

# Introduction to Global Infrastructure Markets

Infrastructure and Major Projects Sector  
Conference

12 December 2012



Building a better  
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# Agenda

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**1** The need for Infrastructure in emerging markets will be very substantial in the coming years

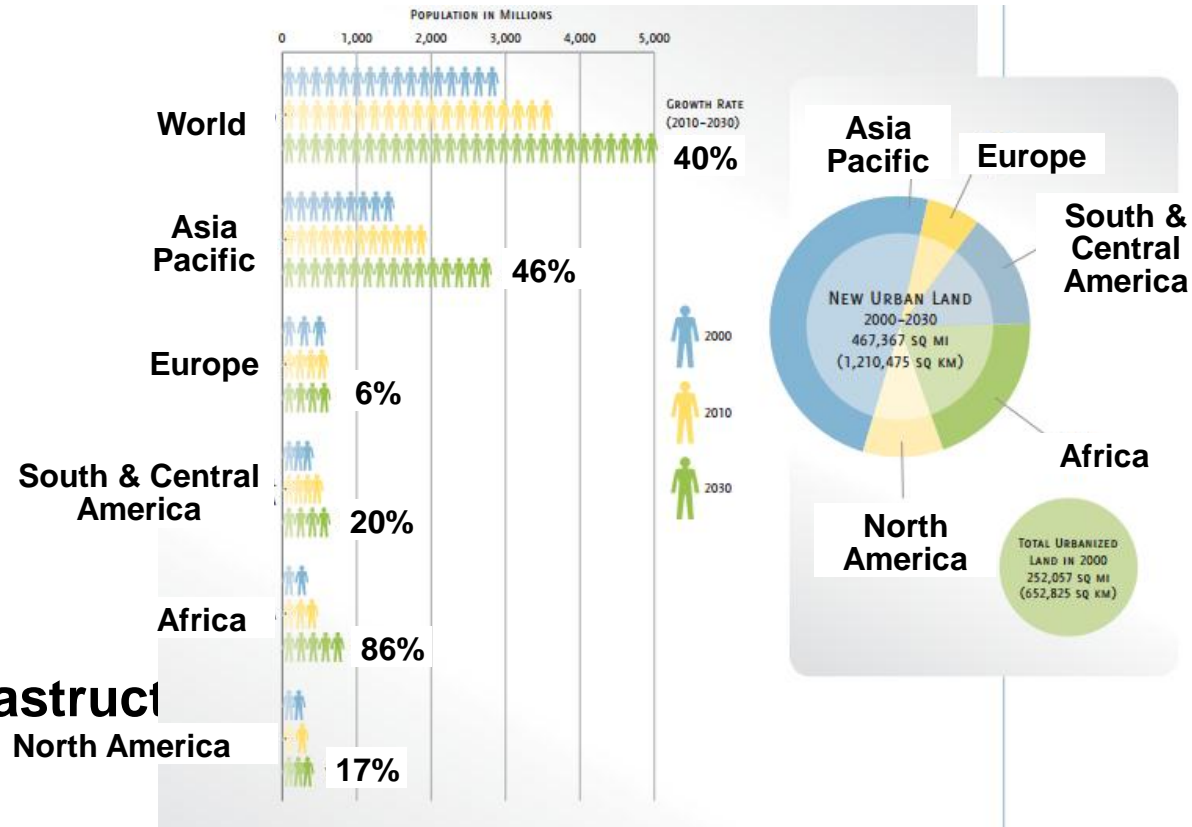
**2** Private investment has an important role to play and the pipeline of opportunities is robust

