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Nordic Connector

Financing of Large-scale Infrastructure

FLINC Work Package 1 | Alternative Financing Models

Steering Group meeting #3 | 18.3.2026

Interreg
Co-funded by the European Union
Aurora

WP1 analysis is progressing according to plan

WE ARE HERE

MAIN STEPS	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-Nov 26	Dec-26
Contract signed 29.8.2025	X													
Input data for financial modelling of NC														
Benchmarking other Nordic cross-border projects														
Outline alternative financing models for NC								Update based on hearings						
Financial modelling for NC								Update based on hearings						
Logic for connecting Impacts to revenue model								*Dependent on WP2 (impact analysis)*						
Uncertainties and risks analysis for NC								Update based on hearings						
Hearings with private sector (financers, contractors)														
Synthesis and final reporting														
Presentation of results (FIN, SWE, NOR)														
FLINC WP3 ends														X
Steering Group meetings			**#1 (14.10)**			**#2 (21.2)**		**#3 (18.3)**		**#4 (20.5)**				**#5(3.12)**

MAIN TOPICS FOR STEERING GROUP MEETINGS:

- SteCo#1 (14Oct25)
- SteCo#2 (21Jan26): Alternative financing models, bankability/financial modelling results for NC (initial)
- **SteCo#3 (18Mar26): Results/feedback from hearings (private sector), 1st draft of final report**
- SteCo#4 (20May26): Approval of PBI final reports
- SteCo#5 (3Dec26): Closing, feedback to PBI and next steps

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Hearings/Expert views gathered

- SEB
- Polhem Infra
- Meridiam
- Öresundsbrokonsortiet
- EU, DG Defence Industry and Space (DEFIS)
- Finnish Transport Infrastructure Agency (Väylävirasto)

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01

Key findings

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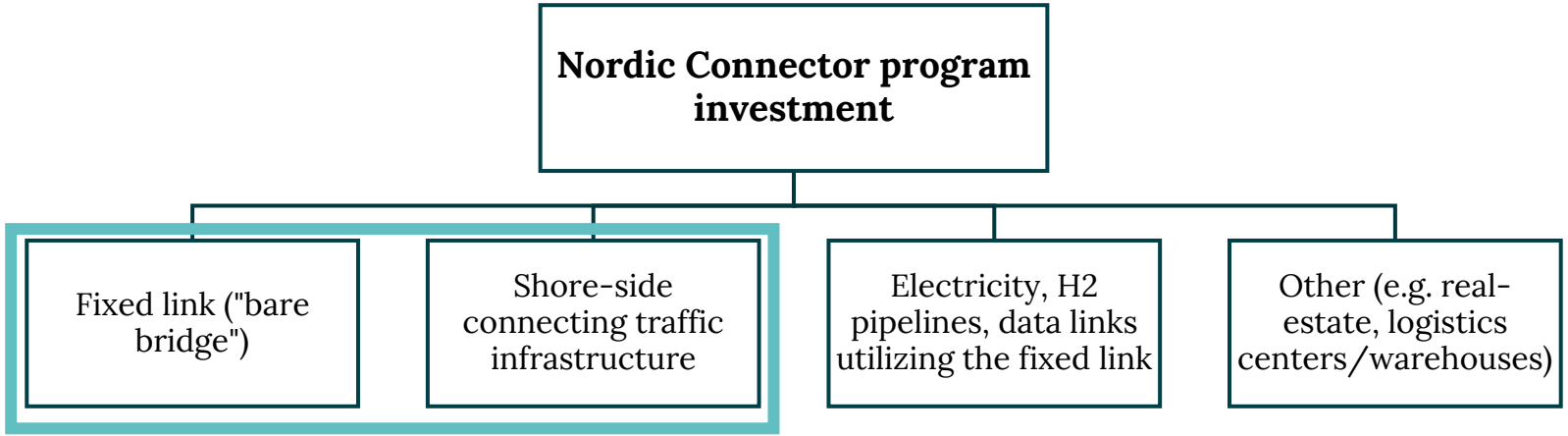
Nordic Connector as a program investment consisting of “mini megas”



Scope of financial modelling in WP1

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Qualitative Financing Model Assessment

