

Kailash Sadangi on Why Concession and PPP Assets Cannot Be Valued Like Corporate Assets

GA, UNITED STATES, July 13, 2026 /EINPresswire.com/ -- There is a moment, writes [Kailash Sadangi](#), when the standard toolkit of corporate finance starts to feel inadequate. Not wrong, exactly, but like "trying to measure rainfall with a thermometer." That moment arrived the first time an infrastructure fund manager dismissed his DCF model and said: "The concession life matters more than the terminal value."

That single sentence is the foundation of his February 2026 paper, *Concessional Business Valuation: A CFO's Perspective on a Different Kind of Value* — a practitioner's argument that the finance profession is systematically mis-pricing one of the most consequential asset classes in the world, and that the cost of that error can run into hundreds of millions of dollars in enterprise value for a single portfolio.

The Market Is Large and Getting Larger, Which Makes the Valuation Error More Expensive

The stakes of getting this right have never been higher. Global private participation in infrastructure investment reached \$100.7 billion in 2024, the first time it has crossed the \$100 billion threshold since the COVID-19 pandemic, a 16% increase from \$87.1 billion in 2023 ([World Bank PPI Database, 2025](#)). The total global infrastructure finance market stands at \$3.14 trillion and is projected to grow at 7.2% annually through 2033 (Dataintelo, 2025). GCC project awards alone hit a record \$273 billion in 2024 (MEED, 2025). And institutional capital — pension funds, sovereign wealth vehicles, insurance companies — is actively seeking exactly the inflation-protected, long-duration assets that concession structures provide. The problem is that most finance teams approach these assets with the instincts of a contractor, not an infrastructure owner. And those two frameworks produce fundamentally different, and often irreconcilable, answers.

Selling Time, Not Output

In a conventional EPC or contracting business, value is episodic: price a scope of work, build it, collect receivables, move on. Valuation follows accordingly, at EV/EBITDA multiples of 4–7x, a close watch on order book coverage, and short-horizon cash flow thinking. A concession business operates on an entirely different logic. You are not selling a deliverable. You are selling availability, throughput, or a regulated service over a defined contractual period stretching 20 to

50 years. The asset does not leave the balance sheet at handover — it becomes the engine of long-term cash generation. And the market prices it accordingly. Infrastructure concessions globally trade at 10–15x EV/EBITDA, with digital infrastructure reaching 12–18x. Private airport transactions have recently closed at 23x EV/EBITDA — as in AviAlliance's 2025 acquisition of AGS Airport Group ([CBRE Investment Management, Q4 2025](#)) — and private cell tower portfolios at 20x+ EV/EBITDA (CBRE Investment Management, Q1 2024). Unlisted airport transactions command a 34% premium over their listed equivalents, on average (Lazard Asset Management, 2024). These are not premiums born of sentiment. They reflect genuine structural advantage: no quarterly earnings pressure, no replicable competitor, contracted cash flows with government counterparties, and built-in inflation linkage. A CFO who applies a 5x EBITDA multiple to an asset that the market prices at 12x has not done conservative analysis. They have destroyed shareholder value before a single transaction has been negotiated.

The Terminal Value Trap

One of the most important, and counterintuitive, technical arguments in the paper concerns terminal value. In a standard corporate DCF, terminal value typically accounts for 60–80% of total enterprise value. In a Build-Operate-Transfer concession, the terminal value is typically zero. The asset reverts to the government at handback. The cash flows are finite and contractually bounded. The model horizon is not a perpetuity growth rate — it is a date. Every year of the concession life must be explicitly modelled, with lifecycle capex, regulatory resets, O&M escalation, and refinancing risk all accounted for. The CFO who reaches for a terminal multiple instead of building the full concession-period model has not saved time. They have introduced a systematic valuation error into every downstream decision the business makes.

Capital Structure Is Architecture, Not Finance

Sadangi's paper is equally direct on capital structure. In concession finance, debt is not raised against a corporate balance sheet, it is engineered at the project level through non-recourse or limited-recourse structures, with Debt Service Cover Ratios of typically 1.20–1.40x acting as the operating constraint and equity IRR derived as a residual of the financing architecture. For GCC-based concession businesses, this also means intelligently deploying Islamic finance instruments like Sukuk, Murabaha, Ijara structures, which access a distinct regional liquidity pool that conventional financing alone cannot reach. And in 2025, ESG credentials have become a direct cost-of-capital variable: over a 25-year concession life, a 20–30 basis point reduction in all-in debt cost from sustainability-linked financing translates into material equity NAV uplift.

The Infrastructure Decade Rewards Those Who Speak Its Language

We are at the beginning of an infrastructure decade. The capital is available. The pipelines are active. The institutional demand is structural and durable. What is scarce is the financial leadership capable of closing the gap between what these assets are genuinely worth and what misapplied corporate finance models suggest they are worth.

As Kailash Sadangi concludes: "The CFO's job is to build the financial architecture, governance transparency, ESG credentials, and investor narrative that allow the market to see and price that reality." The organisations that invest in that capability now will define the next generation of infrastructure champions. Those that do not will continue to leave value on the table — one mis-priced asset at a time.

About Kailash Sadangi

Kailash Sadangi is a senior finance and governance professional with over three decades of experience across the GCC, Asia-Pacific, Europe, and Australia. His career spans multinational corporations, including Emerson and Terex, the Dubai-listed Drake and Scull International, and Public Private Partnerships (PPP), Al-Muhaidib Group, and Al-Othman Holding. He is a DBA Researcher from Warwick Business School, an MBA, holds Chartered Accountancy and CMA qualifications, and is a Certified Director from the GCC Board Directors Institute. The Org | ZoomInfo | Medium

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