

InvestEU Scoreboard¹

Presentation of the financing or investment operation:

Implementing Partner: EIB

Name of the Operation: DOUAI EV BATTERY GIGAFACTORY

Type of approval :

☒ Individual financing or investment operation

☐ Framework Operation

Name of the final recipient: ENVISION AESC FRANCE S.A.S. and ENVISION AESC FRANCE REAL ESTATE HOLDINGS

Country(-ies) of implementation: France

Short description of the financing or investment operation:

The operation consists of the construction and operation of an innovative high tech 9 GWh production facility in Douai, France, for advanced lithium-ion battery cells and modules for Electric Vehicles ("EV") application (the "Project").

The Project caters for entry level vehicles in this market. The promoter signed a strategic partnership with French car manufacturer Renault in which the Project is to become a key enabler of Renault's transition to EV production.

The Project is in full alignment with EU's and France's ambitions to support clean mobility. The Project and its future expansions will bring a sizable contribution to these ambitions, while increasing the "Made in EU" production of batteries.

The promoter, Envision AESC Group LTD is a reputable battery supplier with a solid track-record of manufacturing quality battery products.

The Project is innovative as it concerns the implementation in Europe of an advanced manufacturing technology to produce high voltage li-ion battery cells.

The Project constitutes the first phase of a plan for a larger build-out to 30+ GWh in capacity by 2030.

Public Statement

The project concerns the implementation in Europe of an advanced manufacturing technology for the production of advanced li-ion battery cells. The latter is considered a key enabler for the development of the European EV industry.

The company achieved an important milestone in the prototyping of the cells and now needs to follow suit with getting it in a stable serial production at acceptable scrap rate, the hardest part in this high-tech industry by some accounts.

The project could make a substantial contribution to the development of the EU-based battery industry. The knowledge spillovers in Europe are related to the cooperation with the French EPC constructor for

¹ This Scoreboard of indicators reflects the information presented to the InvestEU Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

the development and construction of the highly specialised building (clean room, utilities), and with regional technical schools for the up/re-skilling of the labour force.

The project caters for the transition in e-mobility by supplying the growing demand in Europe for EV Batteries with advanced battery cells. It therefore qualifies in full as Climate Action (mitigation).

The project is located in a cohesion region where it will create significant long-term skilled employment. It therefore qualifies in full under Cohesion.

The operation qualifies for InvestEU eligibility as it relates to modernisation and decarbonisation of industry, specifically transport aiming at significant reduction or avoidance of GHG emissions.

Europe must master the de-carbonisation of its transport sector. This passes through the transformation of its automotive industry from supplying vehicles running on carbon fuels to vehicles running on electricity. This in turn requires the build-up of an innovative European battery industry. Europe lags behind in the development and industrialisation of battery technologies and the related know-how.

The project addresses these failures.

The project:

(a) has the nature of a public good for which the operator or company cannot capture sufficient financial benefits (knowledge dissemination through technology transfer and education and skills of the local labour, and a lasting specialised infrastructure being made available at no or negligible cost, both in a Cohesion Region);

(b) generates externalities which the operator or company fails to internalise, such as climate mitigation.

The financing also addresses the market failure of insufficient investment in a transition region and thus supporting the strengthening of the EU's economic, social and territorial cohesion.

The Project's external benefits are potentially high as it contributes to the establishment of an industrial value chain in Europe of a competitive battery technology. The Project will lead to important knowledge transfer to Europe. It will deploy advanced manufacturing activities and related high skilled jobs in Europe. The Project will furthermore help creating the conditions for the deployment of e-mobility, and the development of a cleaner and more sustainable transport system In Europe and lead to lower emissions of pollutants (health benefits) and CO₂ (climate benefits) on the roads.

The proposed non-recourse structure is innovative for this type of project, traditionally financed through corporate loans by commercial banks at sponsors' level. EIB's capability to appraise and structure the Project with unmatched terms and conditions on the commercial market would bring significant added value to the Promoter. EIB will not only close a large financing gap but also crowd in other financiers. The increased risk profile of the loans (loan tenor potentially going beyond the Renault offtake contract and being exposed to a mix of substantial market / technology / offtaker creditworthiness risks, subject to acceptability being confirmed during appraisal) beyond what the Bank traditionally regards as acceptable, can be considered thanks to Invest EU protection.

Considering the above, the project will generate economic benefits that are greater than those captured by the investor's financial returns.

The operation would not be carried out to the same extent by the EIB without the InvestEU support.

Pillar 3 - Market failure or sub-optimal investment situation addressed by the financing or investment operation (Excellent)	
Pillar 4 - Financial and technical contribution by the Implementing Partner (Excellent)	
Pillar 5 - Impact of the financing or investment operation (Good)	
Pillar 7 - Complementary indicators ²	
Key project characteristics	
Expected at PCR	
Start of works	01.10.2022
End of works	31.03.2025
Project investment cost	1,317 MEUR
Mandate eligible investment mobilized	1,219 MEUR
Mandate multiplier effect	13.58
Mandate leverage effect	3.90
Amount of private financing	917 MEUR
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	100.00% Mitigation - Other (transversal)
Employment during construction temporary jobs	1,880 person years
Employment during operation – new permanent jobs	1,000 FTE
Gender Tag	No Significant contribution to Gender Equality
Employment during project operation - women	[...]
Outputs	
Expected at PCR	
Production capacity of advanced Lithium-ion battery cells for Electric Vehicles	>9 GWh / Year
Digitalisation - % share of project cost	15.5%
Outcomes	
Expected at PCR	
Annual production in battery cells	[...]
Total potential sales of the project	[...]

² The abbreviation PCR stands for Project Completion Report. EIB internal methodologies are used in order to calculate the figures presented in this document. The Promoter's estimates might differ.

Employment supported by the project (FTE)	1,000
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