

## Austria / WestBahn II – Successful Closing

At the beginning of April 2015, AIL closed a structured rolling stock leasing facility transaction in Austria for the Westbahn Project. AIL acted as financial advisor to the Swiss railway manufacturer Stadler Rail. Similar to first transaction in the year 2009, which was awarded with the Jane's Transport Finance Award for the "Rail Europe Finance Deal of the Year", the project was financed on a private basis and based on a non-recourse financing structure.

Westbahn has been established to operate railway passenger transportation on a private basis between Vienna and Salzburg and already has 7 six-part trains Stadler trains in operation since the year 2011. Westbahn transported 4.5 million passengers in 2014. Now the Austrian rail operator ordered an additional 10 Stadler KISS



EMU trains to supplement its existing fleet. The order, worth EUR 180 million, consists of 9 four double-deck wagons and 1 six double-wagon of the KISS EMU type. From 2017, the new trains will provide an intercity service between Vienna and Salzburg from Vienna Central Station in addition to existing hourly trains running from Westbahnhof.

AIL professionals accompanied and supported Stadler and the Westbahn management throughout the entire financing process. The trains are financed through a tailor made finance lease arranged, backed by the Swiss Export Risk Insurance SERV and funded by a large international bank as well as the injection of a substantial amount of additional shareholder equity.

## Azerbaijan / Azerbaijan Railways CJSC – Successful Closing

Mid of 2015, AIL closed an export finance for five double-deck trainsets for the national railway company of Azerbaijan, Azerbaijan Railways CJSC. AIL acted as financial advisor to the reputable Swiss manufacturer of railway rolling stock Stadler Rail.

As part of its rail transport development program and due to an increasing demand for high quality public transport, Azerbaijan Railways decided to acquire five double deck trainsets of the Stadler Rail type KISS to use in suburban commuter traffic. Each KISS-trainset has a total capacity of 919 people (396 seats including 84 business class seats and 523 standing capacity) and offers passengers great seat comfort, air conditioning, passenger information system and wireless internet. The order is worth around EUR 64 million.

The first two KISS-trainsets delivered by Stadler Rail had been operated during the 1st European Olympic Games held in Baku in June 2015 to cope with increased passenger flows between Baku main station and the Olympic stadium. From now on, it is planned to operate all trainsets on the modernized railway line between Baku and Sumqayit, the largest industrial city in Azerbaijan located approximately 30 kilometres from the capital city Baku.

The financing of the 5 KISS trainsets consists of a long-term export loan facility backed by the Swiss Export Risk Insurance (SERV) for the funding of a major portion of the delivery volume as well as a medium term commercial loan for the financing of the non-SERV covered part of the delivery contract. AIL's main tasks included the structuring of the financing package for the entire delivery value and the coordination of all relevant activities related to the financing process up to successful completion of the targeted financing.

## Carnot Capital Ltd: Energy Efficiency in Times of Tumbling Oil Prices

Carnot Capital Ltd is an asset management company, established in July 2007, which manages an investment fund open to qualified investors. The fund pursues a value approach and concentrates on companies within the energy sector. Specifically the fund invests in listed companies that create value by enabling a more efficient use of energy. Carnot Capital Ltd is an associated company of ALL Structured Finance Ltd. For further Information: <http://www.carnotcapital.com>

The collapse of oil prices last year took virtually everybody by surprise. After a certain recovery the oil price again tumbled in August. The reasons are mainly found on the supply side of the market:

- (i) surging shale oil production in the U.S.,
- (ii) defence of market shares in Saudi Arabia and Russia
- (iii) imminent resumption of the Iranian exports.

In times of seemingly abundant oil availability the tailwind for Carnot Capital's investment case has abated. The benefits from investments in lower fuel consumption have shrunk and the urgency for measures to secure sufficient energy supply has faded. However, the case for improved energy efficiency enjoys support from a very active climate policy. It seems that the fall of energy prices has spurred activity in climate policy. Authorities and governments on all levels amplify their efforts to curb greenhouse gas emissions. The public seems to support the idea that politics has to do more about the climate change if rising energy prices do not contribute to the solution any more. Particularly in the fields of energy production, building technology and automotive transport extensive measures are taken and a lot more rigorous actions are announced. In the U.S., the discussion for a more responsible energy policy has been initiated by the president. In China, targets for the productivity of the energy used are laid down in the five year plan and pursued vigorously. European governments busy to resolve on more ambitious climate programs before going to the Paris summit in December. So, in our view the improvement of energy efficiency has not lost attention due to the temporary oversupply of fossil fuels and is still an attractive investment theme for equity investors.

## AIL's services for Small and Medium-sized Enterprises

The services provided by AIL Structured Finance are available not only for major projects and large companies, but also for small projects with an international focus. During the past months, AIL has e.g. worked on several smaller transactions from the three main linguistic regions of Switzerland.

The most common advisory tasks for mostly project specific financing transactions, which are of interest to small and medium-sized enterprises include:

- The evaluation and assessment of risks and its mitigation
- The structuring of commercial contracts and its financing
- Management of pre-shipment risks
- Arrangement of financing solutions for export projects with a non-favourable cash flow profile for the exporter (e.g. managing a negative cash-flow and working capital situation during the delivery period)
- Management of contract and counter guarantees
- Development and implementation of payment security concepts
- Various types of export financing solutions (supplier credit vs buyer's credit)
- Managing of project specific risks with private insurers (e.g. coverage of political and credit risks)
- How exporters can achieve a competitive advantage by offering tailor made financing solutions to their customers / offering financial sales support

Please feel free to [download](#) the whole document from our homepage explaining in more detail how also small and mid-sized companies can secure their sales order pipeline by offering financial sales support to their customers and can benefit from our proven expertise in the financing & risk mitigation of projects.

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