

Highly Commended Winner Best Sustainable Treasury Solution

Enpal BV

Paul Frorath, Director Investments

Enpal.

Enpal is the leading German provider of holistic integrated renewable energy solutions for households, offering solar, battery storage, EV-charging, and residential heating solutions. Enpal also aggregates and optimises assets on their proprietary energy management platform.

Sustainable Trade Loan improves Enpal's working capital gap

The challenge

Accessing financing for early-stage growth companies can be challenging as Enpal, Germany's largest residential solar power company, knew all too well. Despite accelerating sales, the company's ability to finance growth was limited, particularly given its essential focus on shoring up its supply chain to ensure it could continue to meet demand.

Enpal kept ample stock on hand yet maintaining growth stock also used up the company's valuable working capital. The company's working capital gap was an average of 130 days and it wanted support to help finance a longer cash conversion cycle.

The solution

Enpal and Citi set up an innovative Sustainable Trade Loan facility to support the solar group's accelerating business growth. The Sustainable Trade Loan is a "use of proceeds facility," which means it is exclusively drawn to finance the purchase of solar panels and associated materials.

By utilising the facility, Enpal can make timely payments to its suppliers so that treasury and procurement can continue to order the components and parts it needs to meet sales demand. Without access to this working capital, procurement would be limited around the frequency and size of component orders, in turn limiting their growth.

"The flexibility of this platform allows us to obtain financing for our suppliers exactly when they need it and for the amount that they need," explains Paul Frorath, Director Investments.

Best practice and innovation

The facility had to be shaped in line with the early stage of the company, and Enpal's rapid growth phase. Enpal needed a facility that was flexible and easy to use, whilst also covering the end-to-end cash conversion cycle. The facility needed to fit alongside existing bilateral facilities with differing security packages, but with the simplicity of an electronic platform available on demand.

Under the facility, Enpal can draw any tenor up to 180 days depending on its working capital needs at any given time. Payments are delivered to suppliers on a real-time basis, ensuring their key relationships are maintained.

Key benefits

- Process efficiencies.
- Increased automation.
- Improved visibility.

Citi's structured Sustainable Trade Loan takes floating charge security over the goods in transit. Proceeds are paid directly to suppliers to mitigate potential counterparty risks. This solution covers Enpal's working capital gap whilst also allowing the company to reduce or increase the tenor out to 180 days. The dynamic solution is based on the specific requirements at each drawdown.

Supporting high growth companies requires strong alignment across the bank to allow access to capital in a safe and sustainable manner.



Paul Frorath and Leon von Engelmann, Enpal and Katherine Earl, Citi

"This facility is an important building block to cover our working capital requirements and to allow us to meet our growing customer demand."

Paul Frorath, Director Investments

When Enpal spoke to us, it was evident they needed a solution to finance their rapidly growing green energy business. Enpal's and Citi's teams collaborated to establish an innovative Sustainable Trade Loan facility, helping to enable efficient, timely payments to suppliers for solar panels and materials. This flexible financing platform expands their options for the frequency and size of orders they could make, supporting their growth ambitions. Congratulations to the Enpal team on receiving this recognition. It was an honour to work with them and deploy our solution for such a vital cause: sustainability.

Katherine Earl, Head of Trade and Working Capital Sales, Europe and Thomas Herrmann, Sales Head Germany & Austria, Treasury and Trade Solutions, Citi

in partnership with