



EIB-Group Innovation Finance
Objectives and Opportunities of the
InnovFin Programme
and
the European Fund for Strategic
Investment (EFSI)

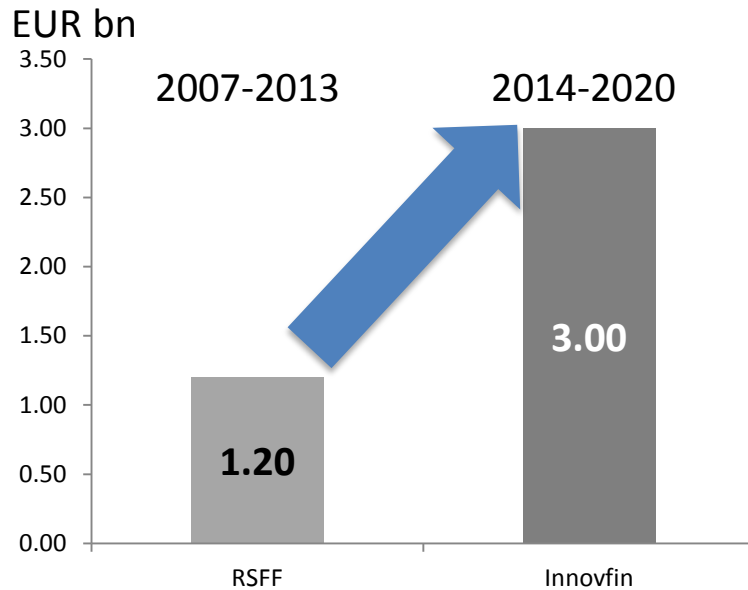
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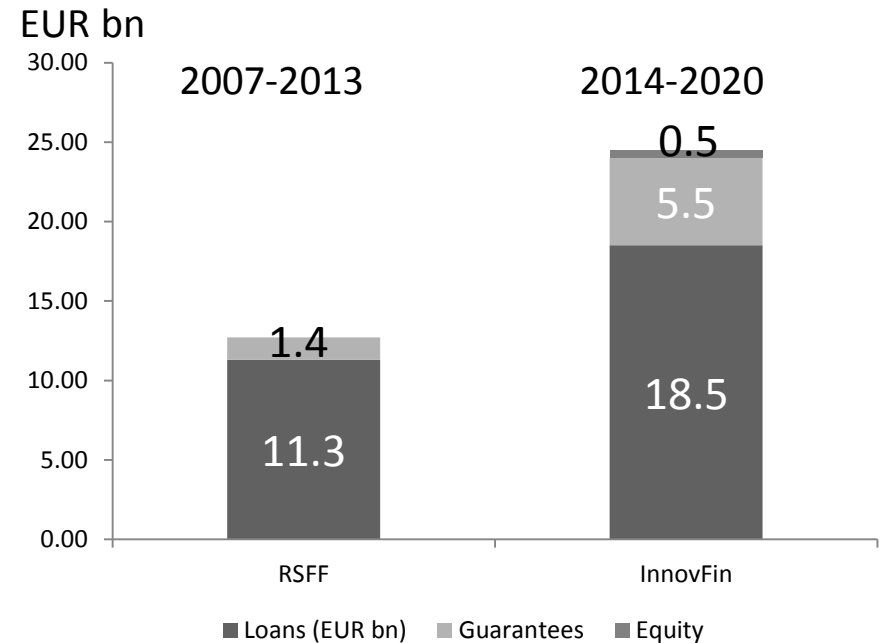
InnovFin: A Quantum Leap

InnovFin builds on the success of RSFF but will be much larger and broader

EU and EIB Group Contributions



Loans, Guarantees and Equity



InnovFin Product Overview



Early-stage Enterprises	SMEs
InnovFin Technology Transfer	InnovFin SME Guarantee
InnovFin Business Angels	
InnovFin Venture Capital	
InnovFin Fund-of-Funds	
Early-Stage Enterprises, SMEs and Small Midcaps < 500 Employees	SMEs and Small Midcaps < 500 Employees
Intermediated Equity Financing	Intermediated Debt Financing

Midcaps	Large Caps	Thematic Finance
InnovFin MidCap Guarantee	InnovFin Large Projects	InnovFin Energy Demo Projects
InnovFin MidCap Growth Finance		InnovFin Infectious Diseases
Midcaps < 3 000 Employees	Large Caps Typically > 3 000 Employees	SPV, Midcaps and Large Caps
Intermediated and/or Direct Corporate Lending	Direct Corporate Lending	Project Finance and/or Direct Corporate Lending

Advisory
InnovFin Advisory
Public and Private Sector Promoters
Financial Advisory

