

# Biomass Investment Projects Financing

**Mattig-Levercom  
Management Partners  
Ltd.**  
**Part of Mattig Group,  
Switzerland**



# Financial Instruments in the EU and Bulgaria

## EU – a great deal of successful biomass projects

- Grants – various grant schemes and subsidies
- Bank loans – preferential terms
- Soft loans
- Public funding
- Emission sales etc.

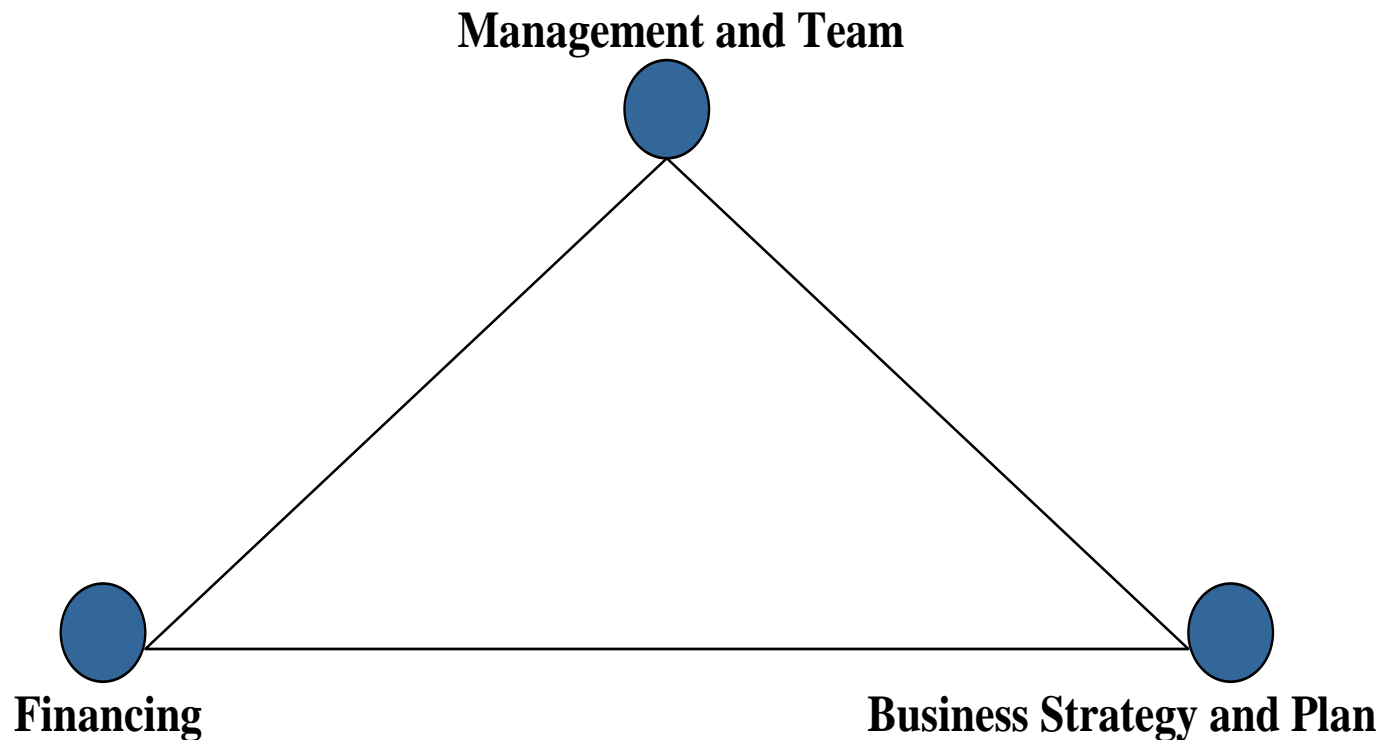


## Bulgaria

- No long-term national strategy for Energy efficiency which encourages such projects through subsidies and grants
- A possibility to fund projects by Austrian and German investors
- The local partner needs to secure the regular supply of the input material
- Austrian and German entrepreneurs and investors

# Investment Projects Development Financing of a Project

**Main Focus on Investment Projects Realization Support**



# I. Financing of Biomass Projects

1. Type and size of the project
2. Who is going to realize the project
  - Presence and size of the own capital
3. Structure of the sought financing
4. Type of financing:
  - Project financing
  - Traditional financing
5. Equity capital
6. Type and size of the debt financing (interest-bearing debt) – first & second lien loans, soft loans, unsecured loans, hybrid instruments