**3** Screening process : How to select the right countries in which to invest

# Key drivers of the growing infrastructure needs

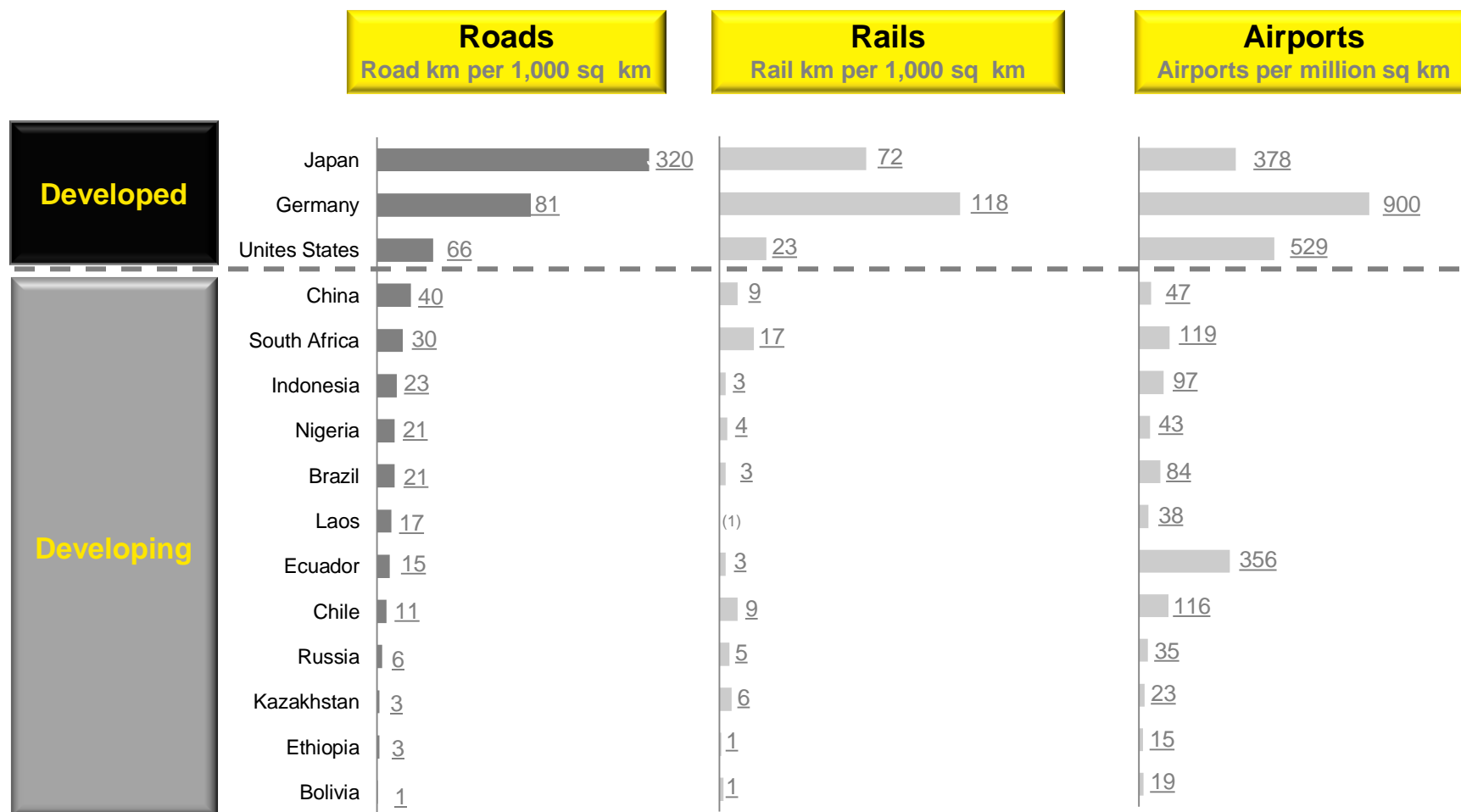
- ▶ Urbanization
- ▶ Population growth
- ▶ Mobility
- ▶ Economic growth
- ▶ Climate change
- ▶ Renewal of aging infrastructure

## Population growth is driving land to become urban



SOURCE: United Nations, World Population Prospects, 2011. Karen C. Set, Burak Cuneralp, and Lucy R. Hutyra, «Global Forecasts of urban expansion to 2030 and direct impacts on biodiversity and carbon pools,» proceedings of the National Academy of Sciences of the United States of America, Vol. 109, No. 40, 2012.

