

# Spanish vultures circle for road killing

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Spanish construction leaders are lining up for the nine national road projects that are presently in triage – defibrillator juiced up – to revive them in time for a short spell of public ownership before being hawked off to the private sector once more.

The [R-4 Madrid-Ocaña](#) radial is serving as a pathfinder as Iñigo de la Serna, Spain’s Minister of Development, works his magic on the bankrupt projects that fell prey to the global financial crisis and enthusiastic traffic forecasting.

And in the typically refreshing way of Spain, this is going to be pulled off at break-neck – all nine of them dusted off, given a spell of public-side administration with outsource goodness, then slapped on the auction block to be sold to the highest bidder.

The Madrid Radiales are expected to lead the charge with R-4 kicking off the process this month (February), swiftly followed next month (March) by the R-2, R-3 and R-5; and then the M12 (access road to the Barajas Airport); and AP36 (Ocaña-La Roda). Next on the block will be the AP7 (Cartagena-Vera) and the Alicante Ring Road in April, with the AP41 (Madrid-Toledo) rounding it off.

By Christmas 2018, the nine basket-case (for now) roads will have been divvied up among an eager team of bidders and starting off life with a shiny new concession and availability-based payment mechanisms.

Before that, Spain’s public audit office – Tribunal de Cuentas – will have to fork out around €3.7 billion to existing road concession holders as set out by the RPA law that governs early termination, in addition to payments for land expropriation that was not concluded before construction (really?).

Talking to sources on the ground, given the time it has taken to get to this point – and let’s not forget it’s second-time-round after the government’s 2014 rejected offer to write off 50% of the debt – the process should be fairly well set up, even if the timeline is a tad... sporty.

An agreement has yet to be struck with the current debt holders – in many cases funds that acquired the debt from the original lenders – and there is no reason to think this will be a swift process. In truth, there’s a good chance this will end up in court... which would put paid to plans of having it wrapped up by the end of 2018.

One source on the ground describes the process as “a bit of a waiting game” and a “phoney war” as everyone sits back to see how the dice land – who’s bidding for what. But one thing for certain, a great deal of interest is being shown in the brownfield roads.

With the focus being entirely on running the concessions and providing O&M, these nine projects will pull in bids from the likes of Abertis and Cintra, right through to the infrastructure funds with a European transport leaning – from Ardian though to Macquarie, DIF and Meridiam.

As to debt, it's not going to be a big play for the banks as the EIB is poised to swoop on 50% of all debt requirements... you know, lending confidence to blah, blah, blah.

Given that some of the projects fall in the €200-250 million debt package range, it's pretty small beer for the commercial lenders... but something's better than nothing.

### Talking of sporty timelines...

While a great deal of interest is being shown in the brownfield projects, the [greenfield agenda](#) is being equally well received. On the infra side, Spain appears to have shot from pariah to princess... and not just because it's largely the only show in town.

The Spanish construction giants that you might have expected to pitch in for brownfield projects are more likely to hold back their equity for greenfield – which is a more natural fit for them.

Sources in Spain say that advisers are circling the bid teams that will be competing for the €5 billion greenfield [roads investment plan](#) that was launched in July 2017 by Prime Minister Mariano Rajoy. As with the brownfield programme, the timescale is challenging. Rajoy aims to have it all wrapped up by 2021.

The programme is expected to include:

- Murcia bypass
- new road parallel to the A1 in Madrid
- expansion of the A5
- completion of Seville ring road
- addition of a third lane to Autovia Norte, linking Santander and Biscay
- widening lanes between Burgos and Aguilar de Campoo

As to bidders, IJ previously identified a handful of the usual suspects:

- ACS working with DIF
- Sacyr with Aberdeen Asset Management
- Acciona and John Laing
- Cintra and Meridiam
- Ferrovial
- FCC

Ferrovial and FCC are expected to act together on a project-by-project basis.

Notice a trend there? A certain national focus? Yup, it will be Spanish developers all the way. The thought of anything other than a Spanish developer winning these deals is so ridiculous, it's enough to make the European Commission blush.

### A Spanish shop for Spanish people...

The greenfield programme is going to be a very Spanish affair. As to brownfield, that's opens to the Spanish road operators and every infra fund with a European transport focus.

Spain is suddenly the place to be once again... but most of all if you're Spanish.

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