# II. Financing Procedure

## 1. The Business Plan

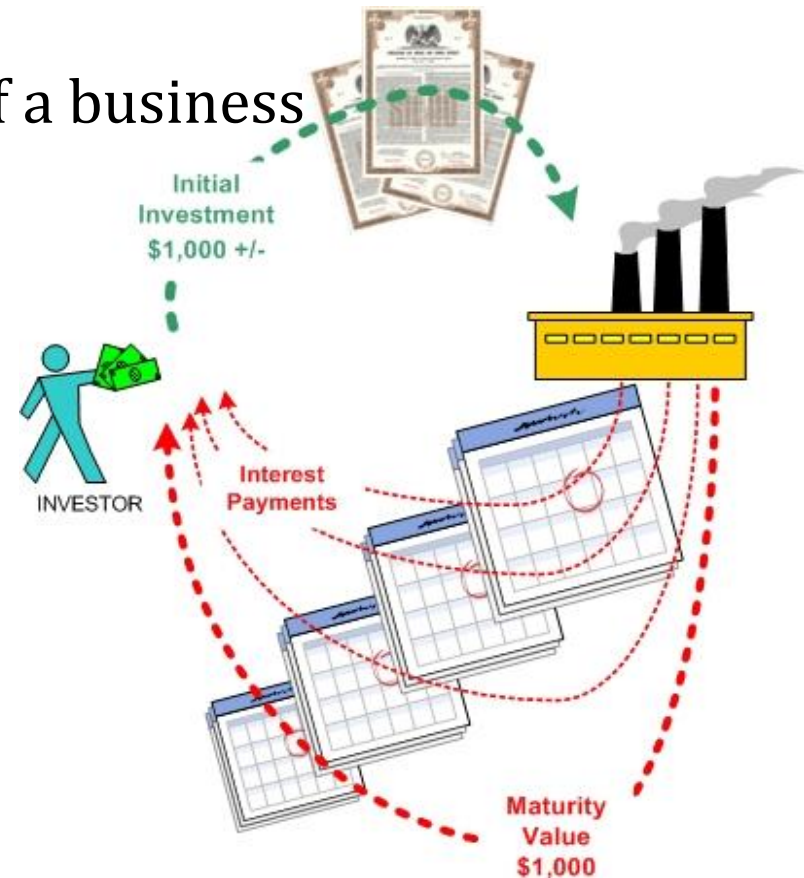
- The financial model as the basis of a business
- Financial Engineering