# Infrastructure capacity in developing economies lags significantly behind that of developed economies

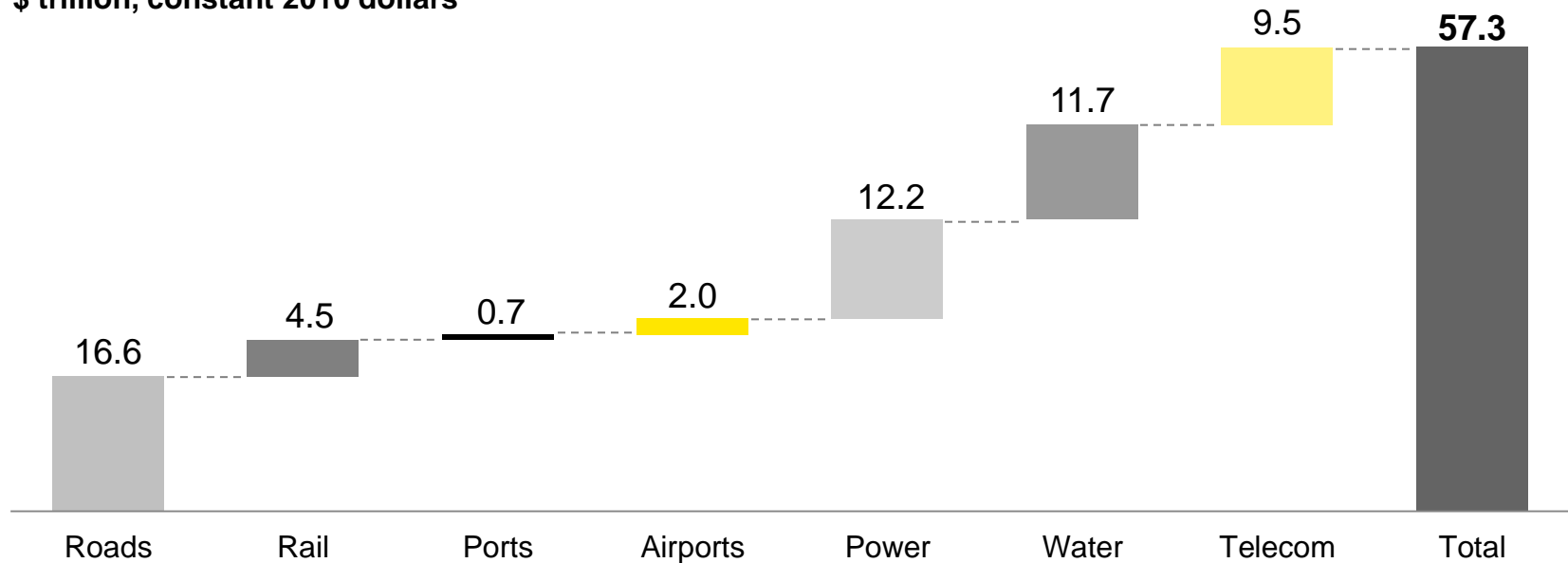


(1) Rail data not available.

SOURCE: McKinsey Global Institute based on CIA World Factbook 2012; Infrastructure Africa; Economic Research Institute for ASEAN and East Asia; World Economic Forum, Global Competitiveness Report 2011-2012.

