



Planet

reducing traffic congestion and environmental pollution

People

transforming the passenger experience, opening up a third runway, delivering high service standards

Profits

freeing up Government capital, recycling investor capital, evolving under contractual governance

Arlanda Express: award-winning Airport to Stockholm Rail Link

Un-winnable, un-bankable and unsustainable – 60 million customers later...

The Arlanda Express is the first and only major national infrastructure project awarded as a public private partnership in Sweden.

The GEC Alsthom (GECA) winning consortium re-invented a project finance business and operational model. The team successfully integrated a complex, multi-level public and private project financing solution.

Graham was a key member of the multi-disciplinary team that developed the commercial strategy and delivered this award-winning project. Graham led the negotiations through the bidding, commercial and financial close phases. He also orchestrated the operational re-financing alongside coaching the project company team through transition into operations.

The three-part challenge – winning, financing, delivering

Rail projects are notoriously difficult to structure, win, finance and operate profitably – which meant that if the bid team over-estimate the passenger numbers, the Railway could become insolvent; if the team under-estimate the passenger numbers, they could lose the bid.

The project company would have to meet stringent project finance requirements to satisfy the Swedish Government and integrate successfully with the Swedish railway network.

The outright favourites to win were Skanska and the Swedish Railway Operators. However, the GECA team was established to specifically focus on the bid. It adopted an innovative approach, redesigning the “empty vessel” project company into a self-performing, lean and adaptive railway company.

Competitive edge: Graham and the team realised the solution was such a game-changer that it would provide financial headroom to de-risk two other critical investment elements – the fare-box (passenger numbers risk) and the time driven 40% average railway overrun. From an expensive speculative bid in an overseas market, the GECA solution became a compelling offer.



The team took up the challenge – to finance the un-financeable.

Following extensive negotiations, the Swedish Government presented 13 mission-critical points which the banks, pension funds and advisers had identified as unacceptable.

Graham had three primary roles: orchestration, creating shared value and problem resolution.

He took responsibility to orchestrate the process, lead negotiations and put together the contractual and commercial matrix that would become the blueprint for the long-term success of the concession, facilitating future re-financing and changes of ownership (capital recycling).

Shared value was created by balancing the complex interdependent set of commercial, contractual, operational and financial requirements across 140 documents (and which took six hours to sign).

Graham took a pivotal role in problem solving:

- Persuading Construction Phase Lenders to step-up after pension funds dropped out.
- Integrating uneconomic leasing into the project financing structure
- Resolving issues amongst a 20+ parties' inter-creditor agreement
- Facilitating a return to the table after Construction Phase Lenders walked out from negotiations

The result: resilient, robust and adaptable

Arlanda Express started commercial operations one year early and continues to operate and win awards for exemplary service delivery – the best way to manage the risk of political intervention.

Arlanda Express was designed to be commercially resilient and survived the dip in passenger forecasts resulting from SARS epidemic, volcanic ash clouds from Iceland and the reduction in air passengers post 9-11. It survived ALSTOM's collapse and rolling stock guarantee credit default (which Graham resolved) and, as importantly, multiple changes in Government.

www.arlandaexpress.com



Awards:

With over 60 million passengers, Arlanda Express has won a number of prestigious awards including Red Dot Design Awards, awards for punctuality, diversity and being the Transport Company of the Year.

“Graham proved to be a very effective negotiator in all aspects of the transaction. He remained focused on the goal to close transactions in an equitable and rational way, allowing for the diversity and distinct interests of each stakeholder party. Graham’s skills remain key to assisting any complex endeavour.”

Duncan Caird, Managing Director, Head of Infrastructure & Real Estate Group – The Americas, Global Banking & Markets | HSBC Securities (USA) inc.



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