



InnovFin for Turkey Horizon 2020

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Head of EIB Representation for Turkey
Istanbul, 19th July 2017

Video



The EIB Group



- Providing finance and expertise for sound and sustainable investment projects



- Leading developer of risk financing for innovative SMEs

The EIB: the EU bank

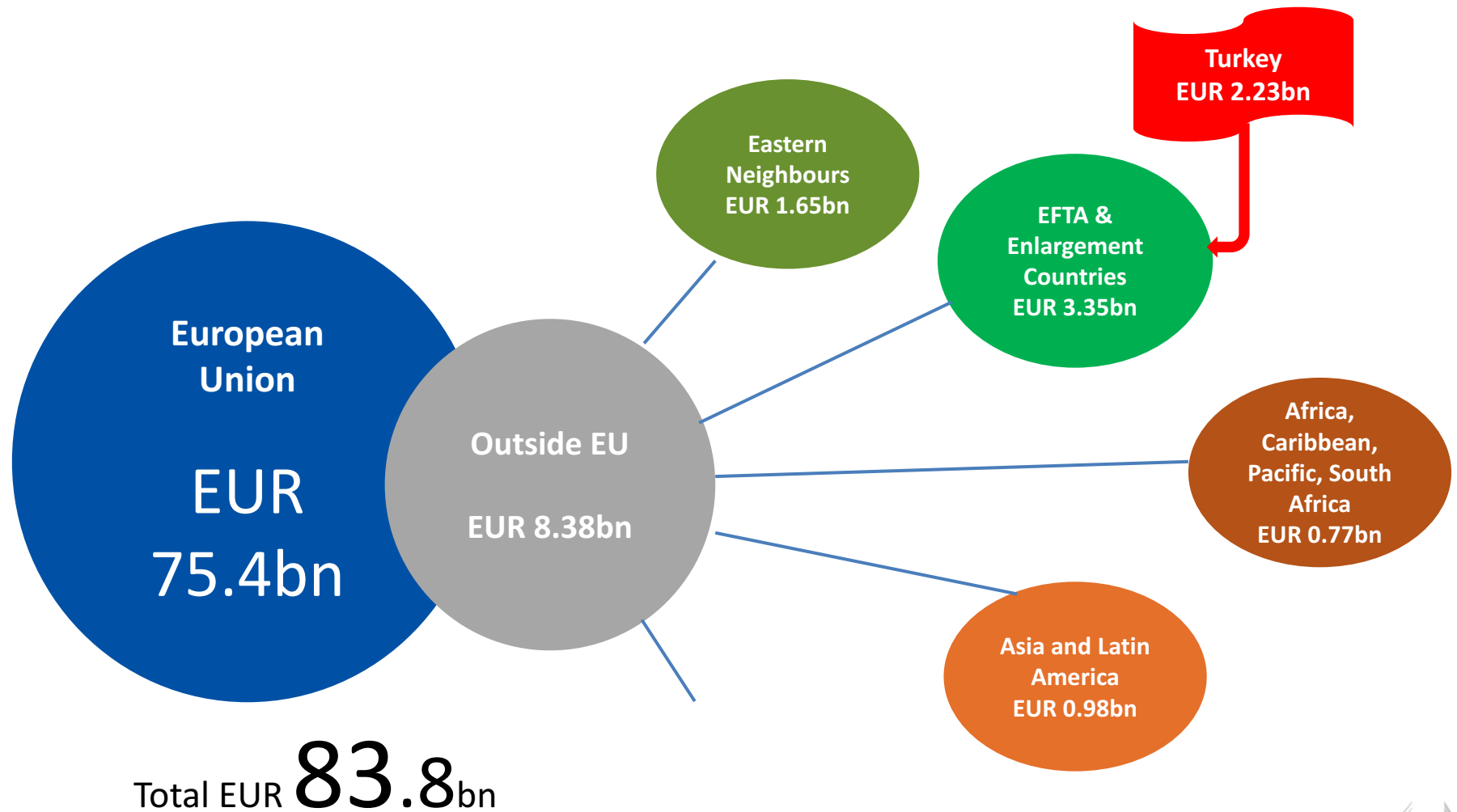


- Providing finance and expertise for sound and sustainable investment projects
- Natural financing partner for the EU institutions since 1958
- Shareholders: 28 EU Member States
- Largest multilateral lender and borrower in the world
 - Raise funds on the international capital markets
 - Pass on favorable borrowing conditions to clients
- AAA-rated and strong capital base
- Around 450 projects each year in over 160 countries
- Headquartered in Luxembourg with some 30 local offices and
- Around 3,000 staff
 - Not only finance professionals, but also engineers, sector economists and socio-environmental experts