# Global infrastructure needs : \$57 trillion

Global investment, 2013-30  
\$ trillion, constant 2010 dollars

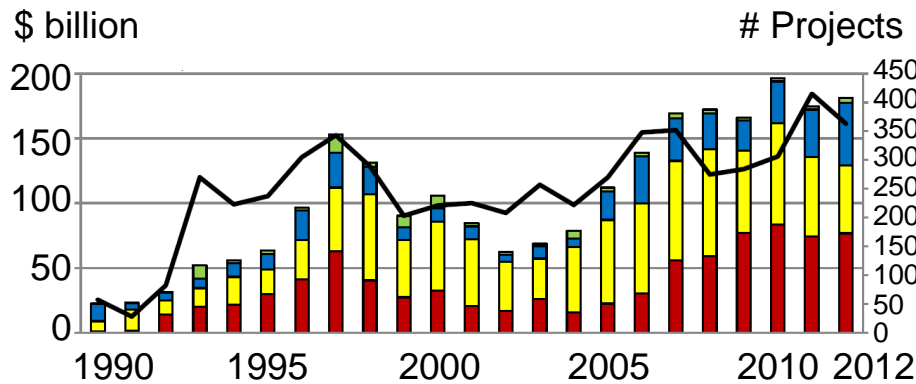


SOURCE: OECD; IHS global Insight; GWI; IEA; McKinsey Global Institute analysis

# A constantly growing private participation in infrastructure projects

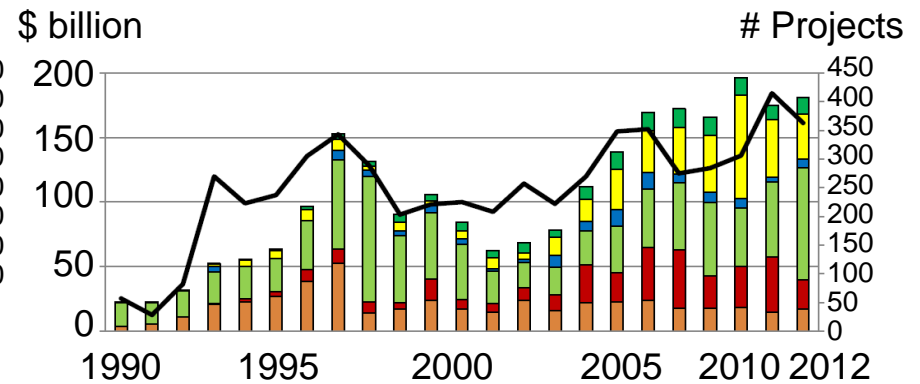
## Private investment in infrastructure in low and middle income countries

### By sector



- Energy
- Telecom
- Transport
- Water and sewerage
- # of projects (right-hand axis)