Criterion	Public Funding (100% budget)	State-Guaranteed SPV	Hybrid SPV with EU Grants	PPP Concession
Financial sustainability *Closes funding gap, long-term stability*	**High**	**High**	**High**	Low
Bankability and risk allocation *Risk allocation to most capable partner*	Medium	**High**	**High**	High Low (demand risk)
EU grant eligibility *Maximize access to CEF / Military Mobility*	Med–High	**High**	**High**	**High**
National planning fit *Fit with national transport plans, accounting rules*	Medium	Medium	Medium	Medium
Political feasibility *Politically acceptable bi-nationally*	Medium	Medium	Med–High	Low/Medium (strategic control)
Implementation practicality *Manageable cross-border complexity*	**High**	Medium	Medium	Medium
Overall verdict	Viable option	Viable option	✓ **Recommended**	✗ Not feasible

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The Hybrid Model

Structure

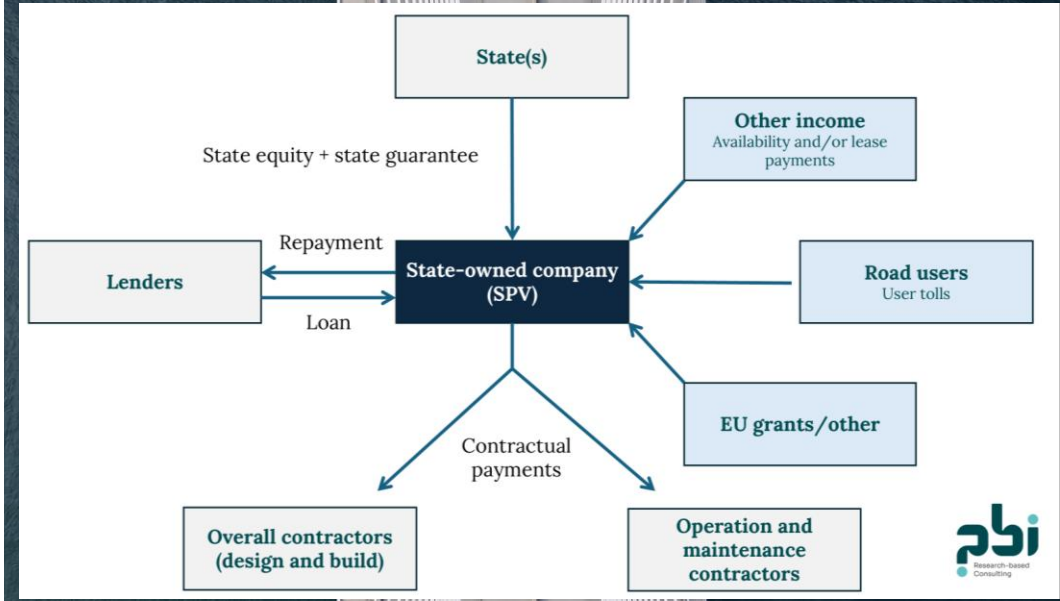
- Joint FIN-SWE state-owned SPV
- 90% debt + 10% state(s) equity
- Revenues: tolls + EU grants + availability payments

Advantages

- Public ownership with private-sector efficiency
- State backing lowers cost of debt
- Proven: Öresund bridge, Fehmarnbelt tunnel

Key challenges

- EU grants + state equity are critical
- Bilateral governance (FIN + SWE)
- Demand risk stays with public sector



02

Financial Analysis

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Financial Analysis: Base Case Results

−€1.1bn

Base Case NPV (Option 1)

€4.9bn

Total CapEx (Option 1, road)

10-yr build + 50-yr operating horizon
Note. 70% risk reservation excluded

10%

State(s) equity share of CapEx

Traffic Assumptions

~2,700 cars/day
~500 heavy vehicles/day
Source: FTIA/WSP Finland, 2025

Toll Levels

€60 per car
€200 per heavy vehicle
Assume +1% annual growth

Financing Structure

Senior debt: 90% of CapEx
State equity: 10% of CapEx
No EU grants in base case

Key finding: Net Present Value ≈ −€1.1bn. Not self-financing on toll revenues alone

Sensitivity Analysis for Net Present Value (NPV)

Base case Net Present Value = −€1.1bn. What moves the needle?

