
International Perspectives on PPP's: The French Model

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Comparison of Prices Paid for Toll Road Concessions in US and France

US\$ million (\$1.18 to 1 Euro)					
	APRR (France)	SANEF (France)	ASF (France)	Skyway	Indiana Toll Road
<i>Year</i>	<i>2005</i>	<i>2005</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
Gross Revenues	\$1,800	\$1,359	\$2,864	\$41	\$99
Net Income (EBITDA)	\$1,149	\$873	\$1,853	\$29	\$64
Concession Price	\$14,122	\$10,645	\$23,161	\$1,830	\$3,850
Price as Multiple of EBITDA	12.3x	12.2x	12.5x	63.1x	60.2x

French vs. US Concession Terms

	APRR (France)	SANEF (France)	ASF (France)		Skyway	Indiana Toll Road
Length of Concession	27 years	22 years	27 years		99 years	75 years
Toll Regulation	70% of CPI	70% of CPI	70% of CPI		Greater of 2%, CPI, or GDP	Greater of 2%, CPI, or GDP
Price as Multiple of EBITDA	12.3x	12.2x	12.5x		63.1x	60.2x

Summary of Price Drivers

	<u>Concession Price (a)</u>	<u>Multiple of EBITDA</u>	
Skyway concession price-actual	US\$1,830,000	63.1X	
Adjusted for shorter concession term-23 yrs	1,031,388	35.6X	Structural
Adjusted for lower tolls-70% of CPI	724,586	25.0X	Structural
Adjusted for more modest traffic growth	434,087	15.0X	Procedural
Adjusted for less leverage	361,272	12.5X	Structural
Average for French concessions		12.3X	

(a) Excludes transaction fees.

Social welfare analysis

- What we look at to determine winners and losers...
 - Changes in users' (toll payers') welfare
 - Changes in producer welfare
 - Changes in taxpayers' welfare
 - Changes in externals effects
 - Changes in workers' welfare

Using Chicago Skyway as a proxy...

Who are the winners?

Local (Chicago) taxpayers

Who are the losers?

- Skyway users:

US\$500 million of lost of purchasing power for consumers due to toll increases > CPI

US\$242 million of opportunity cost due to consumers not sharing in the productivity/efficiency gains (difference between 100% CPI vs 70% CPI)

- Residents of the region because of external effects

Toll Roads and Concessions...

Conclusions

- There is no intrinsic value that can be assigned to a particular toll road
- The value (or price) is largely a function of the characteristics of the concession and not the road itself
 - Structural and procedural decisions made by the public owner dictate the concession price

Toll Roads and Concessions...

Conclusions, cont'.

- There is no intrinsic value that can be assigned to a particular toll road
- The value (or price) is largely a function of the characteristics of the concession and not the road itself
 - Structural and procedural decisions made by the public owner dictate the concession price
- **The terms of the concession have direct consequences that are enjoyed or borne by the various stakeholders of the toll road**