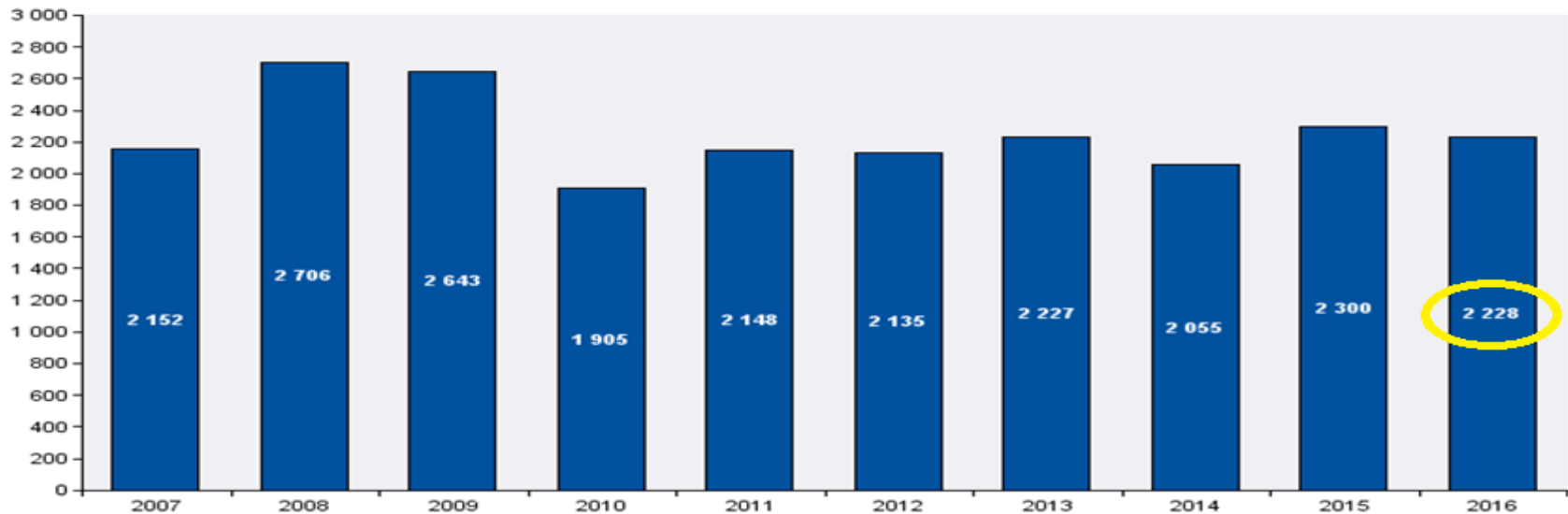
- Providing risk financing to stimulate entrepreneurship and innovation in Europe including Turkey
- Shareholders
 - European Investment Bank (59.9%)
 - European Commission (28.1%)
 - 30 public and private FI's (12%)
- Strong capital base (EUR 4.5bn)
- AAA-rated by the three major rating agencies
- Over 20 years of market experience in SME financing
- Over 400 staff

EIB Group Financing in 2016: EUR 83.8bn



EIB lending to Turkey: a long-standing partnership

- EIB has been lending to Turkey since **1963** with an overall lending volume of over **EUR 22bn** over the last decade. 2016 lending level reached **EUR 2.23bn**.
- Step change in lending activity since 2005, given the status of Turkey as Candidate Country for EU Accession, thanks to which Turkey also entered in EIF's geographic coverage.
- Turkey ranks **1st** among EIB recipient countries **outside the EU**.



Video



InnovFin - EU Finance for Innovators

- A joint initiative launched by the EIB Group in cooperation with the European Commission under **Horizon 2020**.
- Consists of **a series of integrated and complementary financing tools** and advisory services offered by the EIB Group, covering **the entire value chain of research and innovation (R&I)** in order to support investments **from the smallest to the largest enterprise**. This goal is split between EIB, which will invest in Midcaps, Large Caps and Thematic Finance, and EIF which will support Early-stage Enterprises and SMEs.
- Builds on the success of the former Risk Sharing Finance Facility (RSFF) developed under the 7th EU framework program for research and technological development (FP7) between 2007-2013 which resulted with the financing of **114 RDI projects to the tune of EUR 11.3bn and signed 29 guarantee contracts with a total guarantee amount of over EUR 1.4bn**.
- Under the new 2014-2020 programming period, the EIB Group aims to **more than double its combined support** for innovative firms in Europe and the program will be the biggest EU Research and Innovation program ever with nearly **EUR 80bn of funding available over 7 years**.
- Financing tools cover a wide range of loans and guarantees which can be **tailored to innovators' needs**, and provided either directly or via a financial intermediary. InnovFin is available across all eligible sectors under Horizon 2020, in EU Member States and H2020 Associated Countries.

InnovFin - EU Finance for Innovators

Wide range of sectors eligible under Horizon 2020 Programme

- Agriculture & Forestry
- Aquatic Resources
- Bio-based industries
- Biotechnology
- Energy
- Environment & Climate action
- Food & Healthy diet
- Funding Researchers
- Health

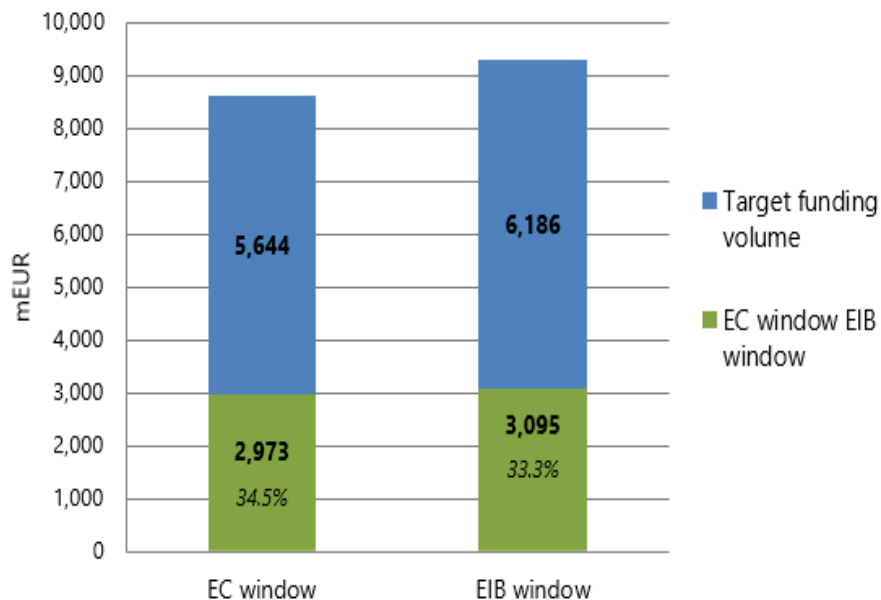


- ICT Research & Innovation
- Innovation
- International Cooperation
- Key Enabling Technologies
- Raw Materials
- Research Infrastructures
- Security
- SMEs
- Social Sciences & Humanities