CapEx and WACC are the most sensitive variables

Variable	Change tested	NPV swing	Sensitivity
CapEx	−30% (€4.9bn → €3.5bn)	**+€1.0bn**	
WACC	3.5% → 1.5%	**+€1.0bn**	
Car traffic	+30% volume	**+€480m**	
Truck traffic	+30% volume	**+€290m**	

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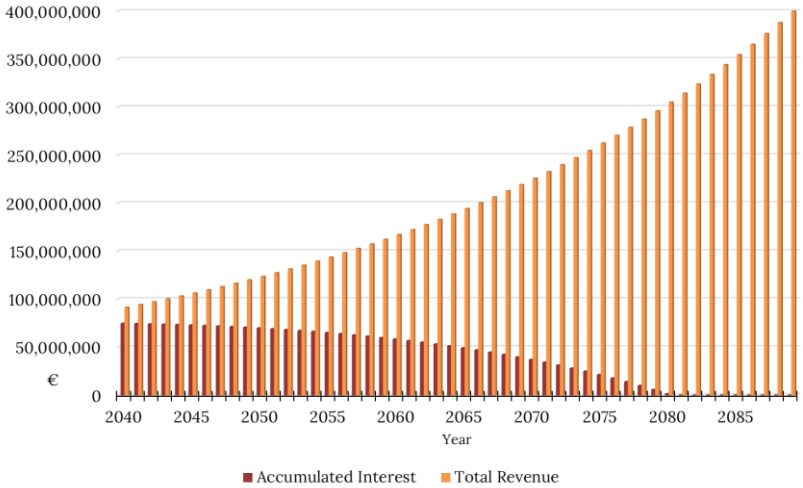
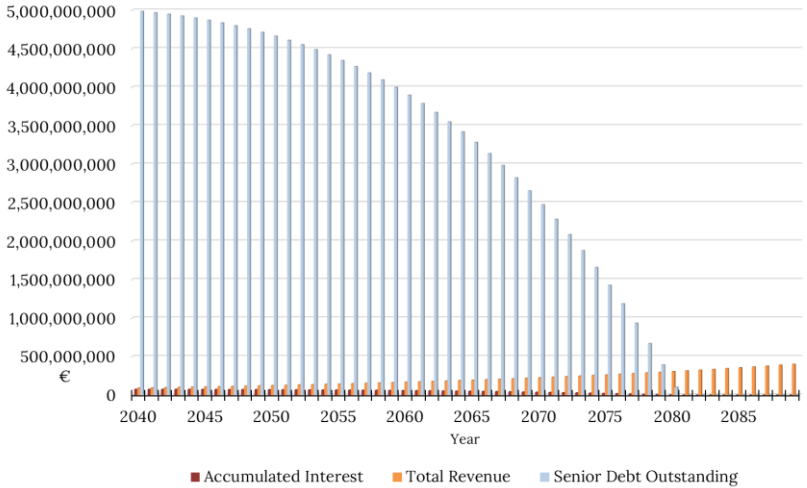
Base Case but with 1,5% WACC would allow the SPV to carry its debts despite slightly negative project NPV*





* NPV ~ -110 MEUR

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Feasibility – what could make Nordic Connector possible?

Four factors together could tip the scale and make the investment socio-economically justified.

CapEx reduction, favorable loans and EU grants

Cost optimization and CEF / Military Mobility grants reduce the debt burden that Finland and Sweden must carry, improving financial viability. Favorable loans will be key.

Wider Economic Impacts and GDP growth

WEIs and GDP growth in Finland and Sweden from improved connectivity, labour market integration, and cross-border trade and industry synergies.

Resilience and security of supply

Demonstrated military mobility, critical infrastructure redundancy for the northern Nordics, aligned with NATO commitments. What is our resilience and security worth in EUR?

User tolls beyond current estimates

User tolls provide a direct revenue stream for the SPV and may turn out larger than expected. Predicting traffic flows 50 years ahead carries inherent uncertainty.

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03

Recommendations

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Recommended next steps

1. Clarify EU funding scale (CEF + Military Mobility) — engage CINEA

2. Advance FIN–SWE bilateral talks on governance + joint SPV.

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Practical next steps in Work Package 1

1. **Steering Group will receive PBI's full draft final report this week**

2. **Comments from Steering Group to draft report requested by Friday April 3rd**
   - All comments to Anders Jungar (anders.jungar@pbi.fi)
   - Teams review session(s) can be organized if more in-depth discussions are requested

3. **Steering Group #4, May 18th 2026**
   - Approval of final report

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