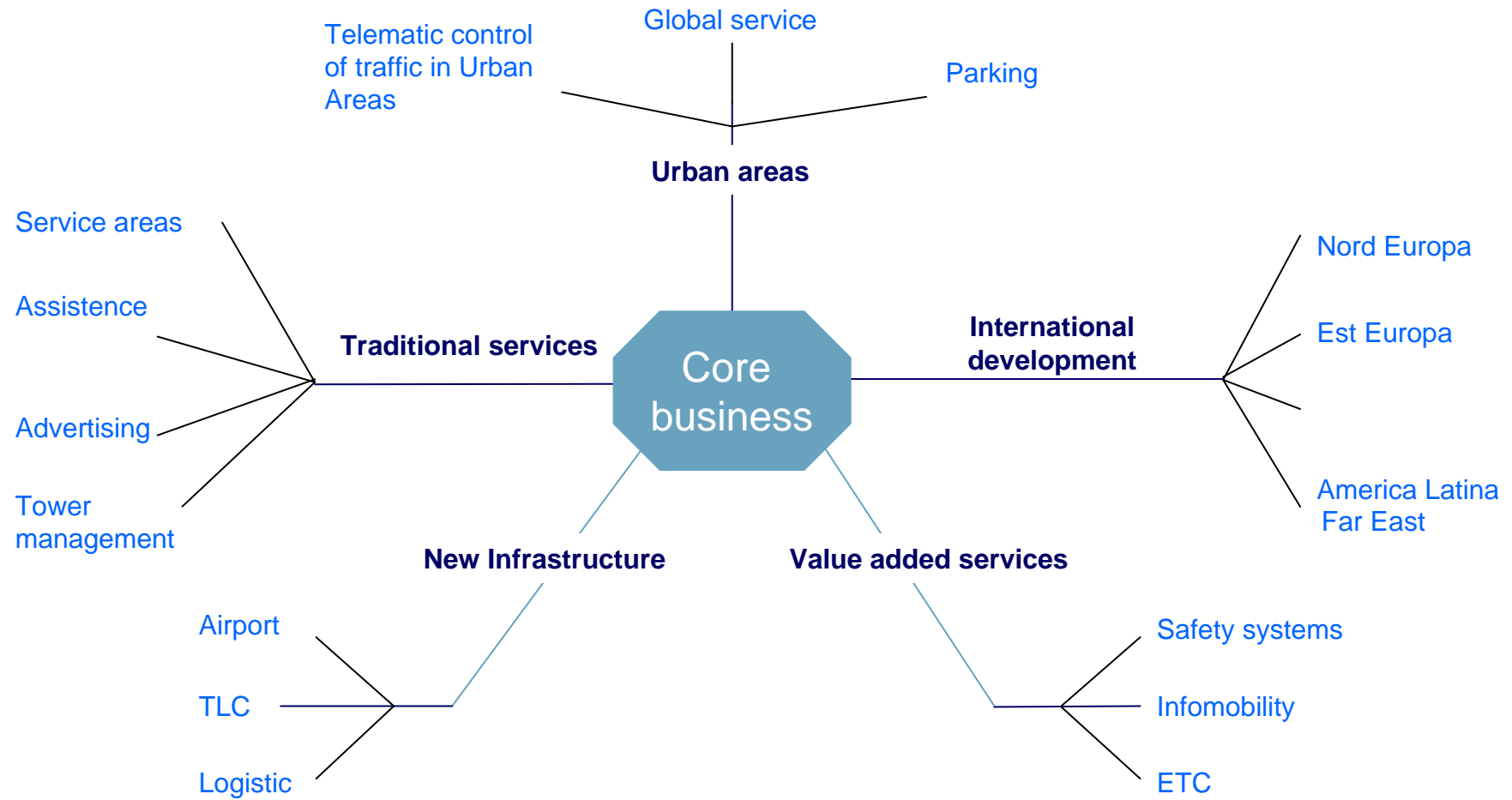
## The Concession Agreement

- The traditional concession contract concerns financing, construction and management of the infrastructure until the end of the concession period




- Right and obligations are stipulated by the parties, consistently with the legal environment of each country
- European Parliament is going to define specific rules regarding concession as a particular contract in PPP framework
- The new legal scheme should consider the emerging trend towards business integration