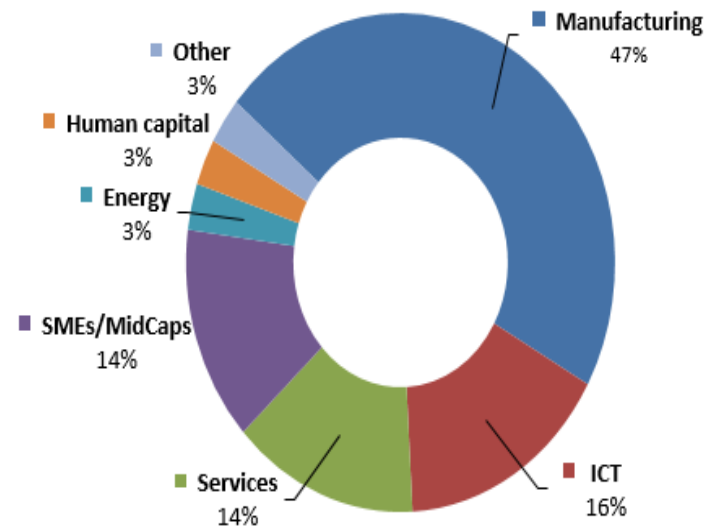
InnovFin - EU Finance for Innovators

Key Figures as of April 30, 2017

Target vs actuals



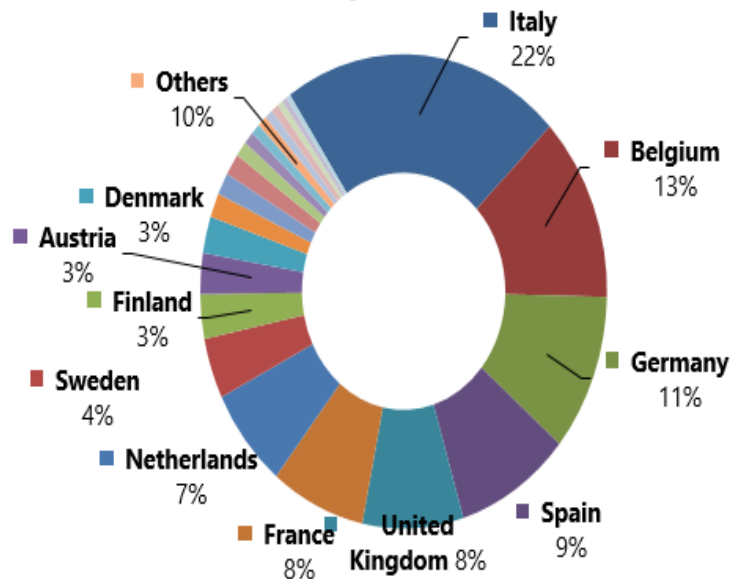
Sector concentration



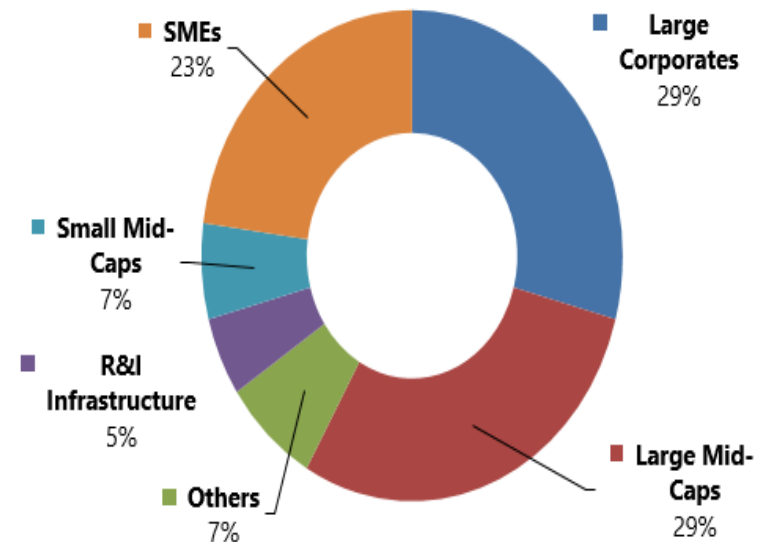
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Key Figures as of April 30, 2017