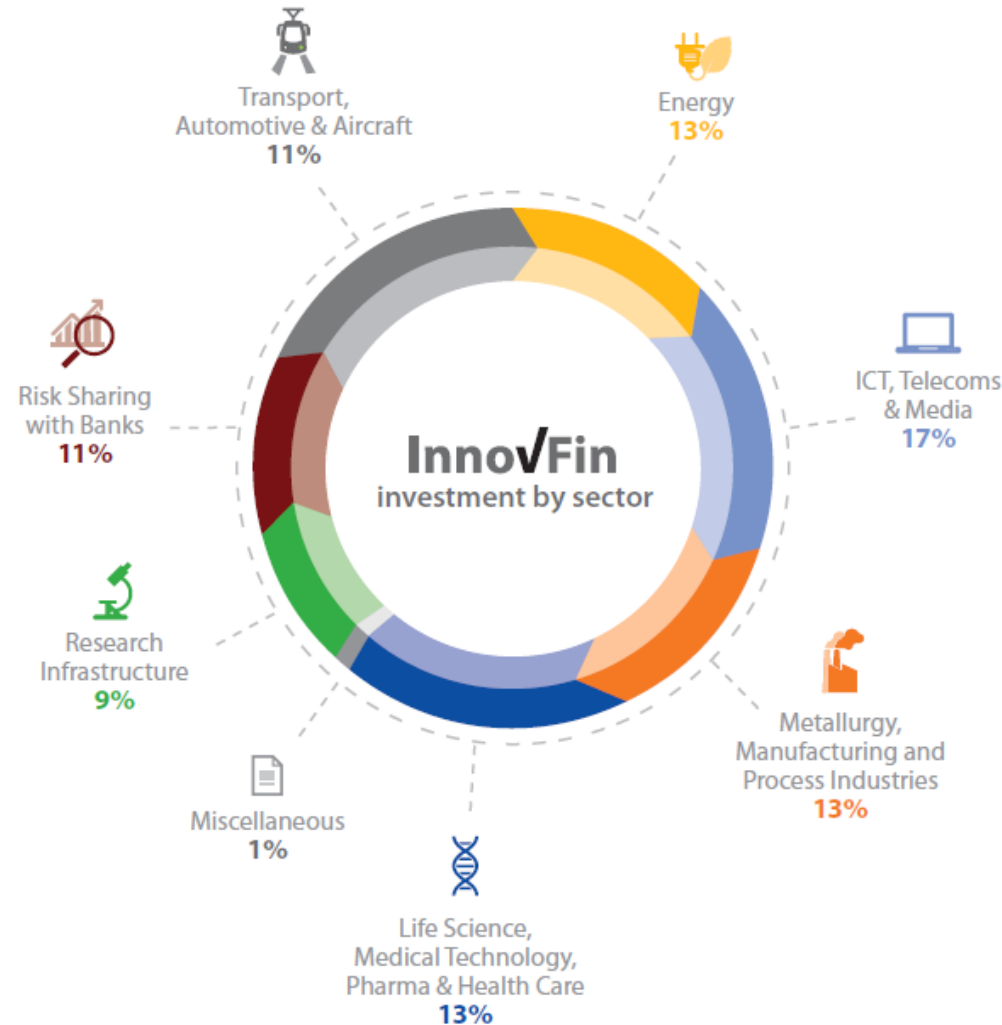
Direct products
 Indirect products

InnovFin in numbers (30.09.2016)

 **101** projects financed
thanks to InnovFin since 2014

EUR 100.5m 
Dedicated to boosting early-stage enterprises
thanks to InnovFin

 More than **3 000**
SMEs and small midcaps
supported thanks to InnovFin



InnovFin Product Overview



Early-stage Enterprises		SMEs		Midcaps	Large Caps	Thematic Finance	Advisory
InnovFin Technology Transfer	InnovFin SME Guarantee	InnovFin MidCap Guarantee		InnovFin Large Projects	InnovFin Energy Demo Projects	InnovFin Advisory	
InnovFin Business Angels		InnovFin MidCap Growth Finance			InnovFin Infectious Diseases		
InnovFin Venture Capital							
InnovFin Fund-of-Funds							
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Intermediated Equity Financing	Intermediated Debt Financing	Intermediated and/or Direct Corporate Lending		Direct Corporate Lending		Project Finance and/or Direct Corporate Lending	Financial Advisory

Direct products Indirect products

Basic features

Early Stage focus

Pre-seed, seed, start up phases (seed & A rounds included)

Focus on Horizon 2020 objectives (e.g. ICT, life sciences, clean energy)

Investment size up to EUR 50m

Pari-passu, at least 30% investment from private investors

Up to 25/50% of total commitments

x2 of investment ticket in eligible investees

EU + Horizon 2020 Associated Countries

Call for Expression of Interest

Stage coverage

InnovFin
Fund-of-Funds



OTHER EIF RESOURCES

InnovFin
Venture Capital



OTHER EIF RESOURCES

InnovFin
Business Angels

InnovFin
Technology Transfer

TRL 3-6

TRL 7-8

PRE-SEED PHASE
PROOF OF CONCEPT

SEED PHASE

START-UP PHASE

EMERGING GROWTH

DEVELOPMENT

SME Development Stages

Technology Transfer

Promotion of IP,
licensing, spin offs,
spin-outs

Pre-seed and seed
funds, including
affiliated with TTOs,
ROs, HEIs

Open to Proof of
Concept pockets

Investment size up to
50% of total
commitments

InnovFin
Technology Transfer

Investment size up to
EUR 50 million

TRL 3-8

At least 50% of fund
size focused on TT

SMEs, JVs, projects

Business Angels

Business Angel
managed funds and
co-investment funds

Open for experienced
business angels
wishing to team up
and set up their first
BA funds

Investment size
typically up to 50% of
total commitments

BA Funds are expected
to take investment
decisions, rather than
passively co-invest

InnovFin
Business Angels

May invest >50% fund
size if the co-
investment ratio is not
higher than 50% on
deal by deal basis

Investment size up to
EUR 50 million

Focus on ICT and
other H2020 sectors

Emphasis on seed and
start up stage, may
include social
enterprises

Venture Capital

Early stage focused
Venture capital funds
and co-investment
funds

Available also for first-
time or emerging
investment teams

Investment size
typically up to 25%,
but not higher than
50% of total
commitments

Open to multi-stage
strategies
(combining other EIF's
managed resources)

InnovFin
Venture Capital

Focus on one or more
H2020 sectors

Seed stage and series
A rounds, series B on
case by case basis

First closing preferred,
other closings if
catalytic

Investment size up to
EUR 50 million

Fund-of-Funds

FoF targets at least 4 countries (EU and/or H2020 Associated Countries)

Commitments to venture fund-of-funds

Investment size up to EUR 50 million (typically up to 25% of total FoF's commitments)

Investee funds should focus on H2020 sectors

InnovFin
Fund-of-Funds

Investee FMs established or operating in EU or H2020 Associated Countries

At least 50% aggregate investee funds investable amounts to be placed in EU

Open to multi-stage strategies with significant (>30%) early stage allocation

Effective & transparent FoF governance

EIF's assessment

Investment readiness

Team and Track Record (WHO)

- Adequate skill-set
- Track-record
- Cohesion /stability/succession
- Carry split
- Team commitment
- Governance structure: independence/ conflict of interests
- Reputation (referencing)

Market Opportunity (WHY)

