Emertec Gestion

Venture Capital & the Recycling Industry

Address to the World Materials Forum







WMF - Nancy, June 9th 2016

Emertec in a nutshell VC finance for the Cleantech industry

- > Venture Capital Fund Management
- > Founded in 1999 with offices in Grenoble, Paris and Metz with 10 seasoned professionals
- ➤ Current total Asset under Management : 150 M€
 - Emertec 5 : 50 M€ (2013)
 - European Fund for Innovative Materials (FEM) : 25 M€ (2015)
- > Focus on Early stage + Cleantech : 80+ start-ups financed since 1999
- → RECYCLING : A MAJOR TOPIC OF INTEREST FOR OUR FUNDS BUT...





1. Examples driven from VC exp.



Terra Nova Metal

- Founded 2006, raised +10 M€ financing
- Rich PCB recycling
- Acq. by MCC Non Ferrous Trading in 2014 after going under "Chapter 11" in Sept. 13



Regefilms

- Founded 2007, raised ar. 2 M€ seed finance
- Recycling of food & agriculture film back into film packaging
- Liquidation after Chapter 11 in June 2013



NR Gaïa

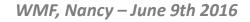
- Founded 2010, raised ar. 1,5 M€ seed finance
- Recycling of paper scraps into cellulose based insulation material
- Liquidation after Chapter 11 in June 2014



Valorene

- Founded 2013, raised ar. 2 M€ seed finance
- Recycling of tire scraps into technical flooring/gum material
- Liquidation after Chapter 11 in March 2016







2. Adverse external factors

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GLASS

EMERTEC

> Traditional internal factors are not sufficient to account for such difficult situation

- Management
- Innovation
- Competition
- > 3 major adverse factors at work





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3. Lessons learned

- > Traditional recycling models difficult to accommodate for VC finance
- > Limitations of the traditional "Waste collection plant centered" model
- > Perception of slow & difficult incremental innovation



→ WE HAVE NOT SEEN A STRONG VC CASE IN RECYCLING FOR A WHILE...



4. Alternative models

- > Alternative models for waste recycling are emerging, focusing on :
 - Decentralized "blockchain" logistics
 - Consumer incentive to better collect and sort

UBERIZATION @ WORK in the Recycling Industry

→ Fab-Less models means lower CAPEX

Optimized logistics through decentralization

- Local hubs connected through e-platform
- Small decentralized entities (sometimes the consumer himself) doing most of the job

→ Natural selection of least sensitive models after years of low raw-mat prices





5. Inspiring examples



RUBICON GLOBAL

- Founded 2008, based in Atlanta GA (USA), +85 M\$ raised Unicorn valuation (> 1b\$)
- Connecting independent trash haulers with waste producers through bididng process
- Ambition : eradicate landfills

RECYCLEBANK

- Founded 2004, NYC (USA), 2 M\$ raised with Coca-Cola
- Encouraging recycling habits by enrolling tier-one brands in consumer reward programs
- Proven business model based on individual resp.



Recyclebank

CANIBAL

- Founded 2009, based in France
- Collecting Cans, plastic cups & bottles againts consumer coupons
- Innovative communication tool within the office space

CARBON CONVERSION CARBON CONVERSION ELECTRINO THAS SUSTAINANT

CARBON CONVERSION TECHNOLOGY (CCT)

- Founded 2013, in Ireland
- Connecting used tyre producers with downstream gum consumers by organizing the logistics
- Ambition : develop facilities worldwide to recycle used tyres





6. Conclusions & QA

- Alternative models are coming into Europe, inspired from US approach but adapted to EU market specificities
- > Will take time due to heterogeneous framework throughout EU
- > Virtuous circle to initiate thanks to innovation

THANK YOU !





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