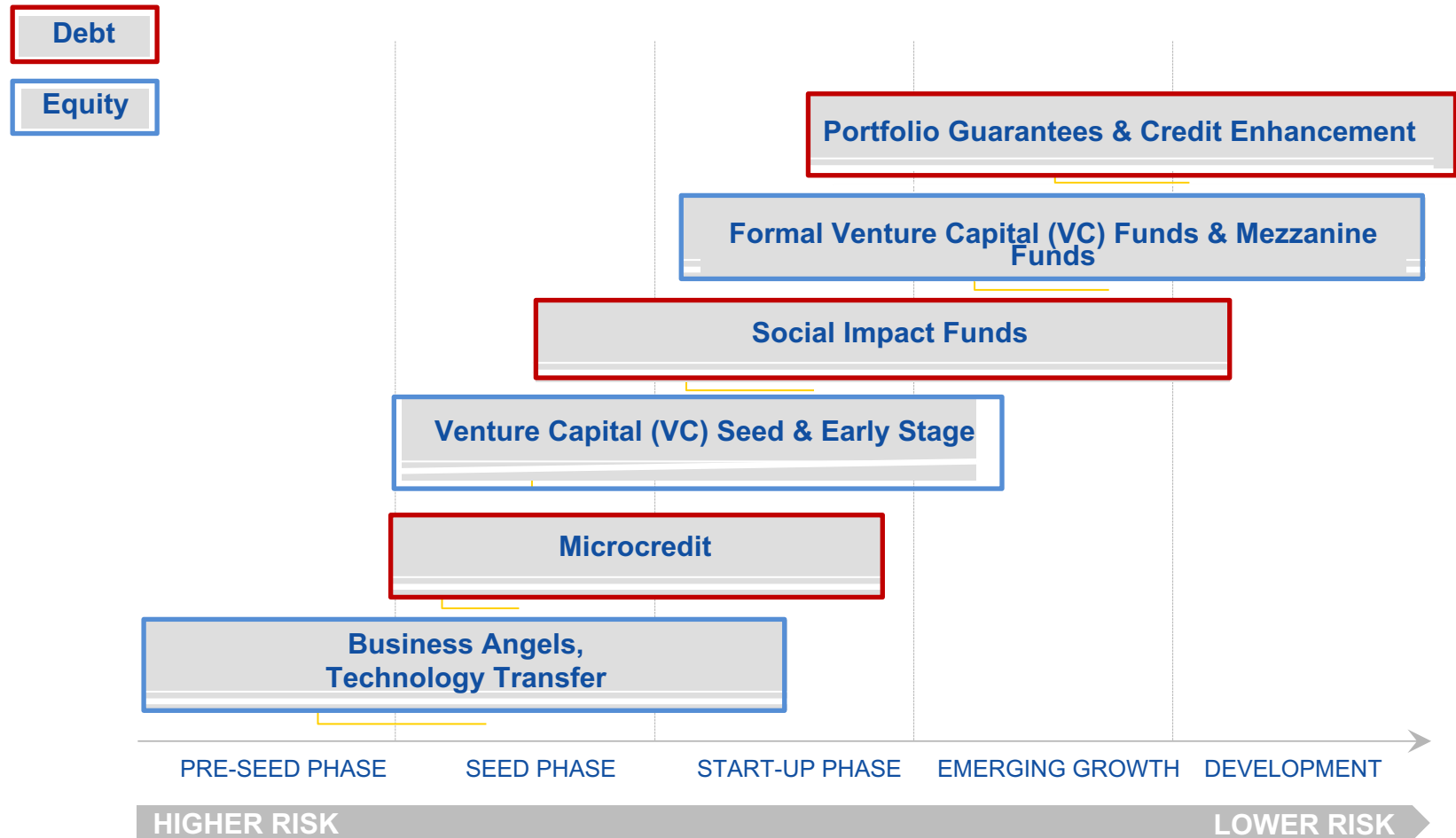
Country Concentration



Final Recipients



Helping Business at every Stage of Development



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 | Advisory |
|--|---|--|--|
| InnovFin MidCap Guarantee | InnovFin Large Projects | InnovFin Energy Demo Projects | InnovFin Advisory |
| InnovFin MidCap Growth Finance | | InnovFin Infectious Diseases | |
| | | | |
| | | | |
| Midcaps < 3 000 Employees | Large Caps Typically > 3 000 Employees | SPV, Midcaps and Large Caps | Public and Private Sector Promoters |
| Intermediated and/or Direct Corporate Lending | Direct Corporate Lending | Project Finance and/or Direct Corporate Lending | Financial Advisory |

Direct products

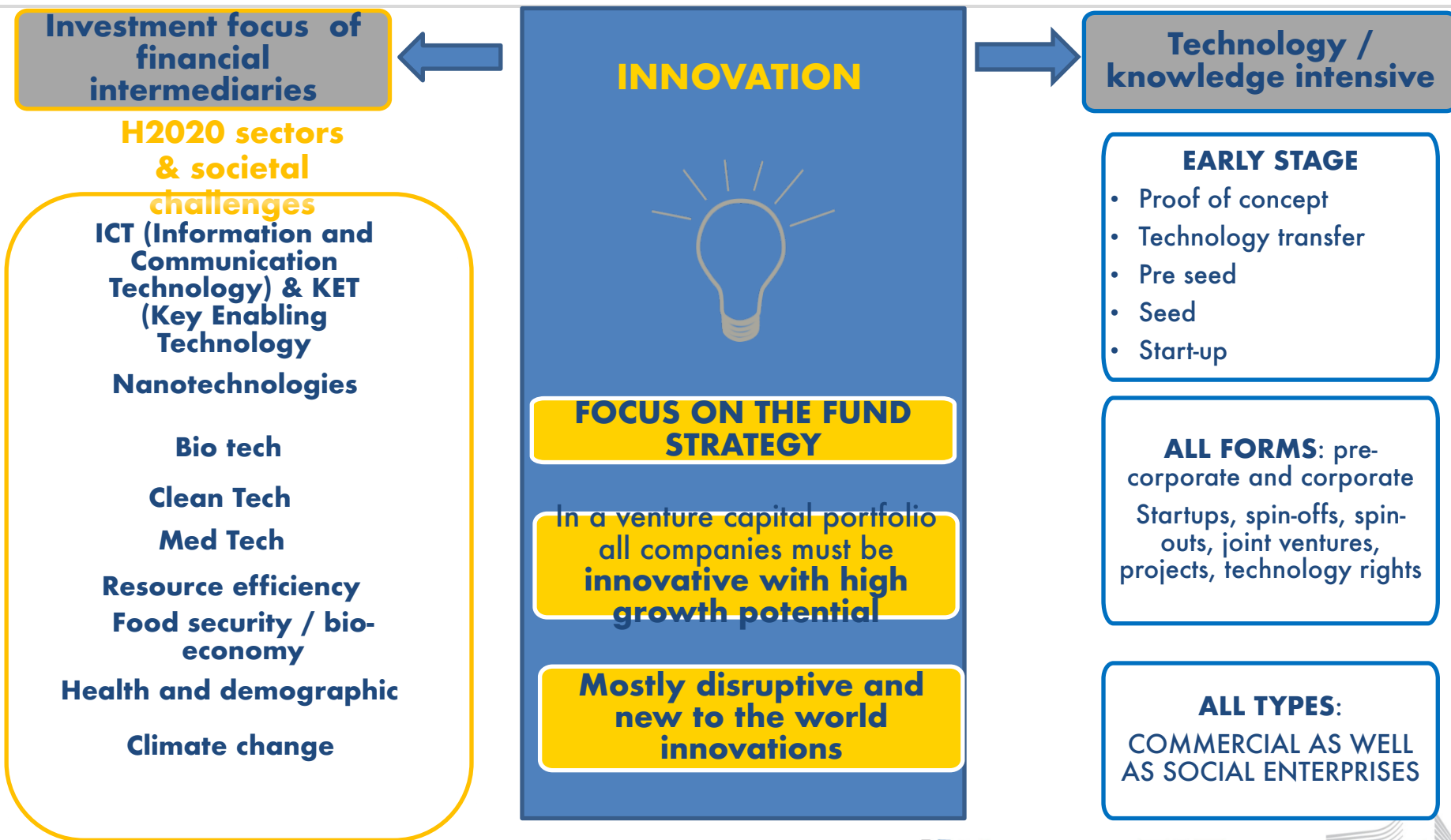
Indirect products



EIF for InnovFin



Equity – innovation logic for Early Stage Enterprises



Technology Transfer for Early Stage Enterprises

Promotion of intellectual property, licensing, spin offs, spin-outs

Pre-seed and seed funds, including affiliated with technology transfer offices, research organisations, higher education institutions