- Deal flow/pipeline
- Competition

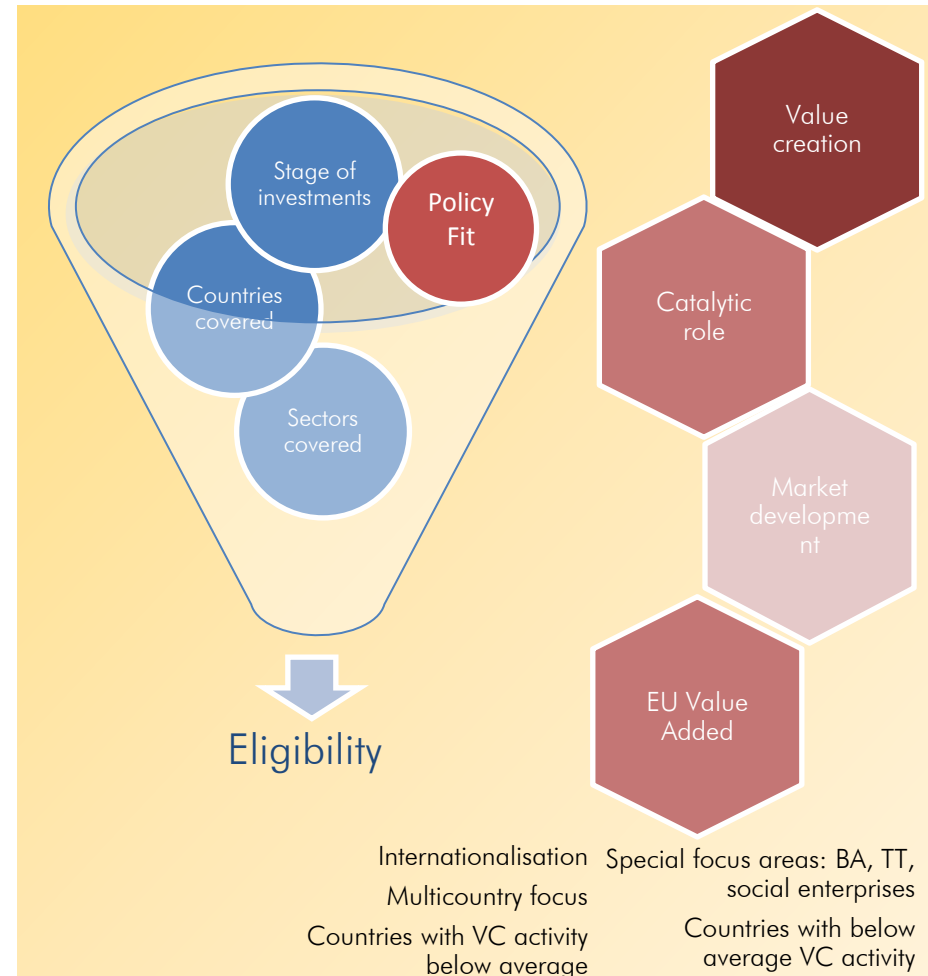
Investment Strategy (HOW)

- Focus, deal flow and pipeline
- Value creation / Unique Selling Point
- Coherence with the market opportunity, the team and the fund parameters

Fund Parameters (WHAT)

- Fund model: fund size / diversification / reserve policy / investment pace
- Terms and Conditions
- Management company budget
- Legal structure / compliance

Eligibility fit



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Financial Advisory

Direct products Indirect products

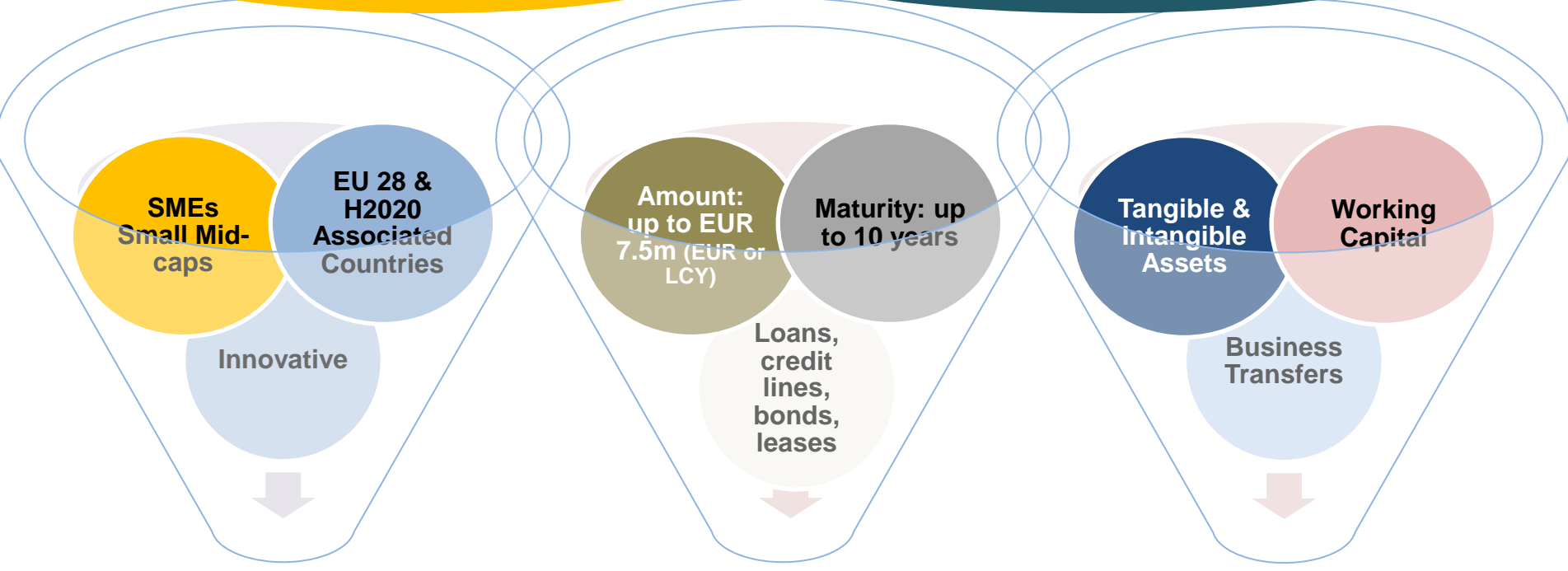
InnovFin SME Guarantee



This guarantee instrument covers the risk related to losses of a portfolio

Up to 50% loss coverage (Principal + Interest 90D)	Full Delegation to Financial Intermediaries	Automatic Coverage/Inclusion 2-3 yr period
Attractive Guarantee Terms	Favourable Capital Treatment	Guarantee and Counter-Guarantee

Key Guarantee Terms



Final Beneficiaries

Transactions
(senior debt only)