## The New Business Integration Model



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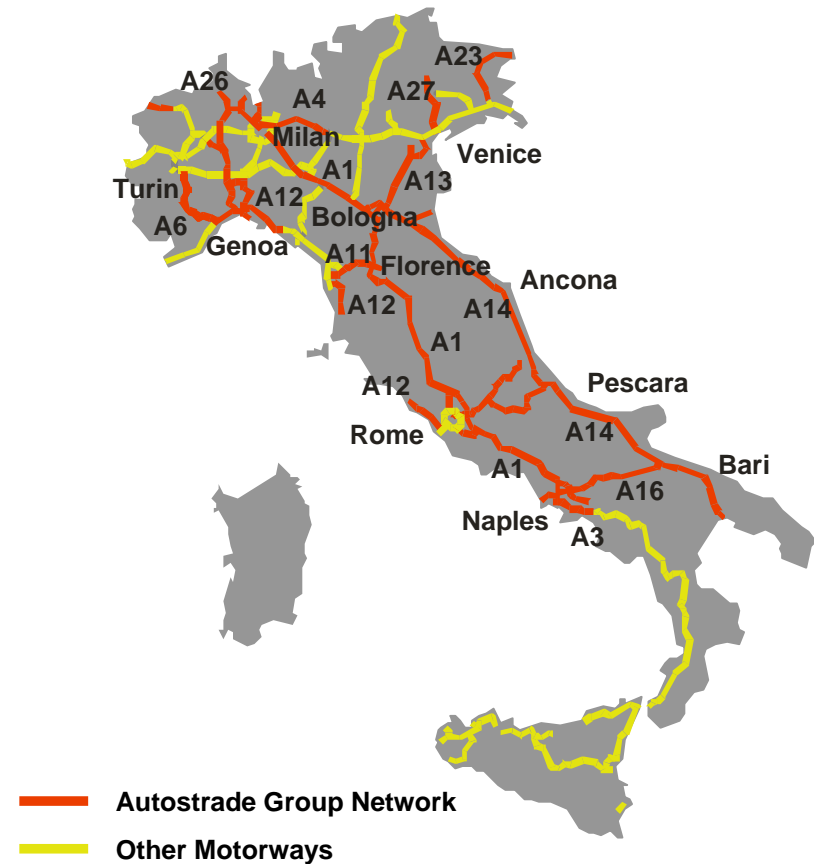
■ **The largest operator of toll motorways in Italy:**

- 3,408 Km under concession, equal to 61% of Italy's toll road network
- €11 billion investment committed for road enhancement

■ **No. 1 operator in Europe for dynamic tolling with over 5 million TELEPASS® customers in Italy**

■ **Interconnection function:**

- 15 regions
- 60 cities
- 11 metropolitan areas
- 260 railway stations
- 26 ports
- 19 airports



## A best case in Sustainability Politics

- During 2005, the Group's total spending primarily for social and environmental purposes amounted to €1,002 million: €398 million in current expenditure and €604 million in investments. This represents an increase of 25% on 2004.

SOCIAL AND ENVIRONMENTAL INVESTMENTS AND EXPENDITURE OF THE AUTOSTRADE GROUP'S MOTORWAY CONCESSIONAIRES (€ M)

	2005	2004
<b>INVESTMENTS IN INFRASTRUCTURE, SAFETY AND ENVIRONMENT</b>		
Construction of third and fourth lanes and other upgrading works	468.0	315.7
Work on crash barriers, parapets, guardrails, acoustic barriers and landscaping works	33.3	28.3
Road signs, information and telecommunications	4.7	9.4
Development of automation and network modernisation	26.5	24.1
Work on infrastructures, tunnels, toll stations and related works	65.1	66.6
Surveillance, hydraulic regulation and monitoring of landslips barriers	1.7	2.4
Upgrading of winter de-icing salts storage structures	1.0	1.0
Workplace improvements	4.1	6.9
<b>Total social and environmental investments</b>	<b>604.5</b>	<b>454.3</b>
<b>EXPENDITURE ON SAFETY</b>		
Work on road surfaces	157.5	141.6
Maintenance works designed to ensure working order and efficiency of infrastructure	63.2	57.7
Parapets, guardrails and other safety works	41.2	31.2
Motorist assistance, information, road signs, motorway patrols	39.8	27.9
Lighting, facilities	15.2	16.3
Cleaning and pest control	9.5	9.5
Green engineering works	10.2	9.1
Winter operations	44.0	36.2
Toll collection equipment innovation and other maintenance works	6.7	8.0
Workplace improvements	8.6	9.2
Research and development	2.1	2.0
<b>Total social and environmental expenditure</b>	<b>398.1</b>	<b>348.6</b>
<b>TOTAL SOCIAL AND ENVIRONMENTAL INVESTMENTS AND EXPENDITURE</b>	<b>1,002.5</b>	<b>802.9</b>



## Looking at the Future

### **Infrastructure Management**

- Increase efficiency and improve service to users

### **Tolling**

- Achieve an harmonized and multi-operable payment system throughout different countries and States, managing the transition before the shift towards Satellite tolling Systems

### **Traffic Management**

- Introduce innovation in traffic monitoring and control systems, with positive impact on smoother traffic flows, lower pollution levels and reduced stress

### **Information Management**

- Segment customer needs and create an advanced mobility system

### **Safety**

- Enforce the advanced speed control system (Tutor) to detect the average speed of vehicles on a variable length section

### **R&D**

- In all construction and operation fields