Open to Proof of Concept pockets

Investment size up to 50% of total commitments

InnovFin
Technology Transfer

Investment size up to EUR 50 million

Technology Readiness Level between 3-8

At least 50% of fund size focused on technology transfer

SMEs, JVs, projects

Business Angels for Early Stage Enterprises

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

Special focus on ICT
(Information and
communication
technologies) as well
as other H2020
sectors

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

Venture Capital for Early Stage Enterprises

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 for Early Stage Enterprises

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

Guarantees for SMEs



Up to 50% loss coverage
(Principal + Interest 90D)

Full Delegation
to Financial
Intermediaries

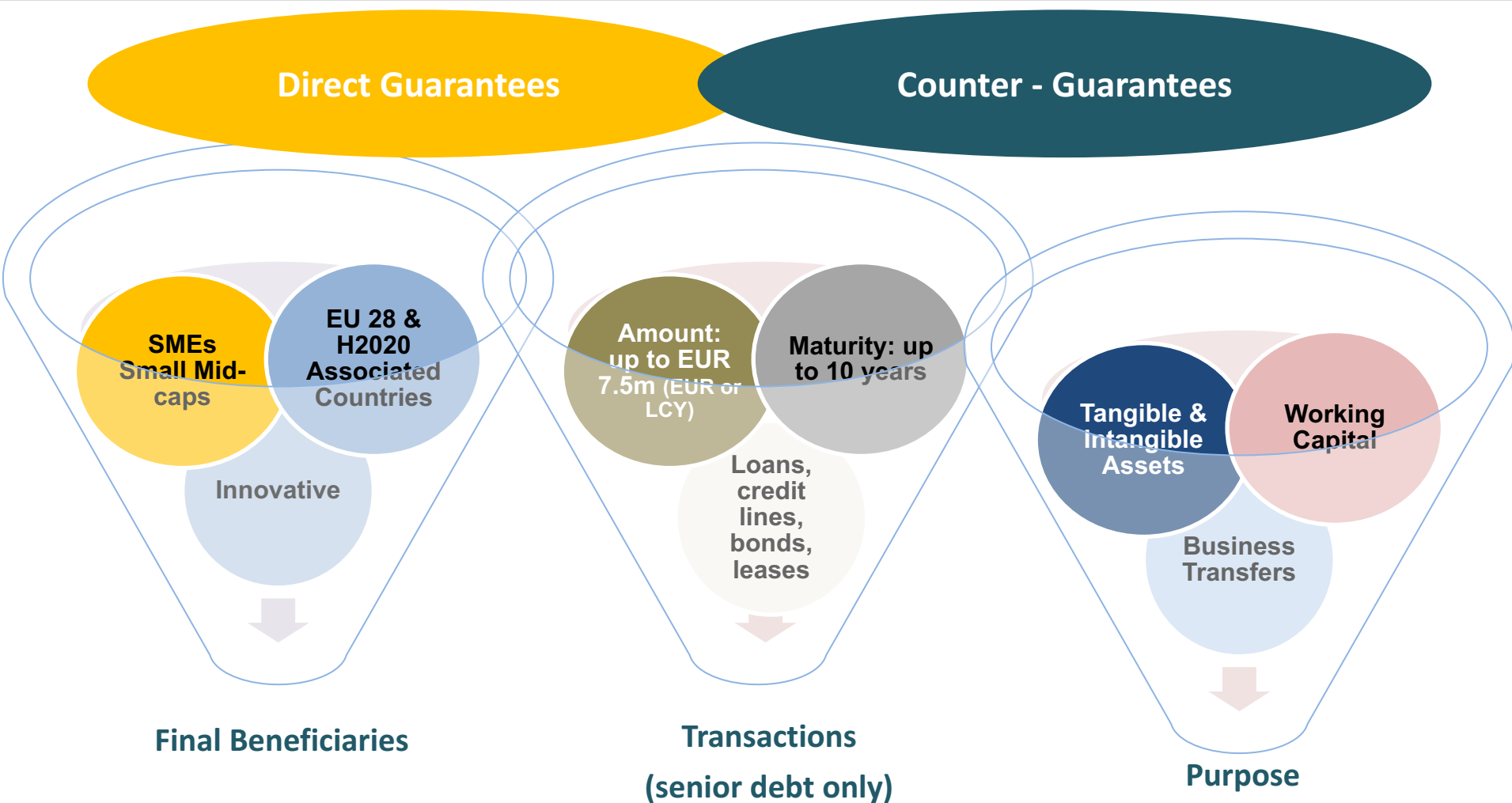
Automatic
Coverage/Inclusion
2-3 yr period

