



## EFSI Operation Scoreboard<sup>1</sup>

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	BATTERIES PLANT CAPACITY EXPANSION
<b><u>Promoter or financial intermediary</u></b>	SYSTEMS SUNLIGHT INDUSTRIAL & COMMERCIAL COMPANY OF DEFENSIVE ENERGY ELECTRONIC & TELECOMMUNICATIONS SYSTEMS SA
<b><u>Country of implementation</u></b>	Greece
<b><u>Summary project description</u></b>	<p>The project consists of an expansion of the promoter's existing manufacturing capacity, by about 65%, to 2.5 million cells per year. Following the investment, the plant would be the largest lead-acid battery manufacturing plant in Europe, thus allowing for substantial economies of scale. As a result, significantly lower production costs would help to improve the competitiveness of the plant to an extent that would enable the promoter to address new geographical markets and expand its product range into higher value added applications.</p> <p>The project includes, firstly, investments in new machinery and equipment in the existing lead-acid battery production plant; and, secondly, increases in inventory working capital. In addition, it comprises, thirdly, investments in R&amp;D for the development of new battery products. The project will be located in the promoter's current production site in Xanthi.</p> <p>Best known as starter batteries for cars, lead-acid batteries are a large, albeit mature, market. They also play an important role as motive (traction) batteries in industrial applications, e.g. in the market for light industrial vehicles, such as forklifts, and as reserve/stand-by power source, where they are valued as a cheap, reliable and safe power source.</p> <p>The current trend towards the electrification of vehicles has focused public attention on lithium-ion technology, which promises clear advantages over lead-acid batteries in terms of power density (electric power stored per kilogram of mass). Therefore, lead-acid batteries are widely seen as a commodity product that will soon become obsolete. The resulting supply-gap continues to widen as the demand for lead-acid batteries is forecast to grow at a rate of about 4% p.a. in the medium term. The primary objective of the promoter is to compete in the fast-growing, more demanding segments, where the supply-gap is the widest, by offering a highly competitive product from a modern, state-of-the-art manufacturing facility. Secondly, as further improved batteries based on lithium-ion technology will start to gradually replace lead-acid batteries in about a decade, the promoter intends to use the free cash flow from the project for investments in the assembly of lithium-ion battery packs on the one hand and the expansion of its recycling facility for lead-acid batteries on the other. The latter investments are, however, not part of this project.</p>

<sup>1</sup> 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
<b>Cross-cutting objectives</b>	
EIB Cohesion Priority Regions / Economic and Social Cohesion	100.00%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Research, development and innovation	9.00%
Projects that are in line with Horizon 2020	9.00%
EFSI: Less-developed regions and transition regions	91.00%
Less-developed regions and transition regions as listed respectively in Annex I and Annex II of Commission Implementing Decision 2014/99/EU	91.00%

### **Pillar 2**

Quality and soundness of the project	Excellent
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 sustainability<sup>2</sup>;*
- (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.*

<sup>2</sup> 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 is supporting a key industry in a less-developed region of Greece, contribution to both the EFSI objectives of supporting research, innovation and development as well as supporting industries in less-developed and transition regions as per EU cohesion policy.

The project promoter is also indirectly supporting the circular economy as the battery plant whose capacity will be increased, is partly using as raw material products from the related battery-recycling factory.

The operation is addressing a suboptimal investment situation specific to Greece as commercial banks are not presently able to provide long term financing to corporates and are still faced with constraints related to their non-performing exposures. Capital markets are also presently offering short to medium tenors.

The EIB financing under EFSI will support the development of the company by offering adequate financing conditions, in particular longer tenors more in line with the economic life of the investment than the financing that could be provided by commercial banks. The EIB financing under EFSI will fall under the EIB Special Activity risk category for a number of reasons, in particular as the borrower is an unrated and relatively small scale company acting in a global mature, competitive and capital intensive industry.

EIB is considered as anchor investor, since its funding support provides additional comfort on both the project and the promoter's soundness. The long-term EIB funding will have a strong signalling effect on the local financial community, including commercial banking partners, other investors in the local debt market and foreign trade suppliers of Sunlight. Equally important, the EIB loan will potentially attract international lenders to consider entering into lending operations with Sunlight. Due to its longer tenor, EIB position vis-à-vis other lenders would be subordinated.

As such, the project will also contribute to maintaining some 740 direct jobs and to create 70 additional ones in a region with high unemployment rates (the total unemployment rate in the region in 2016 was 22.8%, and youth unemployment was 53.4%).

## Set of indicators related to the macroeconomic environment

Greece - Economic environment				
Economic Performance				
	GR	EU	US	GR
	2016	2016	2016	2001-2007
GDP per capita (EUR, PPS)	19,723	28,440	42,615	26,293
GDP growth (%)	0.01	1.9	1.6	4.1
Potential GDP growth (%)	-1.4	1.3	2.1	3.3
Output gap (% of potential GDP)	-9.8	-0.75	-0.03	3.1
Unemployment Rate (%)	23.5	8.2	4.7	9.7
Unemployment Rate (%) - Y/Y change (% points)	-0.6	-0.8	-0.3	-0.36
Bank-interest rates to non-financial corporations (%)	4.5	1.4	1.8	4.6
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.66	-0.21	-1.4	-0.23
Investment rate (GFCF as % of GDP) - Total	11.4	19.7	19.6	24.1
Investment rate (GFCF as % of GDP) - Public	3.1	2.7	3.4	5.4
Investment rate (GFCF as % of GDP) - Private	8.3	17.0	16.2	18.7

General Sector Indicators					
	2013	2014	2015	2016	EU (latest available)
Value added in Manufacture of electrical equipment (% of total)	--	--	--	--	0.8
Employment in Manufacture of electrical equipment (% of total)	--	--	--	--	0.7

- 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 indicators<sup>3</sup>

#### Key project characteristics

	Expected at PCR
Start of works	01.01.2017
End of works	31.12.2020
Project investment cost	31.43 MEUR
EIB/EFSI eligible investment mobilised	26.20 MEUR
External EFSI multiplier	2.10
External EIB (non-EFSI) multiplier	
Amount of private financing	18.93 MEUR
Quick start (% of expenditure during 2015-2018)	63.00 %
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	57 person years
Employment during operation - new permanent jobs	70 FTE

<sup>3</sup> 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.