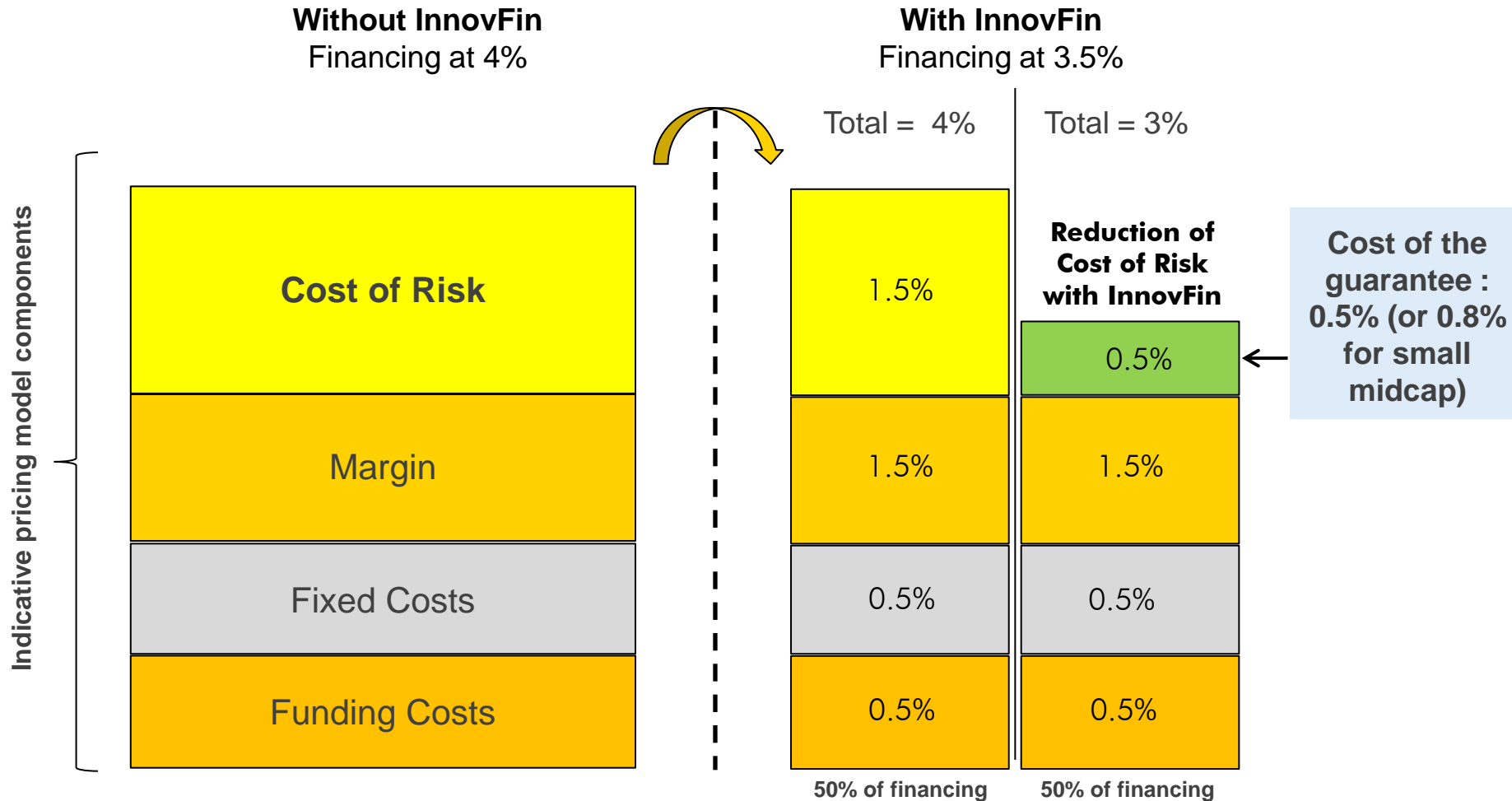
Purpose

Guarantee Fee



- Financial Intermediaries are required to transfer the Financial Benefit to SMEs & Small Mid-caps

Transfer of Benefit (indicative example)



InnovFin Product Overview



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Direct products Indirect products

How does the MidCap Guarantee work?



- 50% loss coverage for new mid-cap loans of up to EUR 50m not covered under InnovFin SME Guarantee
- Pari-passu sharing of risk and pricing
- Full delegation to financial intermediaries
- Favourable capital treatment expected



How does MidCap Growth Finance work?



- Direct long term debt and mezzanine finance: EUR 7.5m – EUR 25m
- Loans can be structured as economic equity (silent participation)
- For innovative Mid-Caps and SMEs (eligible counterparty concept)
- EIB can finance up to 50% of all investments over 3 years
- Streamlined EIB approval process

MidCap Growth Eligibility

Eligible counterparties must comply with **at least one** of the following criteria:

the company should intend to use the EIB financing to invest in producing or developing products, processes and/or services that are innovative and where the business plan indicates a risk of technological or industrial failure, or a business risk; or

the company is a “fast-growing enterprise”, as measured by its employment or turnover:

the company must demonstrate an average annualised growth in turnover greater than 10% a year, over a three-year period; or

the company must demonstrate an average annualised growth in full-time employees of at least 5% a year, over a three-year period (with one hundred or more employees at the beginning of the observation period); or

the company shall have significant innovation potential and/or be a “Research and Innovation (R&I)-driven enterprise”, satisfying at least one of the following criteria:

its certified accountant has highlighted in the latest financial statements R&I expenses/investment that are at least equal to 5% of its annual turnover;

the company undertakes to spend an amount at least equal to 80% of the EIB loan on R&I expenses/investment in the next 36 months as indicated in its business plan;

it has been formally awarded grants, loans or guarantees from European R&I support schemes (e.g. Horizon 2020 or FP7) or through their funding instruments (e.g. Joint Technology Initiatives, “Eurostars”) or through a national or regional research or innovation support scheme over the last 36 months;

it has been awarded an innovation prize over the last 24 months;