Attractive
Guarantee
Terms

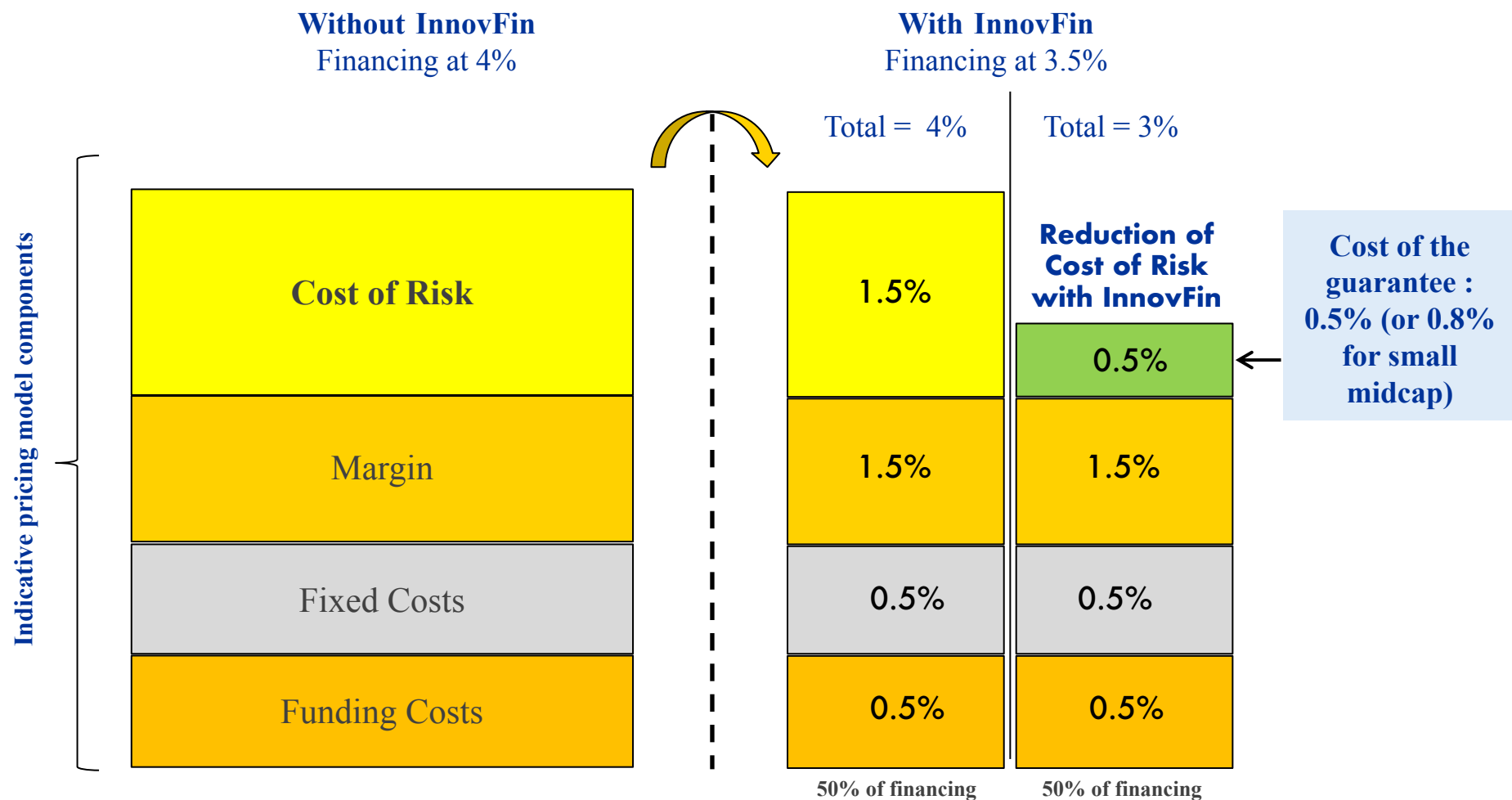
Favourable
Capital
Treatment

Guarantee
and
Counter-Guarantee

Guarantees for SMEs



Guarantees for SMEs



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

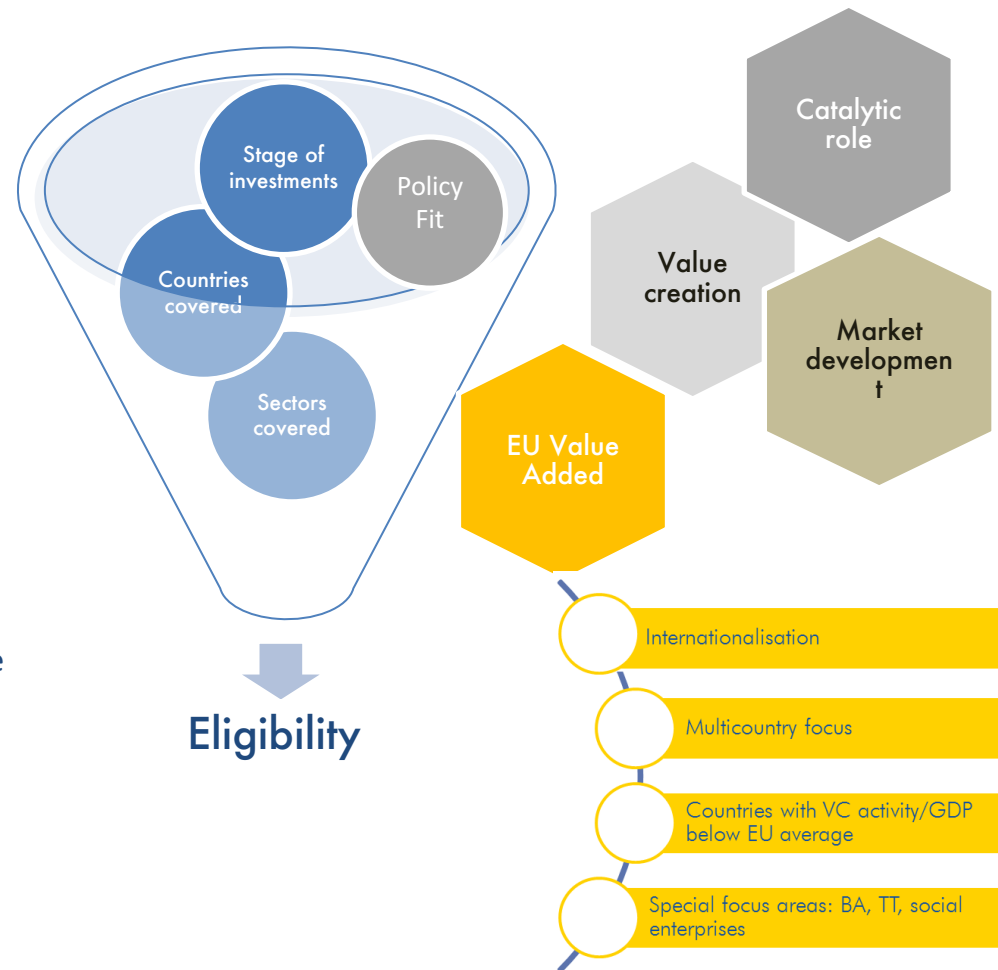
Investment Strategy (HOW)

