

## Newsletter – October 2023

### Closing of tailor-made security package for Stadler project in Kazakhstan

Mid of 2023 AIL structured and completed a tailor-made security package in favor of Stadler relating to a large and long-term coaches procurement contract that Stadler signed at the end of 2022 with the state railway of Kazakhstan (KTZ) based on a successful tender. The security package comprises specific insurance cover from the Swiss Export Risk Insurance (SERV) covering any pre-shipment, payment and contract bond risks in connection with the project.

The project with an order volume of > EUR 2bn consists of the manufacturing and supply of 537 sleeping coaches in different versions from 2025 to 2030 and the full-service maintenance of the coaches for 20 years. In addition, as part of the tender requirements, the project includes the acquisition of an existing local production facility in Kazakhstan by Stadler where certain manufacturing stages (in particular final assembly) need to be localized.



New Sleeping Coaches for KTZ  
Source: Stadler

The new sleeping coaches are designed to operate day and night on electrified and non-electrified parts of domestic and international passenger lines in the Republic of Kazakhstan and other CIS countries. The gauge is 1'520 mm and coaches can reach a maximum speed of 160 km/h.

Due to the complexity of the coaches' procurement contract with respect to the relatively long delivery phase over several years until 2030, the long lead-time (including ramp-up of the local production capacity and establishment of the procurement process) until first coach deliveries, the contract currency denominated in local Kazakh Tenge (KZT), a complex price variation clause and the large bonding volume, Stadler asked AIL to structure and implement a tailor-made security package based on the support of the Swiss Export Risk Insurance (SERV) in terms of cover for pre-shipment, payment and guarantee risks. AIL supported and advised Stadler throughout the entire risk mitigation structuring process including SERV application and preparation of the supporting documentation (project presentation, financial planning).

Christoph Zimmermann, Head of Group Treasury at Stadler: "We are very satisfied with the tailor-made security package provided by SERV for the benefit of Stadler. The solution allows us to mitigate the main political and commercial risks of the project over the entire delivery period until 2030, which ultimately helped Stadler to secure the deal."

This transaction demonstrates AIL's expertise in the railway sector, and further strengthens the firm's experience in the implementation and the performance of advisory services related to complex risk mitigation transactions.

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### Closing of another financing of Stadler locomotives for Turkey

Three years after the successful completion of a first financing of locomotives in Turkey, AIL has supported again Stadler for the structuring and arranging of a long-term SERV supported financing of five EURODUAL locomotives for a private company in Turkey.

The purchaser of the locomotives is Arkas Logistics, a company founded in 1989 and owned by Arkas Holding. The Arkas Group has been established in 1902 by the Arkas family, who is still managing the Group. Arkas is mainly active in agency services, port services and integrated logistic services combining sea, land, rail and air transportation. Recently, Arkas has started the construction of the first private intermodal terminal for freight transport in Turkey, located in Kocaeli, which will facilitate freight rail transport within Turkey and between Asia and Europe. The new locomotives will also be used in connection with the new terminal in Kocaeli. Arkas' existing fleet amounts to approximately 700 railcars and 1'200 open containers.

The Stadler EURODUAL is a six-axle dual-mode locomotive for passenger and freight transport that offers two solutions in one. It features both an electric and a diesel-electric drive, which means that it can be used on both electrified and non-electrified railway lines, which is an optimal solution for Turkey. The locomotives run electrically, either powered via 25 KV

overhead catenary or by a low emission high performance EN stage diesel engine on non-electrified lines.



Source: Stadler

The financing for the 5 locs consists of a long-term export credit amounting to EUR 39 million covered by the Swiss Export Risk Insurance SERV. The German KfW IPEX-Bank is acting as lender.

On behalf of Stadler, AIL acted as financial advisor to the transaction and advised and supported all parties involved in the structuring of the financing as well as, in particular, in the application and approval process of SERV. SERV's credit insurance enabled Arkas to obtain a financing with a long-term duration and at an attractive interest margin, which were essential elements for the realization of the project.

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