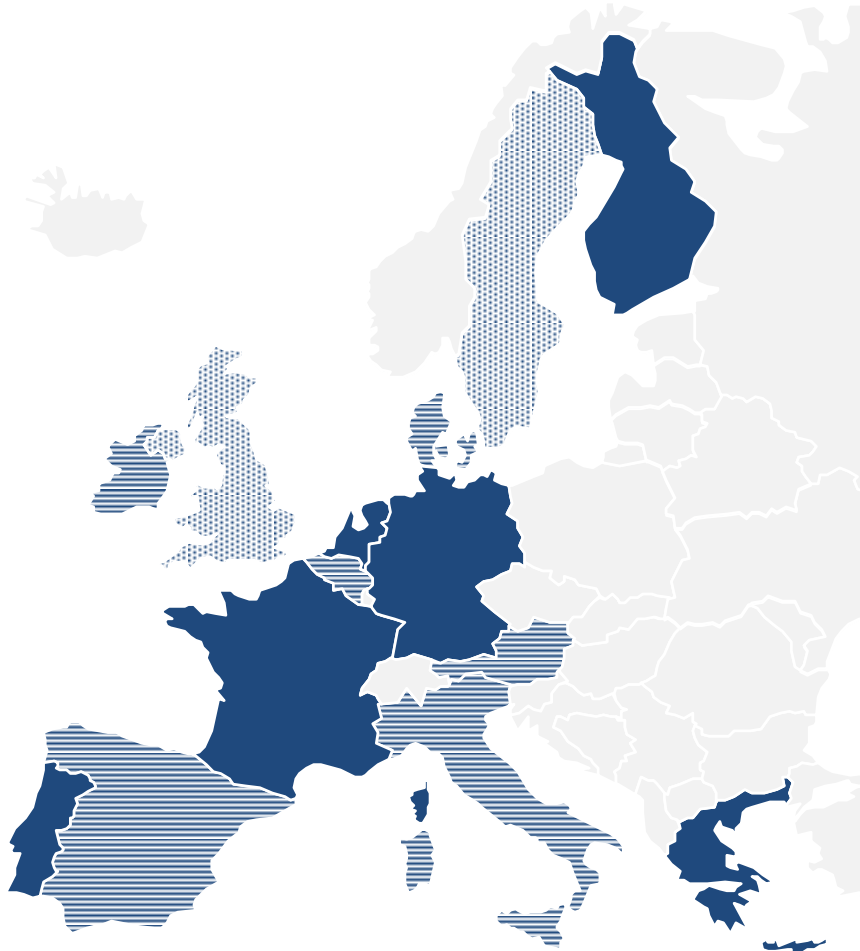
it has registered at least one patent in the last 24 months;




it has received an investment from a private-equity fund or from a business angel that is a member of a business angel network; or such a private equity fund or business angel is a shareholder of the company at the time of its application for the EIB loan;

its registered office is in a science, technology or innovation park, technology cluster or technology incubator, in each case with activities relating to R&I;

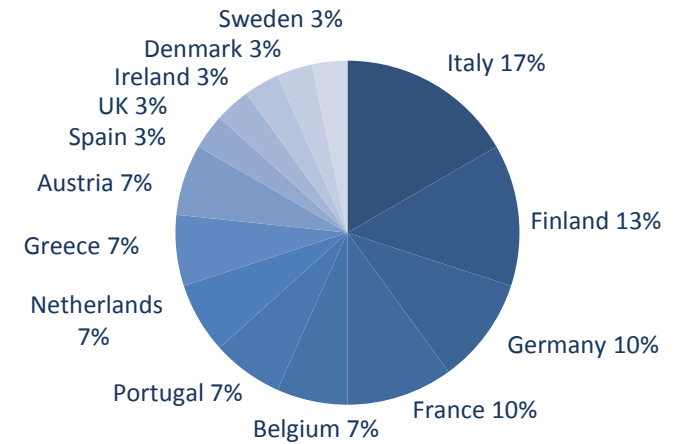
it has benefited from tax credit or tax exemption related to R&I investment in the last 24 months.

MidCap Growth Finance (“MGF”) 09/2014 – 09/2016

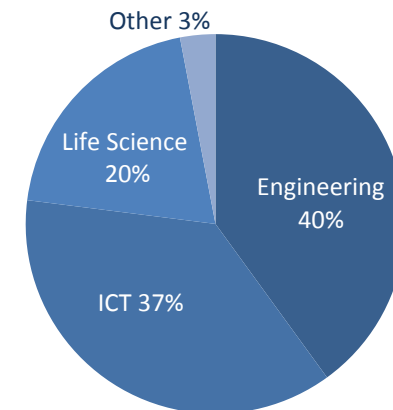


 Debt
  Equity / Quasi-equity
  Debt and Equity




















MGF Portfolio: Countries



MGF Portfolio: Sectors



MidCap Growth Finance Debt portfolio (lower risk)

 MARPOSS Italy € 25 million Senior Term Loan	 MANZ AG Germany € 20 million Mezzanine Loan	 WELLTEC Denmark € 25 million Senior Term Loan	 PRAMAC Italy € 8 million Senior Term Loan	 SAES Italy € 10 million Senior Term Loan	 DOPPELMAYR Austria € 25 million Senior Term Loan	 SYSTEM GROUP Italy € 15 million Senior Term Loan
 DANOBAT Spain € 10 million Senior Term Loan	 MAIER Spain € 7.5 million Senior Term Loan	 MARANGONI Italy € 10 million Senior Term Loan	 PUNCH Belgium € 25 million Senior Term Loan	 FIGEAC France € 25 million Senior Term Loan	 MAM Austria € 25 million Senior Term Loan	
 ROVIO Finland € 25 million Senior Term Loan	 NOVABASE Portugal € 14 million Senior Term Loan	 PLANON The Netherlands € 12 million Senior Term Loan	 EVS Belgium € 12 million Senior Term Loan	 E-NET Ireland € 12 million Subordinated Loan	 PHARMATHEN Greece € 25 million Senior Term Loan	

MidCap Growth Finance (quasi-equity risk)

 <p>Software Finland € 15 million 11/09/2015</p>	 <p>Search engine France € 25 million 23/12/2015</p>	 <p>Software The Netherlands € 13.5 million 22/01/2016</p>	 <p>Fiber optic networks England € 25 million 17/12/2015</p>	 <p>Electronics France € 12 million 11/04/2016</p>	 <p>Data Centers Sweden € 7.5 million 20/05/2016</p>	 <p>3D printers The Netherlands € 10 million 04/07/2016</p>
 <p>Biotech Germany € 25 million 27/03/2015</p>	 <p>Biotech equipment Portugal € 12 million 27/11/2015</p>	 <p>Biotech Germany € 10 million 02/12/2015</p>	 <p>Medical Equipment Finland € 8 million 18/03/2016</p>	 <p>Food production Greece € 15 million 06/05/2016</p>	 <p>Biotech France € 20 million 21/12/2015</p>	 <p>Disease diagnostics Finland € 15 million 13/07/2016</p>
 <p>Fiber optic networks UK € 25 million 08/07/2016</p>	 <p>Waste collection Finland € 15 million 11/07/2015</p>	 <p>Vaccines France € 25 million 12/07/2016</p>	 <p>Flexible displays Finland € 12 million 13/07/2016</p>	 <p>Insurance software Ireland € 15 million 22/06/2016</p>	 <p>eCommerce software Finland € 8.5 million 22/06/2016</p>	 <p>HIV Testing Sweden € 10 million 10/07/2015</p>

Advantages

No crowding out. Complementary finance to house banks

EIB signaling effect to attract other banks & investors (quality stamp)

Long-term lending at attractive terms (no subsidised)

Growth finance without dilution of shareholders

InnovFin Product Overview



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Direct products
 Indirect products

How does InnovFin Large Projects work?