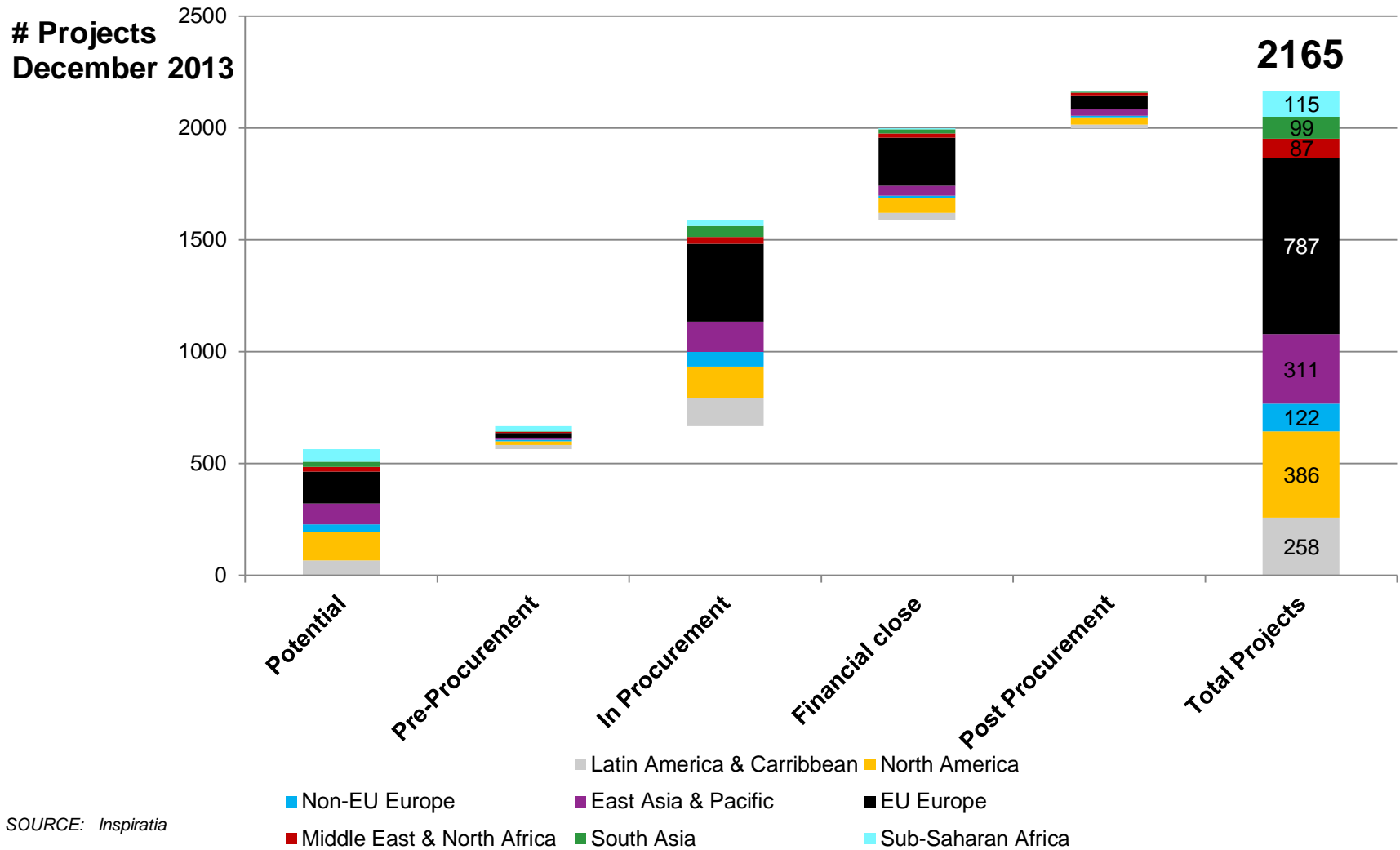
### By region



- East Asia and Pacific
- Europe and Central Asia
- Latin America and the Caribbean
- Middle East and North Africa
- South Asia
- Sub-Saharan Africa
- # of projects (right-hand axis)

SOURCE: World Bank and PPIAF, PPI Database. 2012 US\$ billions adjusted by US CPI

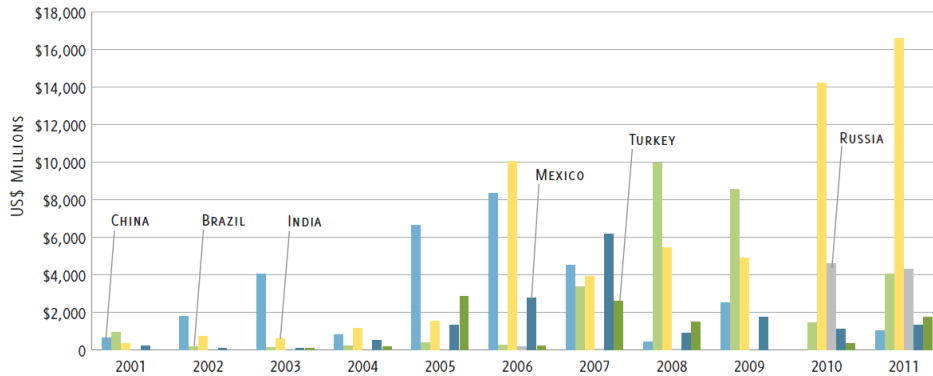
# Global infrastructure pipeline of projects



