



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	REGIONAL DEVELOPMENT PROJECT
<u>Promoter or financial intermediary</u>	UAB KONCERNAS ACHEMOS GRUPE
<u>Country of implementation</u>	Lithuania
<u>Summary project description</u>	<p>The project consists of the construction of a melamine plant by UAB KONCERNAS ACHEMOS GRUPE on the Achema AB existing industrial site in Lithuania. Achema AB is the largest producer of nitrogen fertilizers and other industrial chemical products in the Baltics.</p> <p>In order to capitalize on its existing nitrogen complex and urea production, diversify its production to more high value added products and broaden its customer base, the Promoter has decided to set up a melamine production facility (“the project”). Melamine is a high value added chemical normally processed as a resin that is used in a number of applications, such as wood panels, laminates and coatings. The main end-user industries of melamine are construction, furniture and automotive. The project is part of a larger investment program by the Promoter, aiming to broad its product portfolio and client base. The melamine plant will have a design capacity of 60,000 MTPA and planned production of 50,000 MTPA, corresponding to a capacity utilization of 83%, in line with industry standard. The majority of the produced melamine will be sold to customers in Western Europe and a small portion to customers in Eastern Europe. More than half of the sales are intended to be done via long-term contracts with major customers directly, and the rest via short-term contracts with smaller customers and spot sales to traders.</p> <p>Due to the growing melamine market, the stable supply of urea as raw material and the Promoter’s seasoned personnel and vast experience in operating chemical facilities, the project is expected to generate stable returns and mitigate the exposure to the agricultural sector and its related cyclicity and seasonality.</p> <p>The project is located near Jonalaukio village, Jonava district, Lithuania. Works are expected to start during Q2-2019. Completion of the melamine plant including commissioning and start-up is foreseen on October 2020.</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI 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. Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under the articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank’s internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	High
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	100.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Less-developed regions and transition regions	100.00%
Less-developed regions and transition regions as listed respectively in Annex I and Annex II of Commission Implementing Decision 2014/99/EU	100.00%

Pillar 2

Quality and soundness of the project	Good
1. Growth	[...]
2. Promoter capabilities	[...]
3. Sustainability	[...]
4. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of four indicators which include:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*
- (iii) "Sustainability" i.e. environmental and social sustainability²;*
- (iv) "Employment" i.e. the project's direct employment effect.*

Pillar 3

EIB Technical and financial contribution to the project	Moderate
1. Financial contribution	[...]
2. Financial facilitation	[...]
3. Advice	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor),*
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments,*
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer – provided in-house by the EIB or in the form of assignments to external consultants – to facilitate the preparation or implementation of a project.*

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 – Complementary indicators

Additionality

This operation to a new counterpart contributes to the EFSI objective to support an industry in a cohesion region within the EU by providing financing to Achema AB and Melamine SPV (the "Borrower"), a counterpart involved in the fertilizer industry located in a less-developed region.

The operation addresses an existing market failure and sub-optimal investment situation in Lithuania caused by the current lack of long-term financing offer and credit availability. As a result, non-rated corporates and the Borrower face significant constraints in their capacity to finance long-term capital expenditures, in particular in this case in the cyclical industry of fertilizer production.

Thanks to EFSI, the EIB will support the necessary investments of the Borrower, hence contributing to growth, job creation and job retention. The financing will allow the Borrower to construct a new melamine production plant to be embedded in its current production processes.

Due to the risk profile of the Borrower and industry sector, the operation will qualify as Special Activities. The EIB financing will also act as a clear catalyst for additional investors as well as provide a positive signal that could stimulate the development of similar financing schemes to support this segment of the market and similar corporate in Lithuania and in the Baltics.

Set of indicators related to the macroeconomic environment

Lithuania - Economic environment

Economic Performance

	LT	EU	US	LT
	2016	2016	2016	2001-2007
GDP per capita (EUR, PPS)	22,456	29,440	42,615	16,168
GDP growth (%)	2.3	1.9	1.6	8.1
Potential GDP growth (%)	2.1	1.3	2.1	6.1
Output gap (% of potential GDP)	0.82	-0.75	-0.03	1.9
Unemployment Rate (%)	7.6	8.2	4.7	9.7
Unemployment Rate (%) - Y/Y change (% points)	-1.2	-0.8	-0.3	-1.8
Bank-interest rates to non-financial corporations (%)	2.3	1.4	1.8	4.6
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.07	-0.21	-1.4	0.75
Investment rate (GFCF as % of GDP) - Total	18.6	19.7	19.6	23.4
Investment rate (GFCF as % of GDP) - Public	2.9	2.7	3.4	3.6
Investment rate (GFCF as % of GDP) - Private	15.7	17.0	16.2	19.8

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial corporations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics

	Expected at PCR
Start of works	01.02.2018
End of works	31.10.2020
Project investment cost	124.10 MEUR
EIB/EFSI eligible investment mobilised	122.40 MEUR
External EFSI multiplier	2.04
External EIB (non-EFSI) multiplier	
Amount of private financing	64.10 MEUR
Quick start (% of expenditure during 2015-2018)	15.90 %
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs	760 person years
Employment during operation - new permanent jobs	65 FTE

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report.