Infrastructure, prosperity and competitiveness

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Infrastructure underpins prosperity and competitiveness

Productivity

Competitiveness

Quality of life

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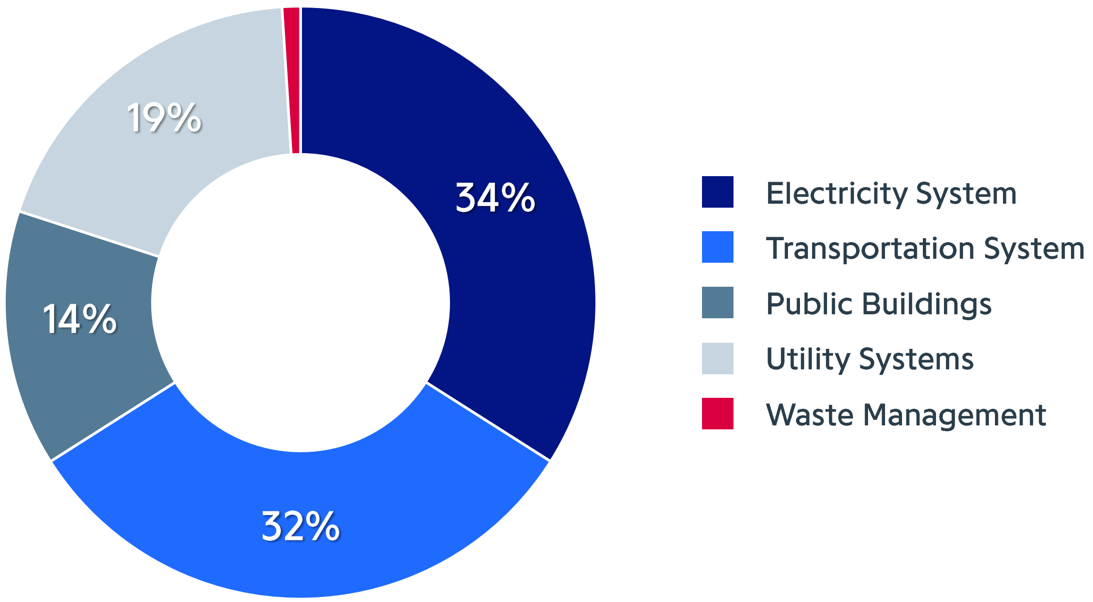
Iceland's infrastructure represents substantial national assets

