

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	DIGITAL INNOVATION ACCELERATION
<u>Promoter and financial intermediary</u>	EL CORTE INGLES SA
<u>Country of implementation</u>	Spain
<u>Summary project description</u>	<p>Driven by evolving consumer needs and technological progress, the retail sector has been rapidly transformed and is a catalyst for innovation and productivity. Over the last decade, the US-based GAF A (Google, Apple, Facebook and Amazon) have disrupted the retail market closely followed by their Chinese equivalents the BATX (Baidu, Alibaba, Tencent and Xiaomi) posing a threat to established players. European market players now accelerate their digital transformation to provide an online experience comparable to their competitors and seek to differentiate through client proximity leveraging upon their networks of stores.</p> <p>The Promoter is a leading retail group in Spain. In the context of a previous project financed by the EIB, the company has been laying the foundation for a new integrated online retail platform, and has adjusted and optimized its supply and distribution processes and strengthened the IT infrastructure, data storage and computational processes in order to support the digital transformation.</p> <p>The Project supports the Promoter's digitalisation activities relating to the setting up of new digital platforms and solutions organised in three major areas, namely (i) improvement of sales performance, (ii) optimisation of the Supply Chain and logistics and (iii) investments in additional cross-company critical infrastructures, software and systems driven by the digital transformation process. The three main targets of the investments include (i) leveraging of digital technologies that can support the omnichannel offering, (ii) making efficient use of the wealth of data in order to improve customer experience and after sales services, and (iii) deployment of a scalable platform.</p> <p>The Project focuses on the most innovative investments of the promoter, supporting the implementation of new or significantly improved products and services, process innovation through the implementation of new</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 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 [...].

delivery methods and new business practices, workplace organisation and external relations. The expected activities span from hardware infrastructure, digitalization of services, logistics, customer interaction and data analytics to business transformation. These activities will entail the adoption of Artificial Intelligence and Cognitive Computing across multiple business processes. They will involve several technologies, as expert systems, neuronal networks, text analytics, natural language processing, data mining, Bayesian inference, semantic analysis and machine learning, among others.

An area of innovation that will be supported by the project concerns the optimisation of its supply and logistic chains through the adoption of blockchain and robot process automation, the scale up of the developments made in the supply chain business process and purchase integration and the optimisation of the orders' picking up process. Finally, the project includes developments related to cybersecurity that is relevant for the online services.

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
EFSI	
Contribution to EFSI	100.00%
EFSI: Development and deployment of information and communication technologies	100.00%
Other development and deployment of information and communication technologies	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 up to four indicators, as relevant, among which:

- (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;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

Pillar 3

EIB Technical and financial contribution to the project	Significant
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 up to 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

In line with the EFSI objectives of development of information and communication technologies, this operation supports the promoter in the deployment of digitalization projects expected to provide several innovative features and processes. This will allow a further digital transformation of the business model of the promoter and as such support the EU policy of evolving towards an information society.

The financing of this project addresses the market failure of imperfect competition as it contributes to expanding the competitive space for new processes, products and services. Also the financing of this project supports RDI activities, which generate significant positive knowledge, technology externalities, through the creation of innovative processes, products or services and through skills development and upgrading.

The promoter is facing a sub-optimal investment situation, as it is difficult to obtain competitive terms for financing the significant investments required by the digitalization driven challenges that traditional retail companies are facing.

The project is expected to be classified under the EIB Special Activities category, in particular due to the cyclical and very competitive nature of the sector, long tenor of the operation, as well as the unsecured format of the financing. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The EIB loan with the support of EFSI will provide a signalling effect of the quality of the project. Therefore, the operation is expected to crowd-in other private and public financiers to the company and to increase their confidence in the promoter's long-term sustainability and its future investment plans.

Set of indicators related to the macroeconomic environment

Spain - Economic environment

Economic Performance

	ES 2018	EU 2018	US 2018	ES 2001-2007
GDP per capita (EUR, PPS)	28,497.70	30,935.11	43,569.11	29,209.95
GDP growth (%)	2.58	1.96	2.85	3.55
Potential GDP growth (%)	1.16	1.60	2.23	3.58
Output gap (% of potential GDP)	0.87	0.61	0.74	2.74
Unemployment Rate (%)	14.40	6.60	3.90	9.98
Unemployment Rate (%) - Y/Y change (% points)	-2.10	-0.60	-0.20	-0.34
Bank-interest rates to non-financial corporations (%)	1.69	1.26	--	3.78
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.13	-0.06	--	-0.04
Investment rate (GFCF as % of GDP) - Total	21.21	20.54	20.84	28.71
Investment rate (GFCF as % of GDP) - Public	2.10	2.85	3.30	4.14
Investment rate (GFCF as % of GDP) - Private	19.11	17.68	17.53	24.57

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Retail trade, except of motor vehicles and motorcycles (% of total VA)	--	--	--	--	4.40
Employment in Retail trade, except of motor vehicles and motorcycles (% of total employment)	--	--	--	--	8.40

Research, development and innovation

	2014	2015	2016	2017	EU (latest available)
Gross domestic expenditure on R&D (GERD) (% of GDP)	1.24	1.22	--	--	2.03
Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP)	0.76	0.78	--	--	0.97
Research and development expenditure - Government (% of GDP)	0.23	0.23	--	--	0.24
Research and development expenditure - Higher education (% of GDP)	0.35	0.34	--	--	0.47
Research and development expenditure - Business (% of GDP)	0.65	0.64	--	--	1.30
Research and development expenditure - Private non-profit sector (% of GDP)	0.00	0.00	--	--	0.02
Eco-innovation index (EU =100)	107.00	106.00	--	--	100.00

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

- EU value for "Bank-interest rates to non-financial cooperations" 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 value at PCR
Start of works	01.01.2019
End of works	31.12.2021
Project investment cost [MEUR]	220.27 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	220.27 MEUR
External EFSI multiplier	2.00
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	10.27 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	100.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs [person years]	813 person years
Employment during operation - new permanent jobs [FTE]	0 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. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.