



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	SALZGITTER STEEL RDI
<u>Promoter or financial intermediary</u>	SALZGITTER AG
<u>Country of implementation</u>	Germany
<u>Summary project description</u>	<p>The promoter operates in a complex competitive environment characterised by high capital intensity, constant technological change, volatile raw material prices, exposure to cyclical end-industries and global competition. In this context, significant investments in research, development and innovation are crucial for the promoter in order to keep a leading position in its market segments.</p> <p>The project supports Salzgitter's strategy to move towards more efficient and digitalised manufacturing processes and to develop new higher value added products in order to address the increasing technical requirements from its customers [...]. The project will thereby contribute to increasing Salzgitter's knowledge and expertise in the field of steel manufacturing [...] and key enabling technologies. The project contributes to increase the EU knowledge and technological base in the manufacturing of among others: (i) high-tech flat [...] steels mainly addressing lightweight challenges in the automotive industry; (ii) in beverage filling equipment by increasing equipment performance and reducing the footprint of the equipment; (iii) in stainless seamless and precisions steel tubes high-tech niche segments with extremely high product quality and technical performance requirements as well as (iv) in factory digitalisation. It ultimately aims at safeguarding the company's competitiveness and building its competencies for the future, thus securing its position as employer for its permanent workforce of about 23,139 people worldwide (excl. trainees, apprentices and temporary staff), of which 20,866 are based in Europe.</p> <p>The project covers RDI and digital transformation expenditures of the promoter for the years 2018-2021 to support the promoter's digital transformation in</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 [...].

	<p>order increase its competitiveness.</p> <p>45% of the investment is dedicated to RDI activities that, if successful, will lead – directly and indirectly - to GHG emission savings. Most prominent examples would be improved energy efficiency and reduced GHG emissions from steel manufacturing processes and reduced GHG emissions of lighter vehicles by supplying high-strength and lightweight steels to the automotive sector.</p>
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PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
Climate Action	45.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Research, development and innovation	88.00%
Projects that are in line with Horizon 2020	88.00%
EFSI: Development and deployment of information and communication technologies	12.00%
Other digital content	12.00%

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 Sheet (ESDS) published on the EIB website.

Pillar 4 – Complementary indicators

Additionality

The operation will address the EFSI Objective of supporting research, development and innovation (RDI) and in particular projects that are in line with the EU policy objectives enshrined in the Horizon 2020 programme. The operation will in particular support the promoter's research and development in respect to production processes and manufacturing technology including low carbon steel. It will also target the deployment of information and communication technologies and digital content, in particular regarding the promoter's digital transformation. The operation will significantly contribute to the Climate Action objectives of the EIB.

The operation is addressing a market failure in relation to financing crucial RDI activities, which generate significant positive knowledge, technology and environmental externalities, through the creation of innovative processes, products and services. It will also contribute to skills development and upgrading of know-how. The EFSI support will help the promoter to face a sub-optimal investment situation which is due in particular because of the cyclical nature of the industry and the volatile commodities markets.

The operation is risky and is expected to fall under the EIB Special Activity category. The project could not have been carried out to the same extent by the EIB without the EFSI support.

The EIB financing under EFSI shall provide comfort and a positive signalling effect to the market on the soundness of the borrower's strategy, and a catalytic effect strengthening commercial lenders' confidence in the borrower's capacity to pursue its strategic objective and investment plan.

The operation is also partially financed by national and EU grant support (Horizon 2020).

This will be the first operation with the promoter for the EIB.

Set of indicators related to the macroeconomic environment

Germany - Economic environment

Economic Performance

	DE	EU	US	DE
	2016	2016	2016	2001-2007
GDP per capita (EUR, PPS)	36,232	29,440	42,615	32,614
GDP growth (%)	1.9	1.9	1.6	1.4
Potential GDP growth (%)	1.8	1.3	2.1	1.3
Output gap (% of potential GDP)	-0.15	-0.75	-0.03	-0.27
Unemployment Rate (%)	3.9	8.2	4.7	9.4
Unemployment Rate (%) - Y/Y change (% points)	-0.5	-0.8	-0.3	0.06
Bank-interest rates to non-financial corporations (%)	1.3	1.4	1.8	4.1
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.15	-0.21	-1.4	-0.04
Investment rate (GFCF as % of GDP) - Total	20.0	19.7	19.6	19.9
Investment rate (GFCF as % of GDP) - Public	2.1	2.7	3.4	2.0
Investment rate (GFCF as % of GDP) - Private	17.9	17.0	16.2	17.9

Energy

	2013	2014	2015	2016	EU (latest available)
Energy consumption from renewables (%)	12.4	13.8	14.6	--	16.7
Energy consumption from renewables - distance to EU 2020 target (%)	5.6	4.2	3.4	--	3.3
Energy dependence (%)	62.6	61.6	--	--	53.5
Primary energy consumption (consumption in 2005 =100)	95.4	91.8	92.3	--	89.3
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	130.7	--	--	--	141.7
Primary energy consumption (Million Tonnes of Oil Equivalent)	302.8	291.1	292.9	--	1,530
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	26.2	14.5	16.3	--	46.6

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Manufacture of basic metals (% of total)	--	--	--	--	0.6
Employment in Manufacture of basic metals (% of total)	--	--	--	--	0.5

Research, development and innovation

	2013	2014	2015	2016	EU (latest available)
Gross domestic expenditure on R&D (GERD) (% of GDP)	2.8	2.9	2.9	--	2.0
Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP)	0.18	0.11	0.13	--	0.97
Research and development expenditure - Government (% of GDP)	0.42	0.43	0.43	--	0.24
Research and development expenditure - Higher education (% of GDP)	0.51	0.51	0.5	--	0.47
Research and development expenditure - Business (% of GDP)	1.9	2.0	2.0	--	1.3
Research and development expenditure - Private non-profit sector (% of GDP)	--	--	--	--	--
Eco-innovation index (EU =100)	132.0	134.0	129.0	--	100.0

- 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	01.01.2018
End of works	31.12.2021
Project investment cost	330.60 MEUR
EIB/EFSI eligible investment mobilised	328.00 MEUR
External EFSI multiplier	2.19
External EIB (non-EFSI) multiplier	
Amount of private financing	178.00 MEUR
Quick start (% of expenditure during 2015-2018)	
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	45.00% Mitigation - RDI (transversal)
Employment during construction - temporary jobs	2,988 person years
Employment during operation - new permanent jobs	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.