

## CONT BENEFIT ANALYSES – INTERMODAL TERMINAL, SECOND STAGE – EXTENSION RAILPORT ARAD

### Goal of the project

Starting from the requests from the Transport Master plan and from the fact that the intermodal terminal is addresses only to the freight transport in containers, the analysis explore the actual objectives proposed for this project. The objectives are the following:

Developing operation infrastructure of the Curtici Intermodal terminal from 68.000 TEU per year to 118.690 TEU per year;

Increasing the use degree of the transport corridor 7 by increasing the number of freight trains that transit it;

Developing a new RO-LA facility operational to Railport Arad;

Reducing environment pollution by only using transport with containers with low implications regarding the environment.

### Short description of the project

The proposed investment is represented by the development of the Intermodal terminal, stage II – extending CURTICI RAILPORT. The exact location of the investment will be in Curtici, Arad County at the border between Hungary and Romania. This location will be crossing by two European Core Network Corridors and the total investment is 8.443.800 Euro.

### Project implemented by

Railport Arad SRL

### Implementation period

January 2015-June 2015

### Main activities

- Identification of the investment
- The main purpose of the financial analysis undertaken was to determine the project cash flow forecasts in order to calculate suitable net return indicators. A particular emphasis was placed on two financial indicators: the Financial Net Present Value (FNPV) and the Financial Internal Rate of Return (FRR), respectively in terms of return on the investment cost, FNPV(C) and FRR(C), and return on national capital, FNPV(K) and FRR(K).
- For the determination of the financial return the Discounted Cash Flow (DCF) approach was considered. A discount rate of 5% has been applied within the financial analysis, which represents EC standard financial real discount rate.
- Financial analysis was performed on incremental cash flows, resulting from the comparison of two situations: the situation “without project” or BAU alternative and situation “with project”.
- In the situation “without project” the company’s activities continue as usual, without new investments, which mean that in 2015 it will reach its maximum operating capacity.
- Situation “with project” reflects the expansion, modernization and provision of intermodal terminal with new operating capacity, as described in paragraph investment costs.

### Results

The present analyses used the methodology presented in Guide to Cost Benefit Analysis of Investment Projects edition July 2008 printed under supervision of European Commission – Directorate General Regional Policy.

After carrying out comprehensive analysis revealed the following:

- The best alternative in economic terms is that the investment of 8,443,800 Euro
- This investment can not only supports private funds for economic indicators do not allow this, the participation of European Union funds being obligatory in order to achieve
- The investment is appropriate and necessary
- Investment is expected to be completed in the second half of 2017
- Overall risk of investment is low
- The economic impact will be substantial, the environment will be minimal.

### Applicability and transferability of the results

The results was use to analyze the opportunities for a private investment and to have the negotiation with banks.

### Financed through/by

Railport Arad SRL

### Research Centre

Research Centre Engineering and Management

### Research team

Marian Mocan, Camelia Lupulescu, Attila Turi

### Contact information

Prof. Marian MOCAN, PhD

Departament of Management

Assress: Remus Str.14, 300191Timisoara

Phone: (+40) 256 404284

Mobile (+40) 722356292

E-mail: marian.mocan@upt.ro