ESTIMATED REPLACEMENT VALUE IN 2025

6.700 BILLION ISK



Source: Samtök iðnaðarins

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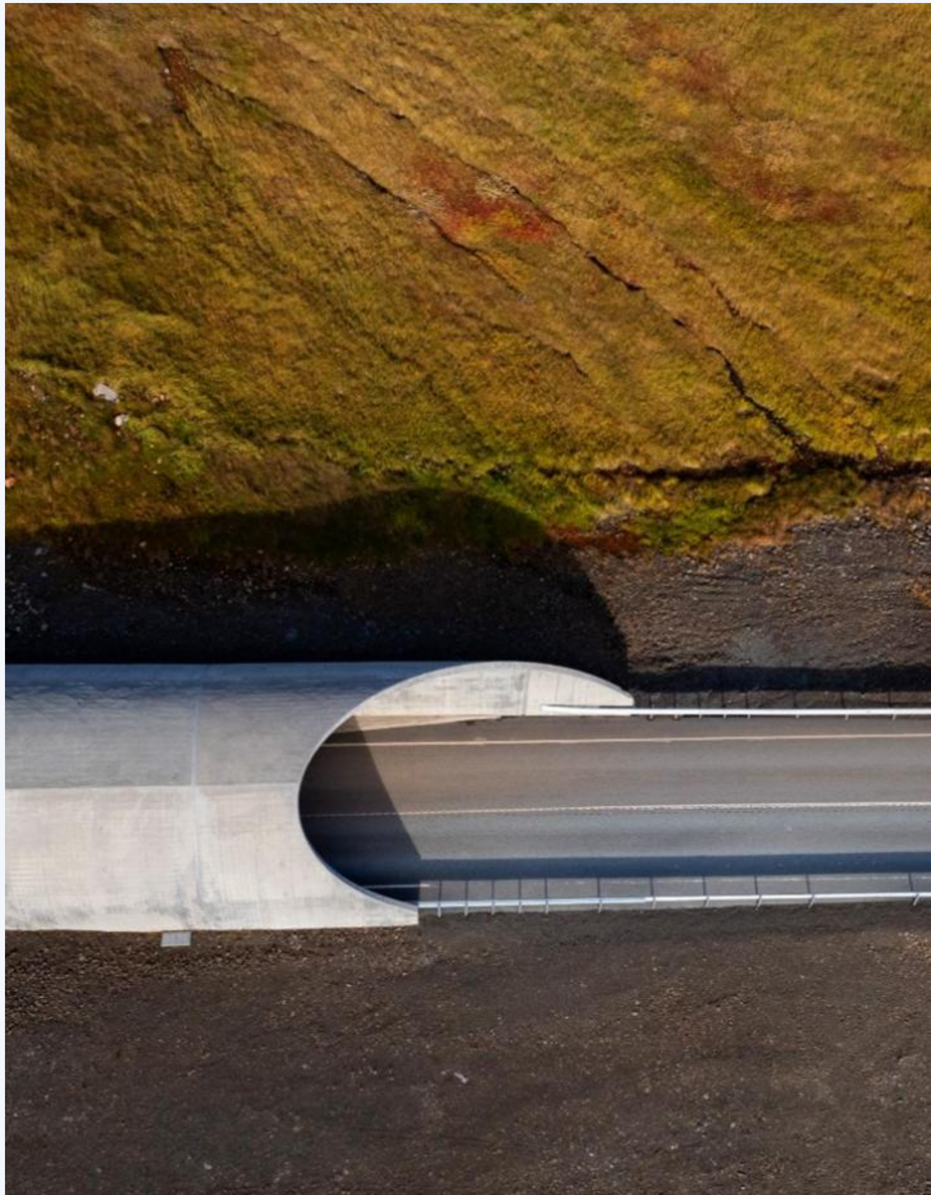
The estimated maintenance backlog has increased —particularly in roads

680 BILLION ISK

ESTIMATED ACCUMULATED INFRASTRUCTURE MAINTENANCE BACKLOG IN 2025

Source: Samtök iðnaðarins



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Mynd fengin af vef Vegagerðarinnar

A bumpy road to prosperity

Number of potholes in Iceland

Source: Vegagerðin

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Investments have not caught up with traffic

