

Conclusions

Douai EV Battery Gigafactory

INVEU-ICR-0016-2023 – Sustainable Infrastructure Window

Short description of the financing or investment operation and its objectives

Name of financial recipients	Envision AESC France S.A.S Envision AESC France Real Estate Holdings
Type of the final recipients	Special Purpose Vehicle / Project Company
Countries of implementation	Douai, Pas-de-Calais region, France
Implementing partner	European Investment Bank (EIB)

The project consists of implementing an advanced manufacturing technology for the production of li-on battery cells in Europe, considered as a key enabler for the development of the European EV industry. The company achieved an important milestone in cells prototyping 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 spill overs in Europe are related to the cooperation with a French EPC constructor for 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.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 23 March 2023 for the above-mentioned operation.

The operation addresses several **market failures** and suboptimal investment situations. Beyond the Renault offtake contract the project will be exposed to an unusual mix of risk (technology, market, off taker creditworthiness, multi-contract construction, raw materials supply risks). As such, this operation will have a significantly higher risk profile than standard EIB operations, which could not be considered to the same extent without the InvestEU guarantee protection. In addition, the existence of a suboptimal investment situation is derived from the failure to internalise the cost of climate protection to which electric mobility will have a substantial contribution. Finally, the innovative technology exposes the project to risks beyond levels that private financial actors will typically accept.

The operation is **additional** both to private sources as well as to existing support from other public sources, as demonstrated specially by several characteristics. First, the proposed non-recourse structure is innovative for this type of project, traditionally financed with corporate debt provided by commercial lenders at sponsors' level. Second, EIB's capability to appraise and structure the Project with terms and conditions not readily available on the commercial banking market brings significant added value to the Promoter. The EIB participation as cornerstone lender is furthermore sending a signal to the market about the viability of the



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transaction, and will result in crowding-in. Finally, significant additionality is brought by the EIB participation, since reaching the necessary amount of liquidity at reasonable financing costs is not guaranteed without the Bank's participation.

The Investment Committee especially appreciated the aspect of good potential for knowledge transfer and up/re-skilling of automotive workers in Europe.