## 2. Investor (Equity)

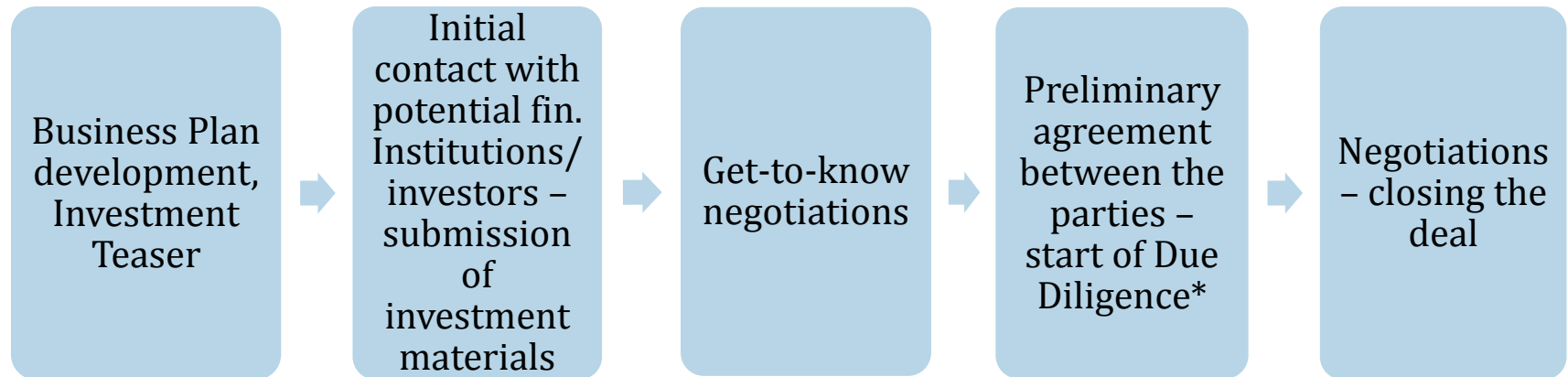
- The Business Model

## 3. Debt financing

## 4. Grant Schemes in Bulgaria ?!



# II. Financing Process



**\*Due Diligence** – a detailed examination of the legal, technical and financial status of the company

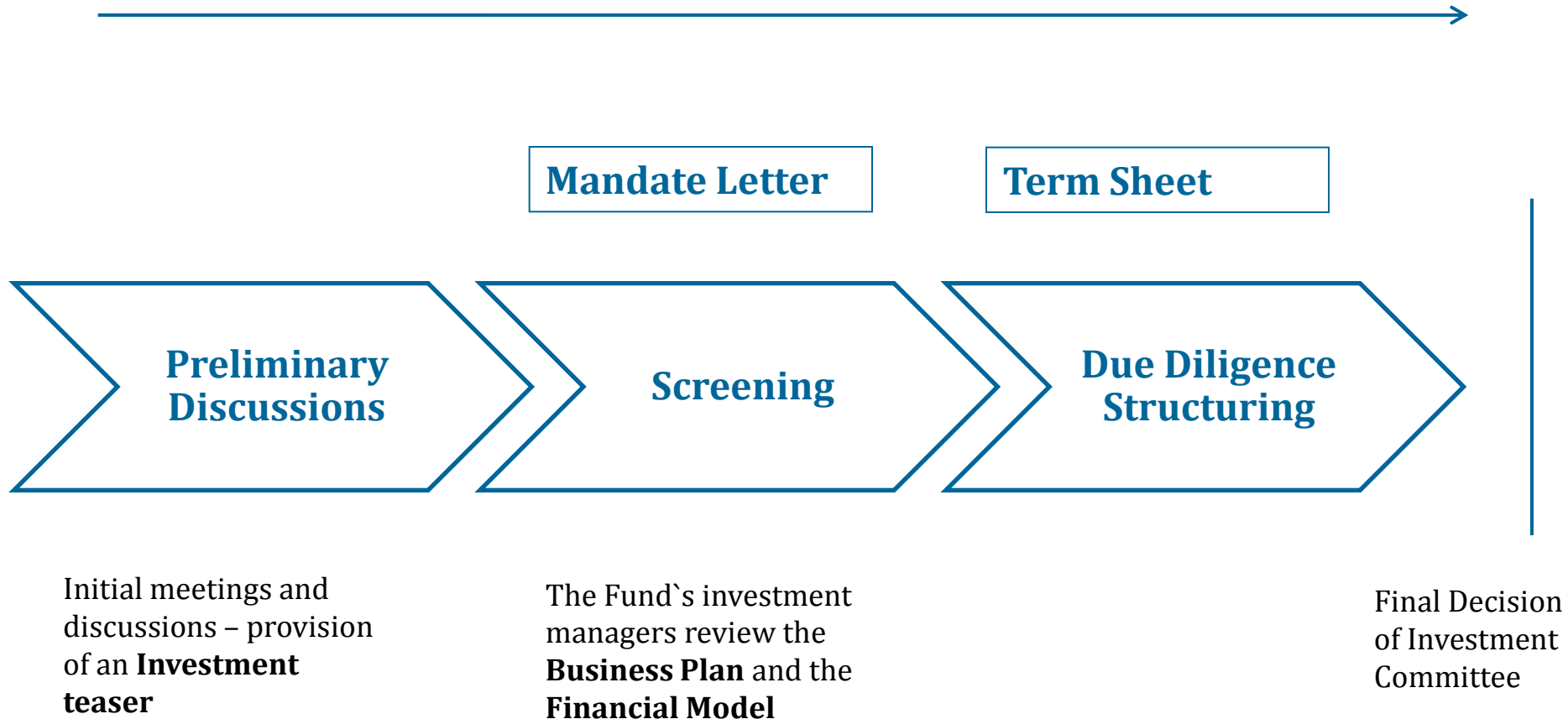
# Private Equity Financing

- PE Funds
- Strategic Investors
- IPO on the Stock Exchange  
→ for projects over **€ 20 M**



# III. Private Equity Fund Investment Process (1)

Pre-investment phase (3 to 9 months)





# III. Private Equity Fund Investment Process (2)

Post-investment phase (1 to 8 years)



- Trade sale
- Sale back
- IPO
- Secondary buy-out
- Re-leveraging of the Company