Value of roads and bridges

Volume index, since 2013

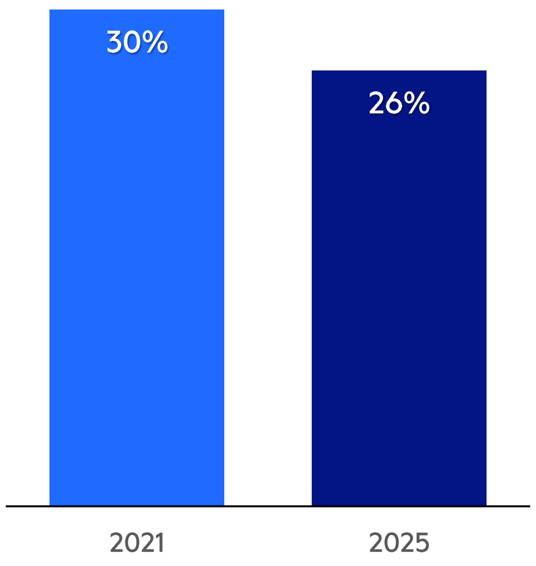
+10%

Average daily traffic

16 key counters – ring road, since 2013

+73%

THE NATIONAL ROAD NETWORK
Replacement value as % of GDP



Source: Statistics Iceland and the Icelandic Road Administration

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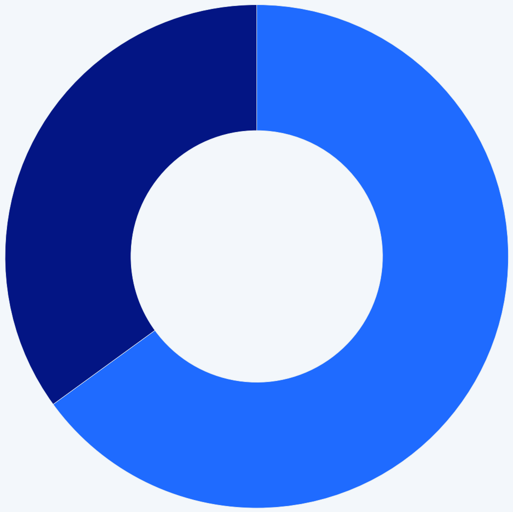
Most of the maintenance backlog falls within central and local government

35%

User-charge-funded infrastructure



65%

Airports outside Keflavík
Public-sector buildings
Roads

Source: Samtök iðnaðarins

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Planning and permitting is too complex

A gap between plans and tenders

Actual tender value reached 37% of plans for the Part C enterprises covered.

Investment and tendering can diverge

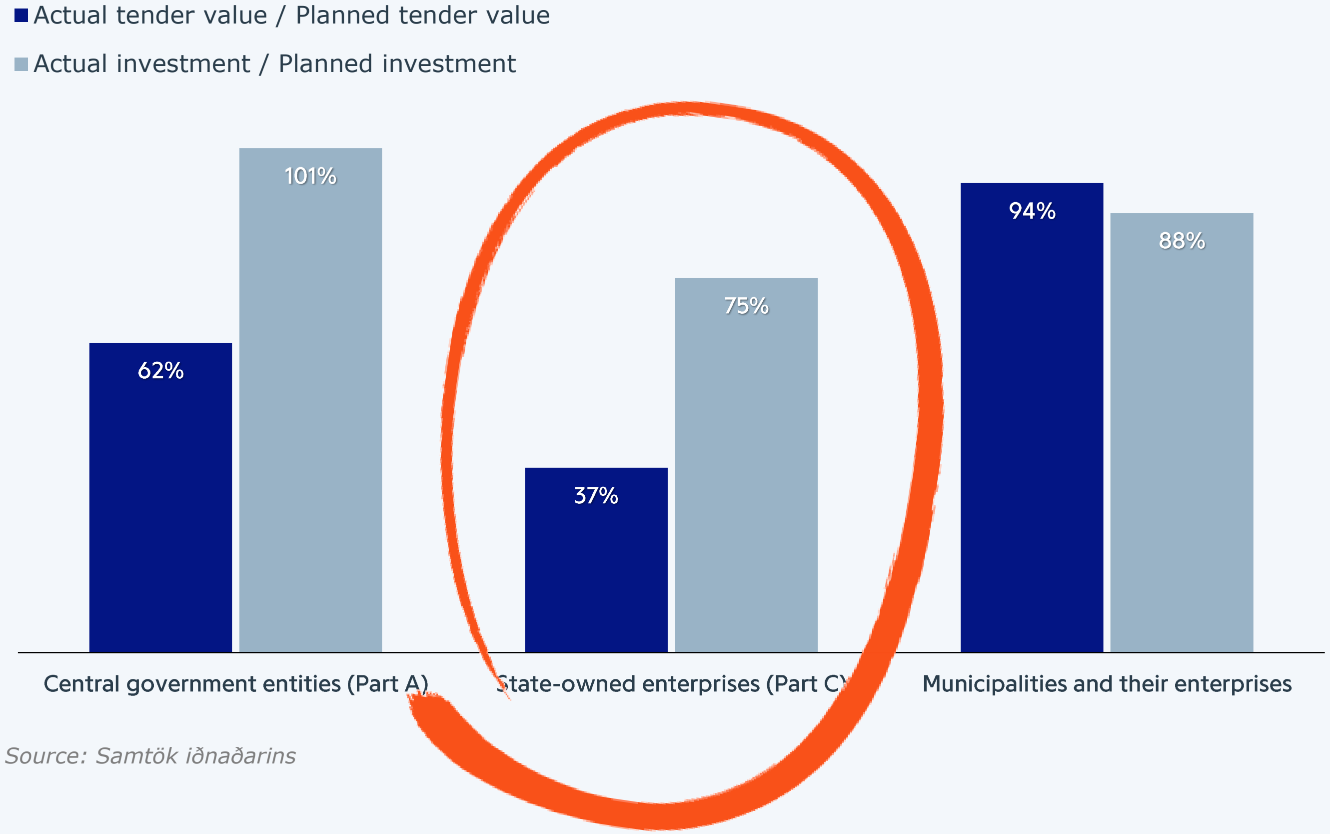
Ongoing projects can sustain investment while new tenders are delayed.