- Senior debt (pari-passu with other senior lenders)
- Eligible project required. EIB finances up to 50% of R&D and innovation investments
- Comprehensive due diligence including project due diligence (technical, financial, economic)
- EIB standard documentation

Advantages

Long term loans at attractive terms (pari-passu)

Signaling effect and quality stamp (technical expertise)

Co-financing with house-banks preferred

No cross selling & hold to maturity strategy

InnovFin Product Overview



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Direct products
 Indirect products

Which projects can be supported?

Renewable energy

Fuel Cells, Hydrogen

- Pre-commercial stage; technology needs to be scalable
- Loan: EUR 7.5m – EUR 75m; EUR and local currency; maturity of max 15 years; EIB finances up to 50% of project costs.
- Comprehensive due diligence including project due diligence (technical, financial, economic)
- EIB standard documentation

InnovFin Product Overview



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Direct products
 Indirect products

Which projects can be supported?



- Projects which have passed pre-clinical stage and for which clinical validation is needed for further development
- Loan: EUR 7.5m – EUR 75m; EUR and local currency; Loan maturity of max 7 years; EIB finances up to 50% of project costs.
- Broad range of products - standard debt instruments (i.e. senior, subordinated, and mezzanine) to risk sharing instruments (RSL) with forgiveness options
- Comprehensive due diligence, including project due diligence (technical, financial, economic)
- EIB standard documentation

InnovFin Product Overview

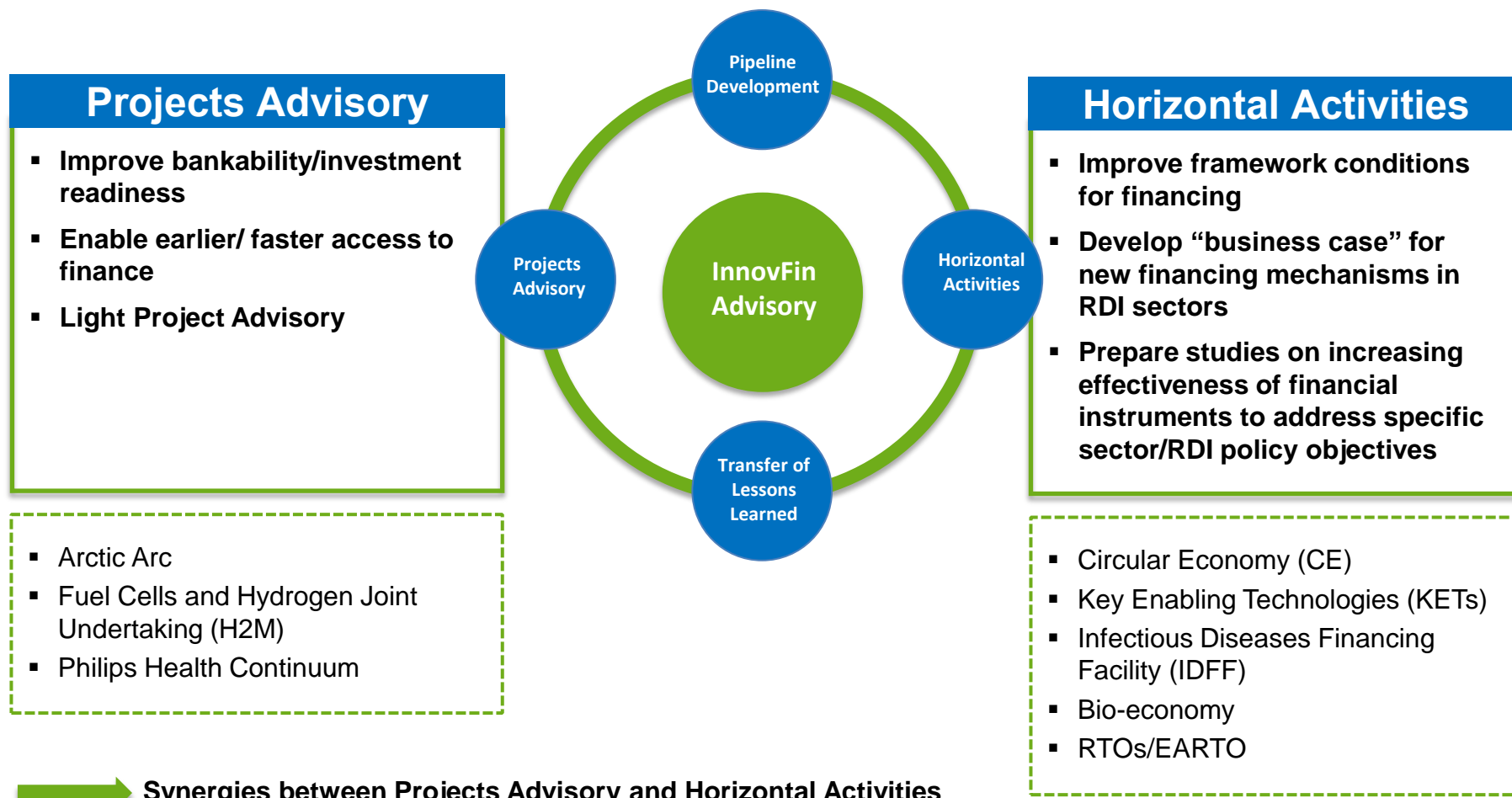


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Direct products
 Indirect products

Innovation Finance Advisory- What do we do?

Enable maximum access to finance for innovative projects



Visit www.eib.org/innovfin

Helping you innovate

1 2 3 4 5 6

How many employees do you have? Please select one

0 - 249 employees

Between 250 - 499 employees

Between 500 - 2999 employees

Over 3,000 employees

Total staff in the whole company. Full Time Employees, not just your business or subsidiary.

Next step

Supporting urban development (JESSICA)
Transport infrastructure
Public-private partnership
JEREMIE/ Flexible

Signalling confidence in innovation investment
The EIB Group has tailor-made a series of financial instruments in collaboration with the European Commission to:
• Ensure that funding for research and innovation is as accessible as possible for Europe's 20 million SMEs and Mid-caps.