- 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

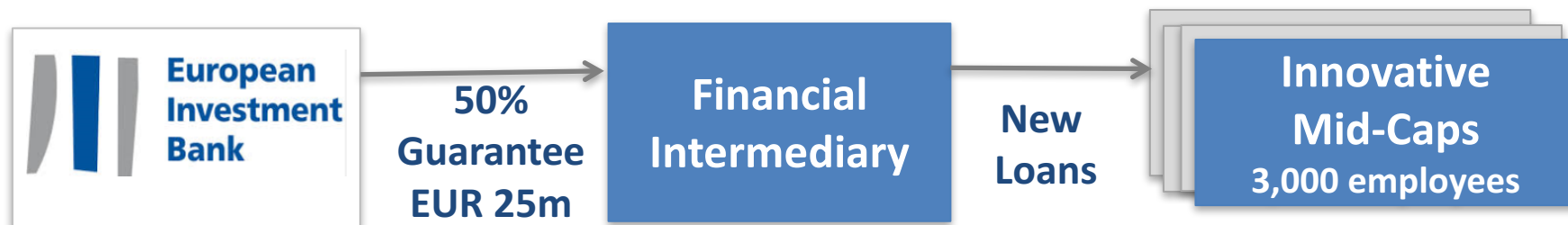




EIB for InnovFin



Guarantees for Midcaps



- 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

Growth Finance for Midcaps



- 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

Large Projects



- 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)

Energy Demo Projects

InnovFin EDP Which projects can be supported?

Carbon capture and storage and use

Renewable energy technologies
such as: solar photovoltaic concentrated solar power/solar thermal electricity, wind, bioenergy, geothermal, ocean, hydropower, renewable heating and cooling, renewable fuels;

Energy storage
including batteries for both e-mobility and stationary storage

Manufacturing processes for innovative technologies

Smart energy systems, including smart grids

- ❖ Demonstration projects at the appropriate scale for commercial applications. The innovation should have not yet reached full commercialization
- ❖ The innovation may relate to a specific technology, process, product or service. It should be replicable elsewhere
- ❖ Loan: EUR 7.5m – EUR 75m; EUR and local currency; maturity of max 15 years; EIB finances up to 50% of eligible project costs
- ❖ Comprehensive due diligence (technical, financial, economic)

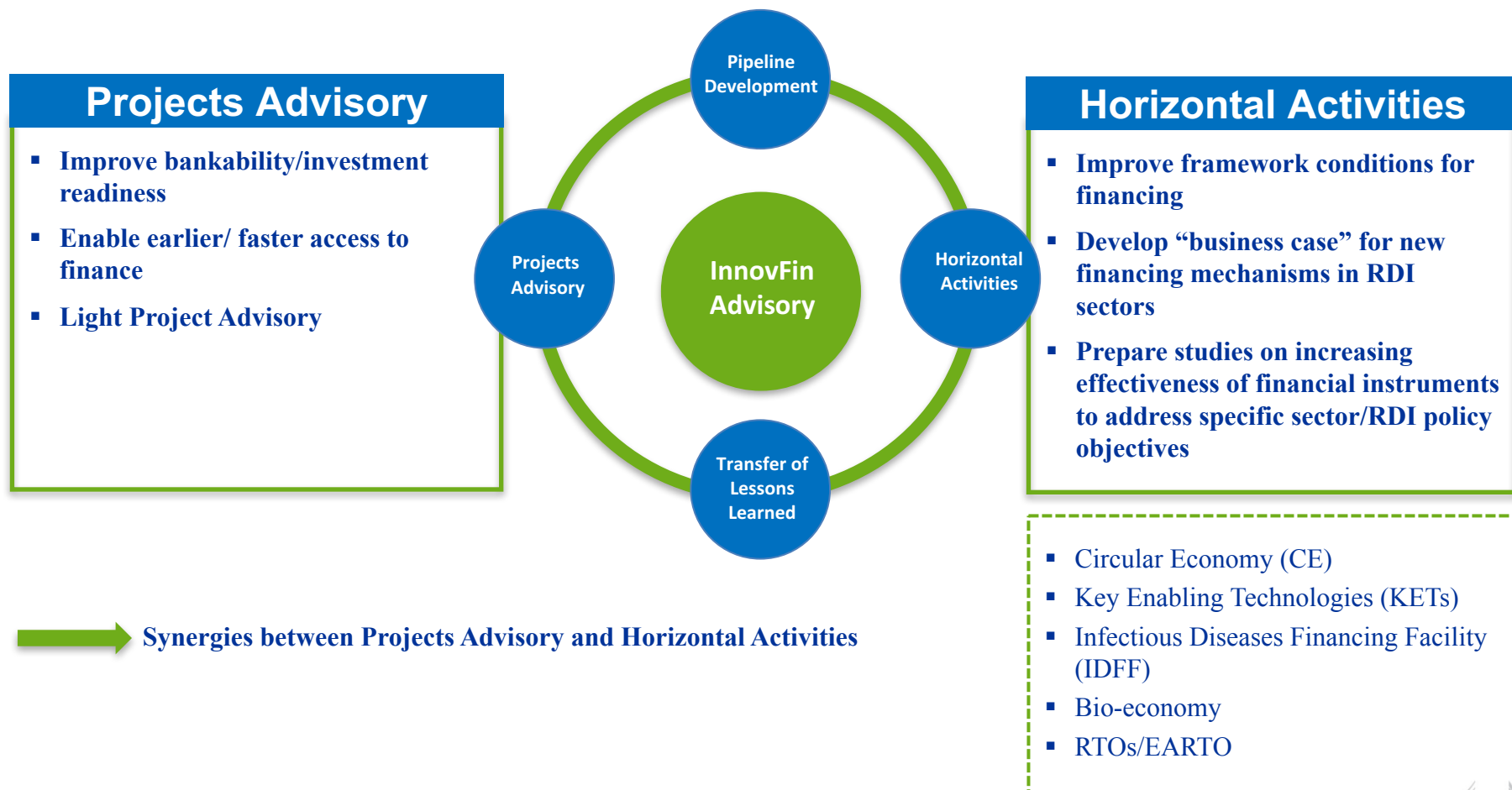
Infectious Diseases

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)