Project readiness matters

Permitting, appeals and preparation can affect when projects reach tender.

Actual tender values and investment as a share of contracting entities' plans

Announced at SI's Tendering Conference. Aggregate 2022-2025.



Source: Samtök iðnaðarins

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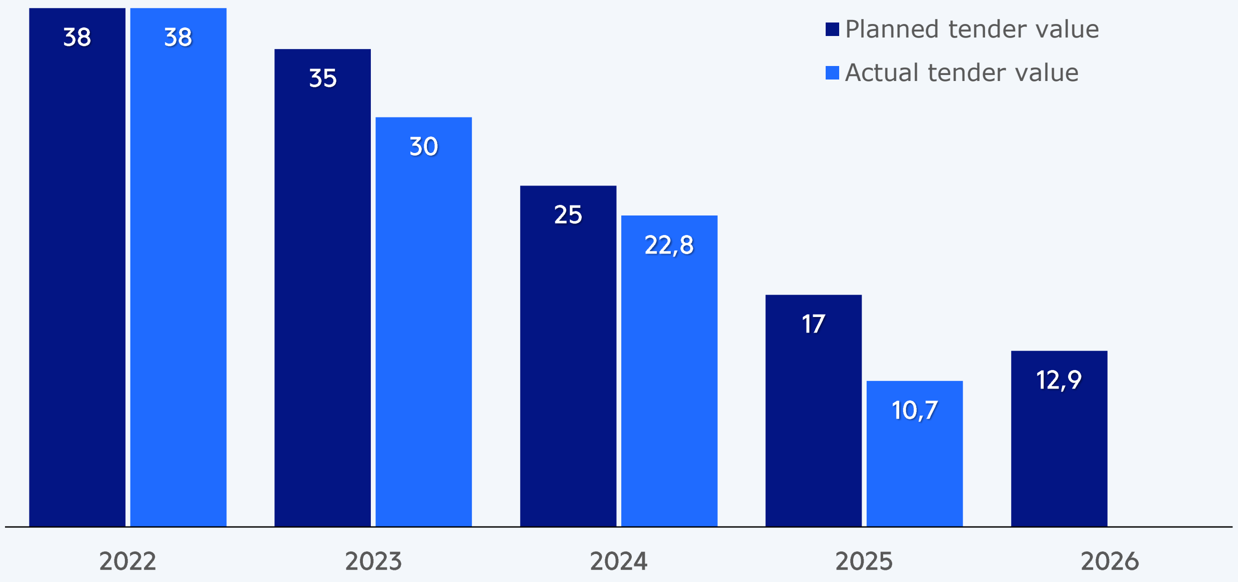
Vegagerðin's tender values have declined and fallen short of initial plans

Start-of-year plans and actual tender values

Vegagerðin, ISK billion



Source: Samtök iðnaðarins

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Increased predictability could save tens of billions

Survey question

How much lower could your company bid on public projects if predictability were in place?

10.6%

– Total public infrastructure investment last year: 221 billion ISK

– A 10.6% reduction applied to this figure: ~24 billion ISK in savings

Source: Samtök iðnaðarins

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Large-scale new investment requires private sector involvement

- Iceland's road network carries a significant maintenance backlog, even as major new investment is needed: tunnels, Sundabraut, and projects nationwide.
- The public sector must fund both at once — upkeep of the existing network and large new builds — and cannot do so alone given its fiscal position.
- This combination of accumulated debt and looming investment need is what convinced us a new approach was necessary.