# IV. The Business Plan (1)

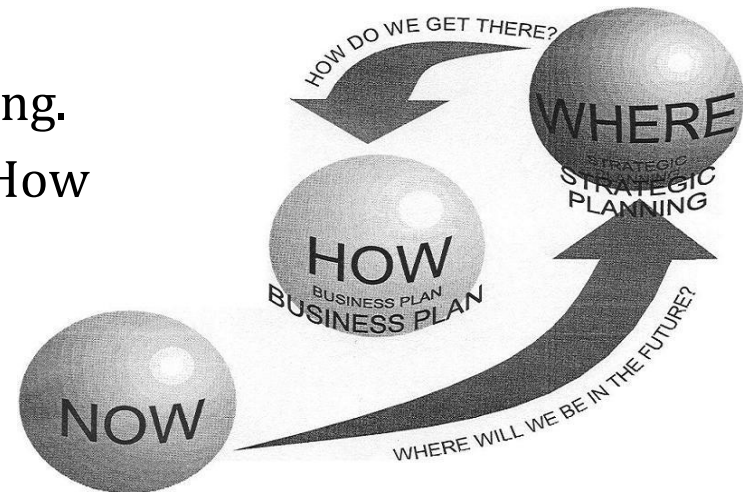
Who is going to realize the project

- Experience, capabilities and potential
- Presence of own capital for the project

Purpose of the Business Plan – the main instrument for the success of a presentation in front of the financial institution

- Looking for Financing. Type of financing.
- Looking for an Investor – Who, Why, How

**A document with required content, structure and layout**



# IV. The Business Plan (2)

**The Good Business Strategy** – the correct and actual picture of the current business and realistic evaluation of the potential for future development

**The process of Business planning** – a major factor for success, both for securing financing, as well as for successful realization of the project and sustainable development of the business after its implementation.

- *Potential of the market*
- *Risks and threats*
- *The positive factors*
- *The amount of the investment*
- *Working capital*
- *Financial projections*
- *Is it a good investment and how to measure its effects*



# IV. The Business Plan (3)

Legal and regulatory framework in terms of:

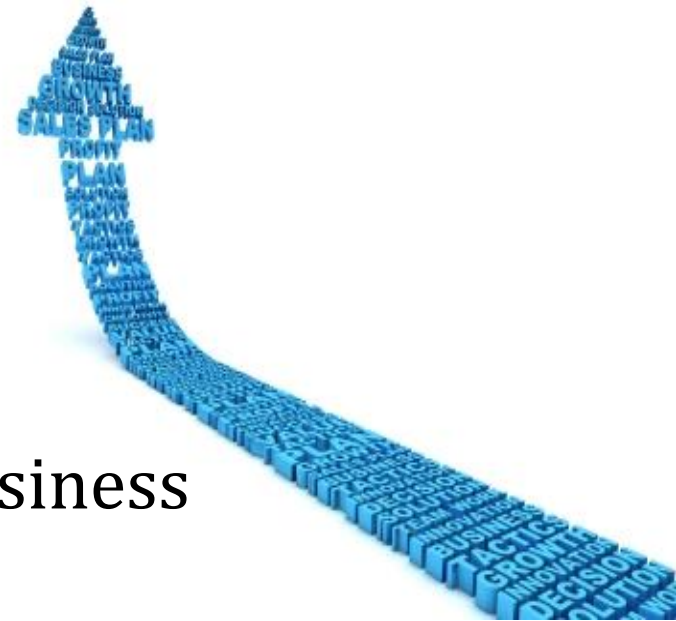
- ❖ Output – end products
- ❖ Inputs – input materials, etc.

Overall Project Assessment

- ❖ SWOT

The importance of analyzing the business environment

- ❖ PEST



# IV. The Business Plan (4)

*The secrets of a good business plan. Business Plan Turnoffs*

## Business Plan Secrets:

- Structure, Logic, Business Model, Financial Model
- Cash Flow and nothing but the Cash Flow!

## Business Plan Turnoffs:

- No plan in the business plan
- No summary in the business plan
- The basis plan is a book
- It is all in the appendix
- Do not be negative
- Prototypes and demos attached
- Embarrass your language teachers



# V. Alternative Financial Instruments

**Mezzanine financing** – a hybrid financing instrument between debt and equity, typically used for financing existing companies, disbursed against interest

- ❖ Type of the project
- ❖ Size of the investment
- ❖ Other requirements– technical, technological

Size and terms of the potential equity co-investment

- ❖ Second Lien Loans
- ❖ Unsecured Loans



# Debt financing – Bank loans

## An example – annuity vs. monthly equal payment on principal

Loan parameters		Annual repayment installments (principal + interest)		
		Years	Annuity payment	Monthly equal payment on principal
Principal of the loan (Euro)	1000000	Y1	176 600	194 144
Exemplary interest %	8.5%	Y2	268 202	289 120
Grace period (months)	6	Y3	268 202	270 231
Term of the loan (months)	60	Y4	268 202	251 343
		Y5	268 202	232 454
		<b>Total:</b>	<b>1 206 908</b>	<b>1 237 292</b>