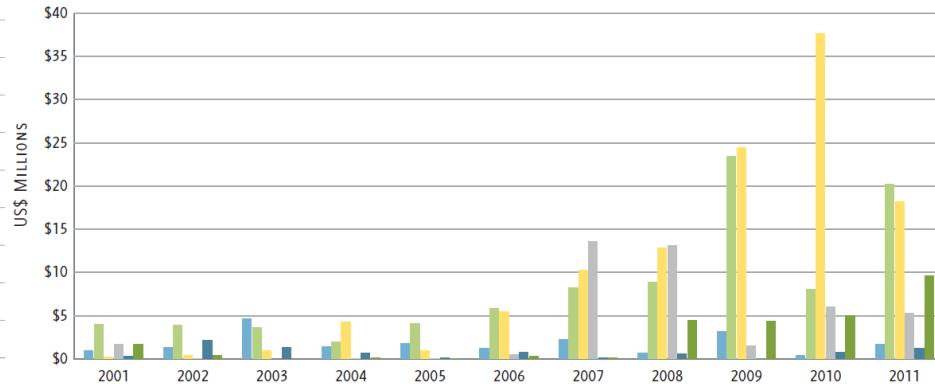
SOURCE: Inspiratia

# Focus on PPP for infrastructure projects in six emerging markets

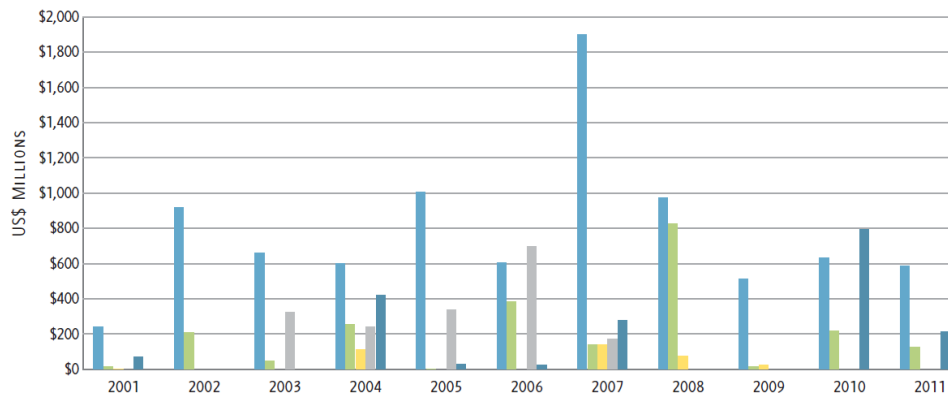
## Transportation



## Energy



## Water



## Transport

- ▶ All countries are active
- ▶ India & Brazil show growing use

## Energy

- ▶ India & Brazil leading
- ▶ Little activity in China

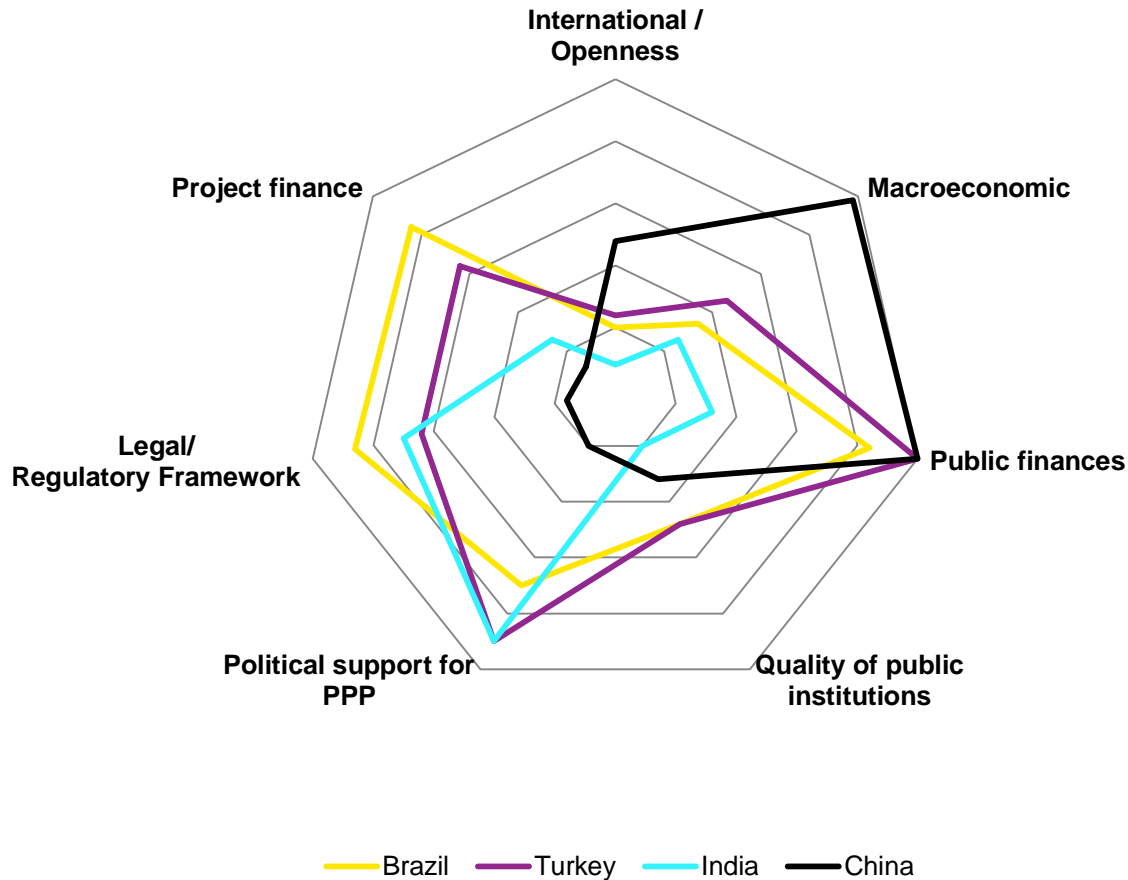
## Water

- ▶ China, Brazil & Mexico are active
- ▶ India has little
- ▶ Turkey hosts none

SOURCE: World Bank Group, Private Participation in Infrastructure Database 2013



# How investors determine countries to target : screening criteria



- ▶ Political support to PPP is a common feature
- ▶ Similar profiles for Brazil and Turkey
- ▶ India on the right path
- ▶ China lacks important features for the infrastructure asset class