Helping you innovate

1 2 3 4 5 6

Loan amount needed Please select one

EUR 25,000 to EUR 7.5m

EUR 7.5m to EUR 12.5m

EUR 12.5m to EUR 25m

Next step

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Transport infrastructure
Public-private partnership
JEREMIE/ Flexible

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Helping you innovate

1 2 3 4 5 6

Are you an unlisted innovative SME or small Mid-Cap business? Please select all that apply

Please select what applies to your company or, in case you request funding for an acquisition, to the company you intend to acquire

(1) I am an SME and I will invest the money in producing or developing new or substantially improved products, processes or services that are innovative and where there is a risk of technological or industrial failure as evidenced by an external expert's evaluation

(2) I am a "fast-growing enterprise". That is: I've been operating in a market for less than 12 years following the first commercial sale and turnover or staff has grown endogenously on average at least 20% a year over a three-year period (with at least 10 employees at the beginning of the reference period)

(3) I have been operating in a market for less than 7 years following the first commercial sale and R&D costs represent at least 5% of the total operating costs in at least one of past three years (or in the current one, as certified by an external auditor in the case of a start-up enterprise)

(4) I am an "R&D-intensive enterprise", as demonstrated by at least one of the following

Next step

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Transport infrastructure
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Helping you innovate

1 2 3 4 5 6

Please contact me

Thank you for requesting information about funding for innovation
Your choice of financing solution was based upon the information you provided below:

Employees: 0 - 249 employees Loan value: EUR 25,000 to EUR 7.5m Product: InnovFin MidCap Growth Finance

Please answer the following questions to help provide you with the best possible response:

Name

Email address

Tel number

Send enquiry

Supporting urban development (JESSICA)
Transport infrastructure
Public-private partnership
JEREMIE/ Flexible

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Helping you innovate

1 2 3 4 5 6

Please select a country

Click on your country to locate banks that provide InnovFin SME Guarantee support

Next step

Supporting urban development (JESSICA)
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JEREMIE/ Flexible

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Helping you innovate

1 2 3 4 5 6

What's available to me? Please select one

Based on what you've told us, we've highlighted the best match for you.
You can also click on any of the other un-highlighted products we offer, to find out if these might be suitable for you

InnovFin SME Guarantee
Provides guarantees and covers guarantees on debt financing of between €25,000 and €7.5 million, in order to improve access to loan finance for innovative small and medium-sized enterprises and small midcaps (up to 499 employees). The facility is implemented by the EIB and will be rolled out through financial intermediaries, i.e. banks and other financial institutions.
 I confirm that my business is not excluded from this loan. [View exclusions \(pop-up\)](#)

InnovFin MidCap Growth Finance
Offers long term senior, subordinated or mezzanine loans, in order to improve access to finance

Find out more

Find out more

Supporting urban development (JESSICA)
Transport infrastructure
Public-private partnership
JEREMIE/ Flexible

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EFSI: Why and for what?

Additionality

- Address market failures or sub-optimal investment situations
- Finance operations not possible to same extent without EFSI-backing
- Absorb part of the risk to trigger additional investments

EFSI - Eligible areas

- Research and Development, Innovation
- SMEs, Mid-Caps (companies with up to 3000 employees)
- Information- and Communication Technologies
- Environment and Ressource-Efficiency, Education and Training, Urban Development, Health
- Energy, Transport

EFSI – Reinforcing InnovFin

- All EIB activities under the **EFSI** cover investments which the EIB rates as **risky**. The target volume of risky activities set by the EIB Board is de facto **multiplied by four**, compared to the pre-EFSI period.
- The level of risk is an essential element of how to assess the additionality of projects supported by the EFSI guarantee. As a result, the EIB is committed to increasing the volume of its portfolio of higher risk/Special Activities, **from around EUR 4 billion to more than EUR 20 billion per year**.
- EFSI has changed how the EIB operates and that it is not supporting business as usual by the EIB but is **financing riskier and more innovative projects**.
- RDI projects eligible to Horizon 2020 are eligible to both EFSI and InnovFin
- Combination EFSI with EU centrally managed grants (CEF, Horizon 2020) is possible

