

Conclusions

LOXAM electric capex programme

INVEU-ICR-0007-2022 – Sustainable Infrastructure

Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary	LOXAM SAS
Countr(ies) of implementation	France
Implementing partner	EIB

The project consists in the company's multi-annual green investment plan in new state-of-the-art electric equipment as well as other 'low emission' biofuel and hydrogen powered equipment substituting fossil fuel-powered, polluting and CO₂-emitting rental equipment in France. It includes the implementation of charging stations and hydrogen-refuelling stations, as well as the associated digitalisation for tracking, remote diagnostics and preventive maintenance.

The project will support Loxam's recently decided ambitious decarbonisation strategy, and will set an example in Europe in the construction equipment rental sector and the construction sector at large.

Loxam aims to go further than its peers in reducing greenhouse gas emissions (purchase of electric and hybrid equipment, optimisation of transport, etc.), professional inclusion (apprenticeships, local recruitment, people with disabilities, etc.) and regional development (increasing its rental sites network coverage, working with local companies, etc.).

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 31 March 2022 for the above mentioned operation.

The company stands out in the sector as the most ambitious driver of the concept of natural resource use, management and protection / circular economy. The project constitutes a significant investment in fleet electrification and substitution of fossil-fuelled equipment with zero/low emission equipment. The project will help to reduce the energy consumption, avoid exhaust emissions, reduce noise emissions and reduce pollution by oils and lubricants during operation and maintenance. The associated digitalization will enable the tracking, remote diagnostics and preventive maintenance of the equipment and thereby further reduce the carbon footprint. These factors combined constitute a significant 'development and deployment of innovative solutions and business processes for circular economy' in the construction equipment rental business, and set an example to the construction sector at large. The project addresses the market failures of insufficient investment in circular economy in the EU and insufficient attention in the construction equipment rental sector for reducing energy consumption and extending the life of the assets.

Most of the project will be implemented in sites located in cohesion regions. The project thereby supports the strengthening of the EU's economic, social and territorial cohesion. These local investments will contribute to the creation of a more sustainable, healthy and affordable living

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environment, and in maintaining and expanding the promoter's employment in the regions concerned.

The EIB loan addresses the borrower's needs to (i) achieve greater financial flexibility by shifting its financing profile towards longer term financing and (ii) diversify its lender pool. The EIB loan will provide a financial safeguard to the promoter and support its equipment electrification plan and through the uncertainty triggered by the COVID-19 crisis. The proposed loan structure provides the borrower with the necessary flexibility to undertake the investments. Origination and appraisal of the operation has benefited from EIB technical expertise. Targeted regular monitoring will be applied.

The Investment Committee welcomed the contribution of the operation to climate and environment objectives, in particular through the electrification of the fleet and equipment, as well as the support of the investments in cohesion regions and for employment preservation.