

Emertec Gestion

Venture Capital & the Recycling Industry

Address to the World Materials Forum



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

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

- Management
- Innovation
- Competition

➤ 3 major adverse factors at work



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...

➔ MEANS THAT OUT-OF-THE-BOX INNOVATION IS NEEDED... AND COMING...

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 bidding 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.



CANIBAL

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



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 !

Emertec Gestion

Emertec Gestion
Succursale de Metz
Centre d'affaires Imoclaire
5 place Saint-Martin
57000 Metz
lbocahut@emertec.fr