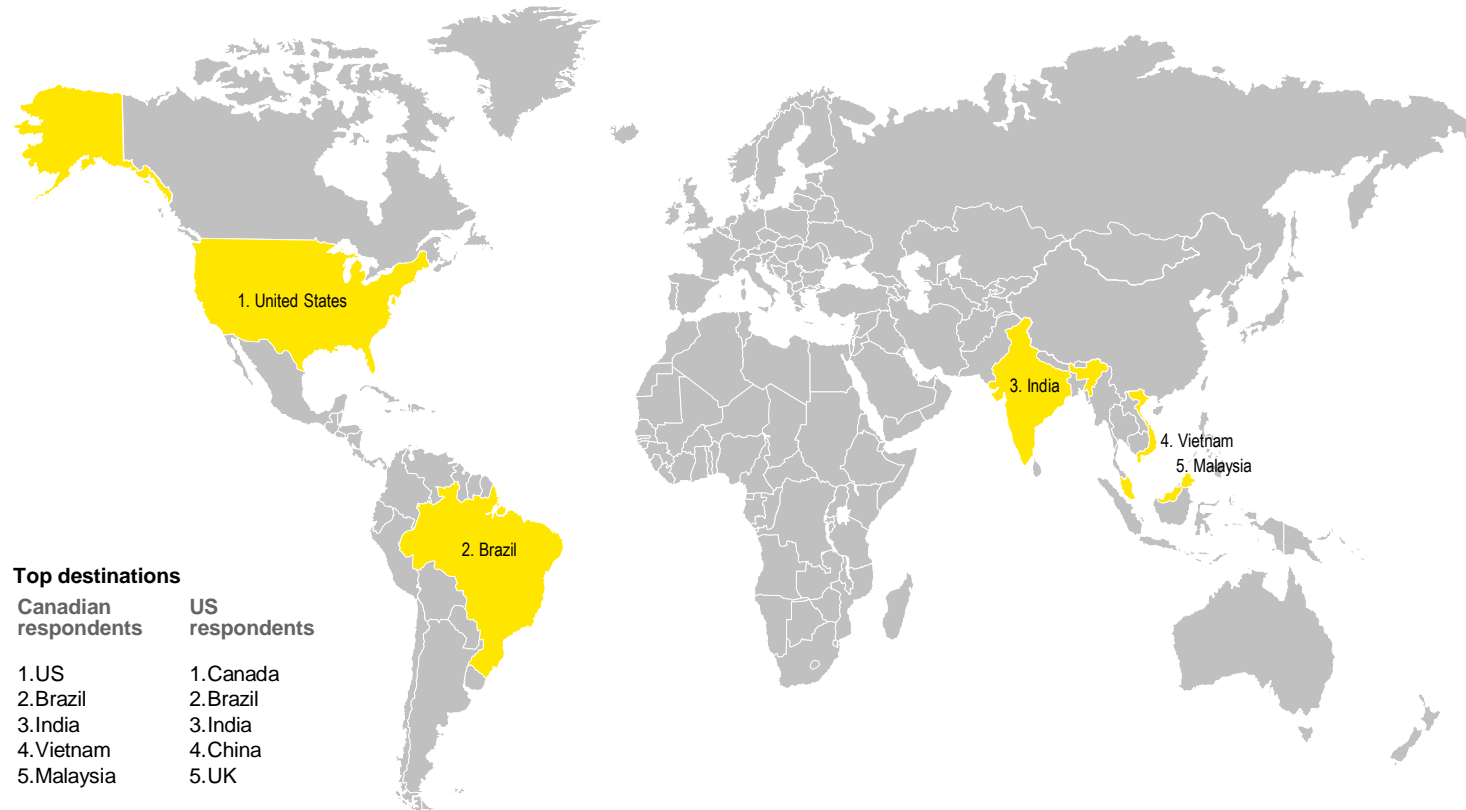
## Emerging countries attractiveness index

| Market | Rank |
|--------|------|
| Brazil | 33   |
| Turkey | 49   |
| India  | 74   |
| China  | 93   |