# Who We Are

## **Mattig-Suter und Partner Schwyz** Treuhand- und Revisionsgesellschaft

50 Jahre Mit dem Wandel leben

- I Established in 1960
- I Headquartered in Schwyz (Switzerland), subsidiaries in Zug, Brig, Pfäffikon, Vienna, Bratislava, Sibiu, Timisoara, Bucharest, Sofia and Tirana
- I Over 120 employed professionals

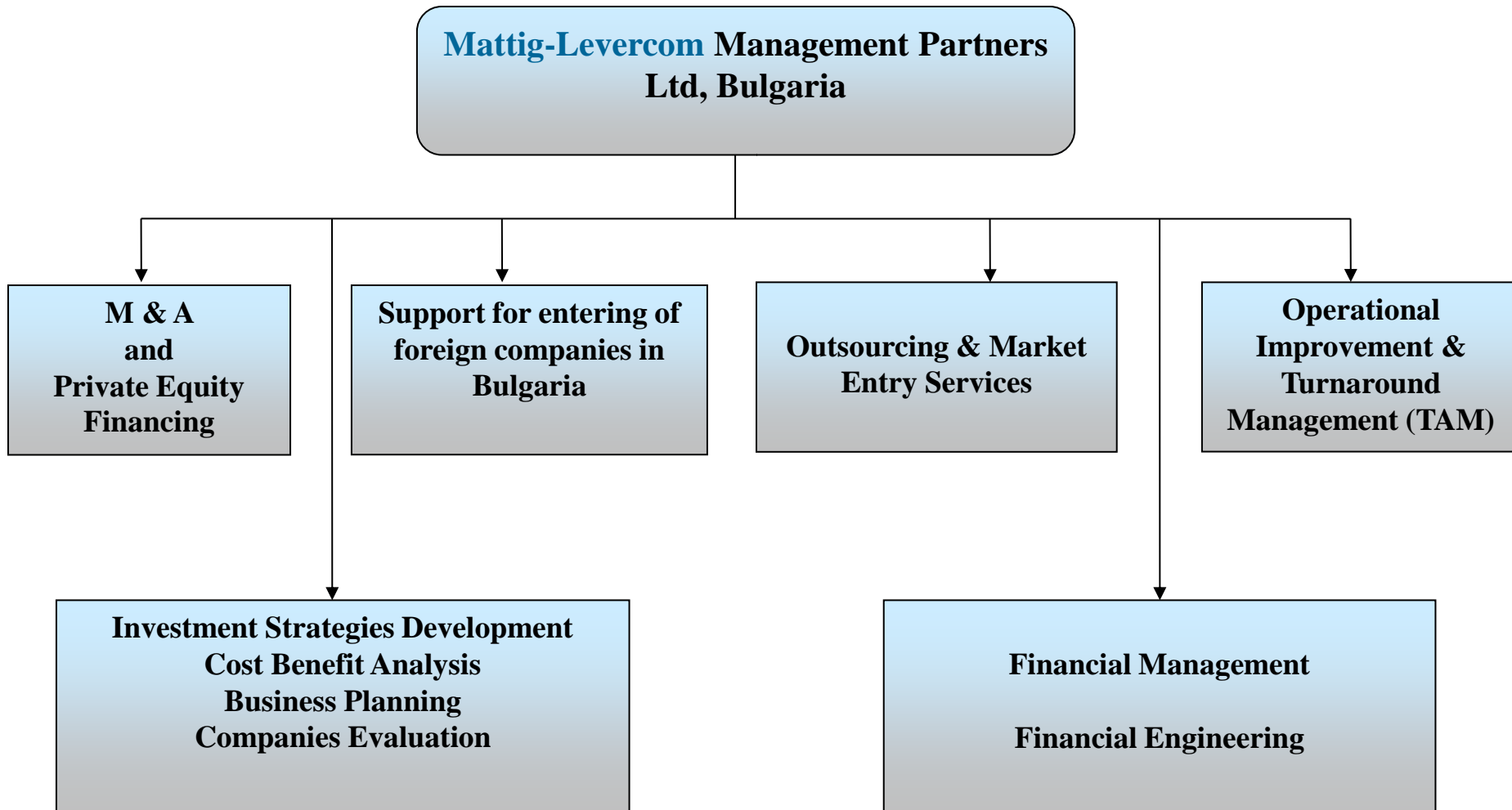
## **Mattig** Management Partners

- I Established in 2005
- I Headquartered in Schwyz (Switzerland) subsidiaries in Pfäffikon, Vienna, Bratislava, Timisoara, Bucharest, Sofia and Tirana
- I Over 22 employed professionals





# Activities of **Mattig-Levercom** Management Partners Ltd.



# Thank You for Your Attention!



**Zoya Vassileva**  
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