InnovFin vs. EFSI

InnovFin



EFSI



EFSI – Reinforcing InnovFin – EIB-Group

Of which
EUR 13.8bn
signed

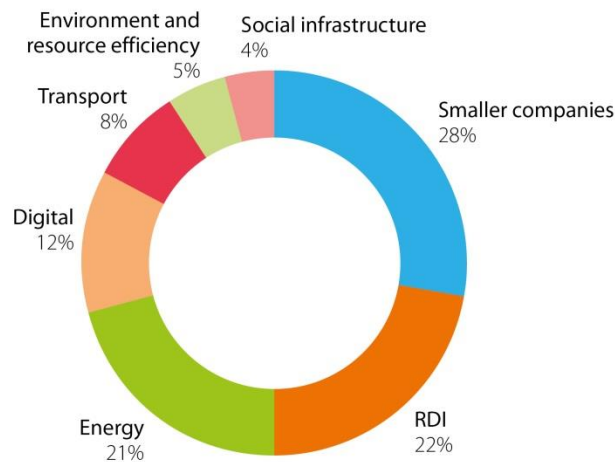
EIB Group figures

As of 12/10/2016



* EIB-approved: EUR 17.4 bn
EIF-approved: EUR 7.5 bn

EFSI investment by sector



361 approved transactions in 27 of 28 EU countries



EFSI – Reinforcing InnovFin - EIB

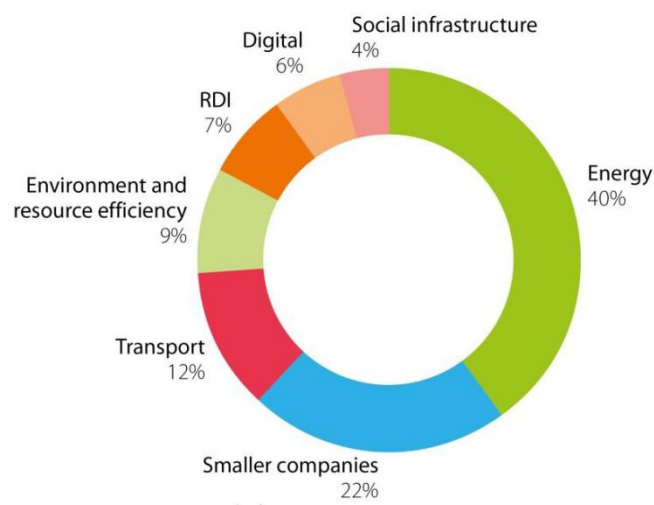
Of which
EUR 6.2bn
signed

EIB figures

As of 23/09/2016



EFSI investment by sector



115 approved projects
in 19 of 28 EU countries



EFSI – Reinforcing InnovFin - EIF

Of which
EUR 6.9 bn
 signed

EIF figures

As of 12/10/2016

Approved EFSI financing

EUR 7.5 bn

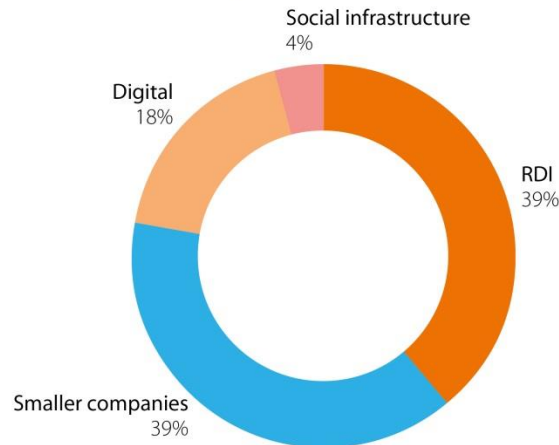
Total investment related to EFSI approvals

EUR 60 bn



SMEs expected to benefit: close to **288 000**

EFSI investment by sector



227 operations in 27 of 28 EU countries



EFSI – Reinforcing InnovFin

Eligible counterparts

Corporates of all
sizes

Utilities and
public sector
entities
(non-sovereign)

SMEs
(up to 250
employees) or
midcaps
(up to 3 000)

National
Promotional
Banks or other
banks for
intermediation

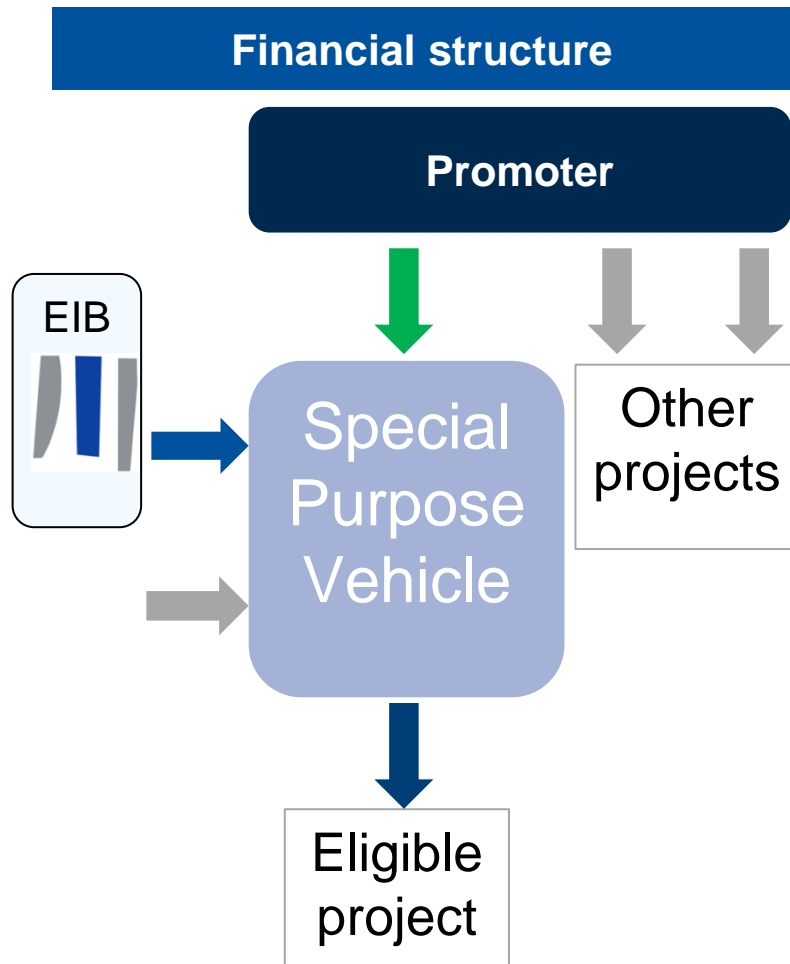
Special Purpose
Companies
(Project Finance,
PPP)

Dedicated
Investment
Platforms

EFSI – InnovFin: Implication for Public Investment

- In the case of public investment the „Additionality“ requirement of the EFSI regulation foresees credit risk levels realised via **special purpose companies**.
- This implies the application of **procurement methods**, which lead to an effective transfer of risks to a private partner.
- This leads to **PPP-Structures** and **Project-Finance-Structures**.

EFSD – InnovFin: Project Finance / PPPs



Value-added

- Price competitive for long term financing
- Ring fenced structure
- Large loan amounts (up to 50% of project costs)
- Total investment costs shall exceed EUR 50m
- EIB assumes direct project risk (including construction/ completion risk)
- EIB lends to projects with higher risks (RE projects, PPPs)
- Provides a “quality stamp” and positive signalling effect hence attracting other investors
- Flexible solutions with respect to ranking (senior, subordinated)

Difficult risks for the EIB:

- Market/ Demand risk
- Residual Value risk

EFSI – InnovFin: Investment Platforms

EFSI Regulation: Investment Platforms are

"special purpose vehicles, managed accounts, contract-based co-financing or risk-sharing arrangements or arrangements established by any other means by which entities channel a financial contribution in order to finance a number of investment projects, and which may include:

- a. **National or sub-national Platforms** that group together several investment projects on the territory of a given Member State;
- b. **Multi-country or regional Platforms** that group together partners from several Member States or third countries interested in projects in a given geographic area; and
- c. **Thematic Platforms** that group together investment projects in a given sector."



EFSI – InnovFin: Investment Platforms

Focus on **market failures** and **crowding-in** of private investors

→ to be based on a market study

- Platform **sponsor**: Any institution or group of institutions (public or private)
- Defined **geographical scope**
- Defined **thematic scope**
- Platform products: Equity, quasi-equity, loans, guarantees
- Appointment of **Platform Manager** through adequate selection process
- Proportion of **EIB financing** of the platform: **10%-20%**
- Other investors (including equity from sponsor(s))

EFSI – InnovFin web sites

European Investment Bank
www.eib.org

Martin Brunkhorst
Head of Vienna Office
Tel: +43 1 505 36 76 11
m.brunkhorst@eib.org

www.eib.org/products/blending/innovfin/

www.eib.org/efsi/

[www.eif.org/what we do/equity/single eu equity instrument/innovfin-equity/](http://www.eif.org/what_we_do/equity/single_eu_equity_instrument/innovfin-equity/)

[www.eif.org/what we do/efsi/](http://www.eif.org/what_we_do/efsi/)