Sundabraut: an example of estimated socio-economic benefits

ISK 186–236 billion

Estimated socio-economic benefits, depending on the design option, according to the assessment presented in 2022.

INDUSTRY IN ICELAND DELIVERS

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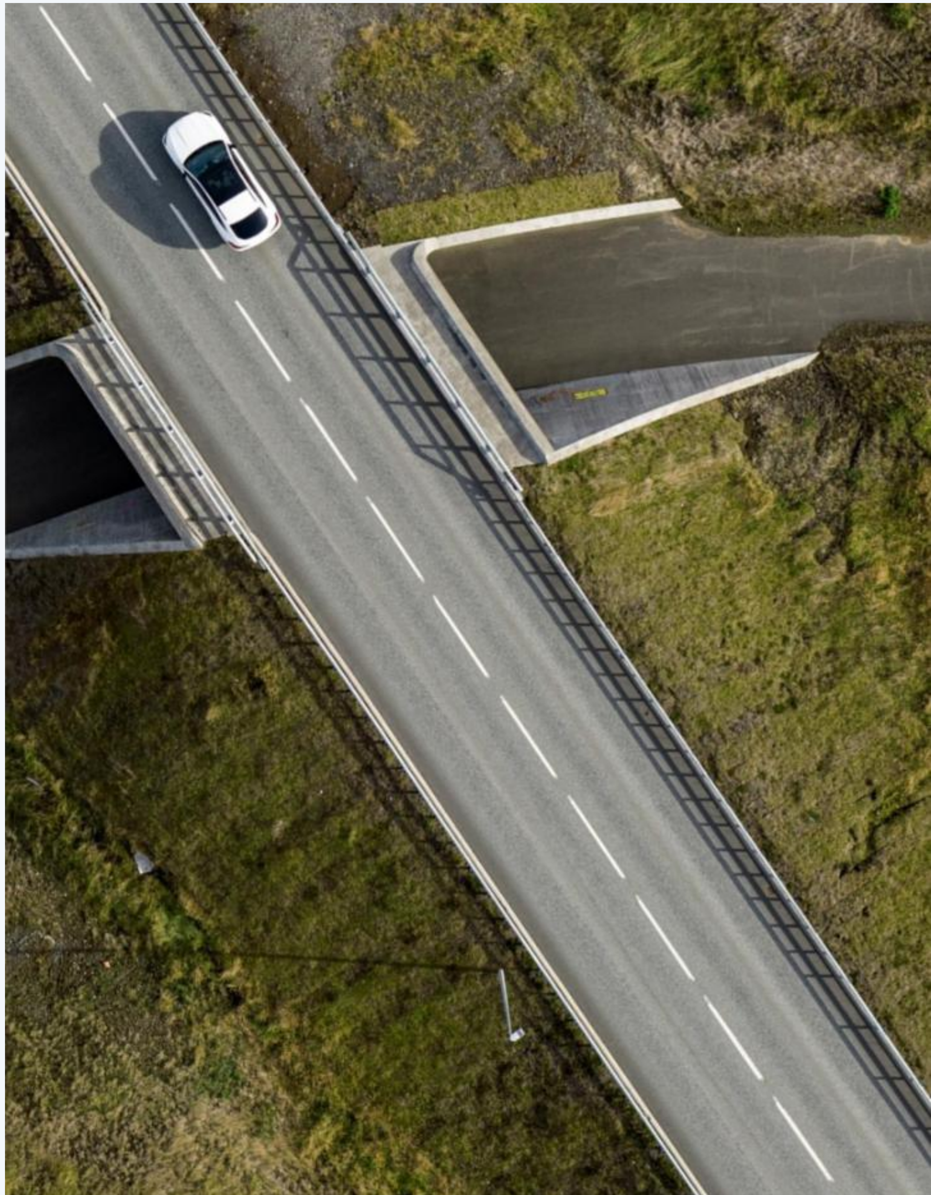
Industry‘s expectations