SOURCE: *Inspiratia*, December 2013

# Which are the top five countries in which your company is most likely to invest?

■ Top five destination countries for canadian investors and acquirers

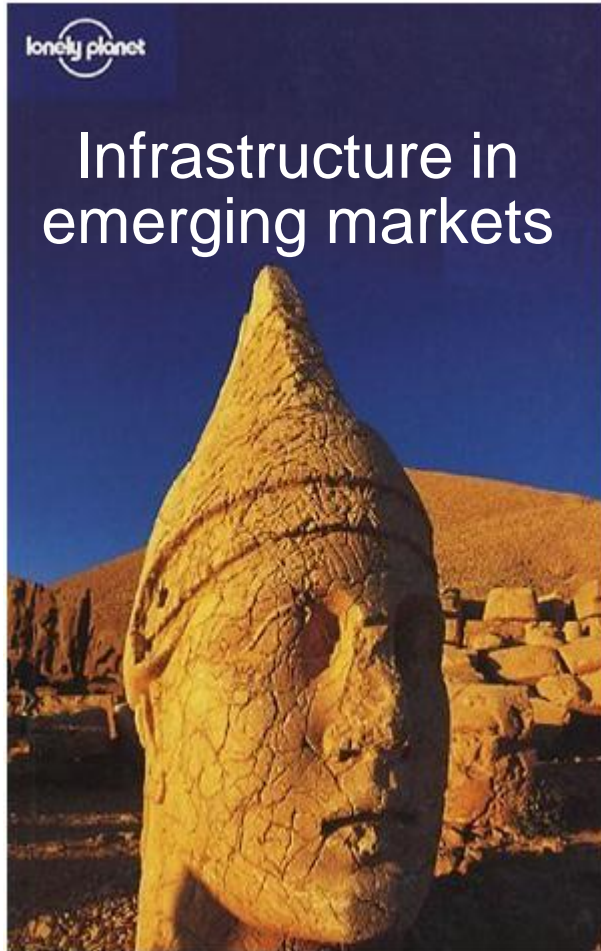


**Top 10 investment destinations (global respondents)**

India  
Brazil  
China  
Canada  
South Africa  
Vietnam  
Myanmar  
Mexico  
Indonesia

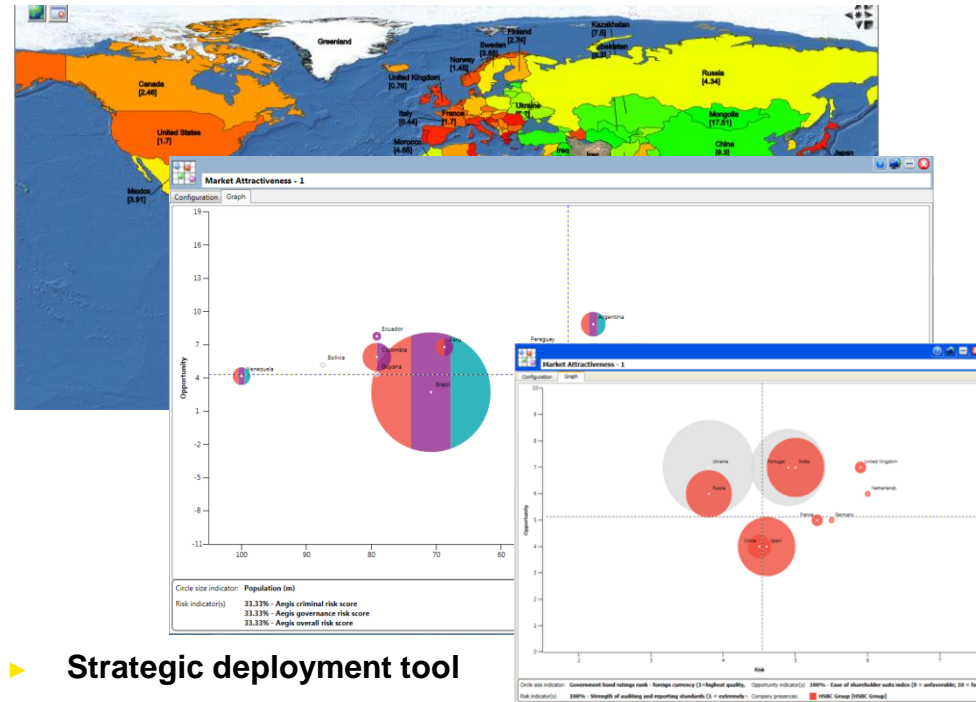
SOURCE : EY Canada Capital Confidence Barometer – October 2013

# Need help to identify the right locations and projects?



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