- More progress
- Revenue that reaches the road
- Comparison of delivery models
- Professional governance
- Division of responsibilities



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Strong desire for more diverse development of the road network

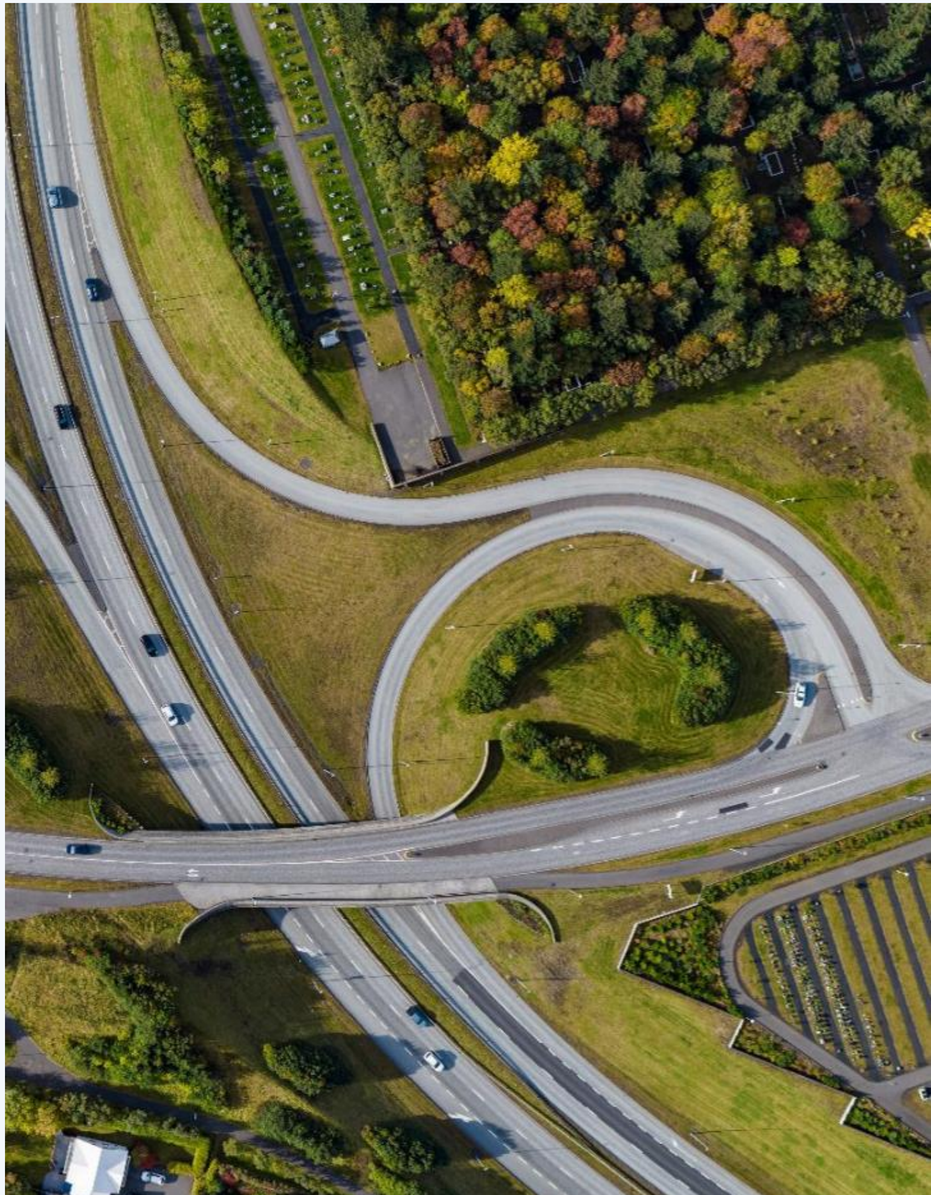
Government

Investors

Contractors

Designers

Consultants

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