Enable maximum access to finance for innovative projects



Examples of EIB Financing for RDI

‘Investment to promote innovation is helping to improve competitiveness and added-value, while at the same encouraging job creation’

| Project | TÜBİTAK RESEARCH PROMOTION | TURK TELEKOM R&D | TURK TRAKTOR RDI | TOFAS RDI | FORD OTOSAN RDI |
|-------------|---|---|---|--|--|
| Description | Strengthening the research and innovation capacity of Turkey by co-financing the national academic and industrial R&D programme | RDI activities carried out by Turk Telekom in the field of fixed line, mobile and internet based services | A selection of RDI investments for four year period. The loan is the second EIB transaction in Turkey supported by “InnovFin – EU Finance for Innovators”, with the financial backing of the European Union under Horizon 2020 Financial Instruments. | A selection of the promoter’s RDI investments aiming at the improvement of fuel efficiency and safety characteristics of motor vehicles, including the development of a new B-plus segment passenger car platform, the development of technology and components for an electric vehicle and of an onboard storage system for gas fuelled vehicles, for longer-term applications. | The project concerns RDI activities for the development of the next generation of HCV and the middle life facelift of existing LCV. The RDI is focused on adapting the vehicles to the market demands, through enhanced functionalities, which include enlarged load capacity, handling, as well as versatility, comfort and e-connectivity. |
| EIB Finance | EUR 375m | EUR 70m | EUR 35m | EUR 55m | EUR 100m |



Apply in: www.eib.org/products/helpingyouinnovate/tool/index.html

InnovFin
EU Finance for Innovators

Whether you are a small and medium-sized enterprise (SME), a large company or a research institution, InnovFin can provide the right financing instrument for your project.

Until 2020, "InnovFin – EU Finance for Innovators" will make financing available for investments in research and innovation by companies, small to large, young to well-established, and the providers of research.

The InnovFin product range consists of a suite of tailored financial instruments. Let us guide you to the product most suited to your business needs.

I am an innovative company looking for finance

I want to explore the financing opportunities of the InnovFin programme

[click for more >](#)

I am a financial intermediary and/or investor

I am a bank, guarantor, loan/debt fund or a direct lender

[click for more >](#)

Grants

The EIB group does not provide grants, but for details on EU grants for innovation available under Horizon 2020 click below

[click for more >](#)

I am a venture capital fund manager, business angel or technology transfer investor

[click for more >](#)

I am an investor and I would like to contact the EIB for more information

[click for more >](#)

select country select sector number of employees financing amount financing options innovation checklist complete

select country

Please select in which country you will invest or where your company / institution is established.

Turkey

[continue >](#)

select country select sector number of employees loan value financing options innovation checklist complete

select sector

Please select your sector of activity from the list below:

☒ energy
 ☐ transport mobility
 ☐ life sciences / health
 ☐ agriculture
 ☐ environment
 ☐ digital / ICT

☐ urban / rural development
 ☐ research and education
 ☐ machinery and engineering
 ☐ electronics
 ☐ other

[find out more >](#) [click here >](#)

select country select sector number of employees financing amount financing options innovation checklist complete

employees

How many employees do you have?
Total full time employees in the whole company*, not just your business or subsidiary.

under 500 employees

between 500 to 2999 employees

over 3000 employees

* or universities and public research organisations, R&I infrastructure, public-private partnerships, and special-purpose vehicles.

[continue >](#)

select country select sector number of employees financing amount financing options innovation checklist complete

financing amount

Please select the EIB financing needed for the project

EUR 25K – EUR 7.5m

EUR 7.5m – EUR 25m*

> EUR 25m*

* This typically represents up to 50% of the project's financing requirements.

[continue >](#)

select country select sector number of employees financing amount financing options innovation checklist complete

financing options

Based on the information provided, we have highlighted the products most suited for your project.

InnovFin SME Guarantee

InnovFin SME Guarantee provides guarantees and counter-guarantees to banks and other financial institutions. They on-lend between EUR 25 000 and EUR 7.5m to innovative small and medium-sized enterprises and small midcaps (up to 500 employees).

[Click here to find out the eligibility criteria and the list of our partner banks and institutions.](#)

[find out more >](#)

InnovFin Equity

InnovFin Equity provides equity investments and co-investments to or alongside funds focusing on early stage financing.

[Click here to find out the list of the funds in which we have invested.](#)

[click here >](#)

select country select sector number of employees financing amount financing options innovation checklist complete

innovation checklist – are you eligible?

InnovFin SME Guarantee

InnovFin SME Guarantee provides guarantees and counter-guarantees to banks and other financial institutions. They on-lend between EUR 25 000 and EUR 7.5m to innovative small and medium-sized enterprises and small midcaps (up to 500 employees).

Please tick (as many) of the statements that apply to you. Eligible counterparties must comply with **at least one** of the following criteria:

For fast-growing companies

The company intends to use the EIB financing to invest in producing or developing or implementing new or substantially improved (i) products, processes or services, or (ii) production or delivery methods, or (iii) organisational or process innovation including business models that are innovative and where there is a risk of technological or industrial or business failure,

or

The company is a "fast-growing enterprise", i.e.:

☐ It has been operating in a market for less than 12 years following its first commercial sale and with an average annualised growth in employees or in turnover greater than 20% a year, over a three-year period, (with ten or more employees at the beginning of the observation period, or

For innovation driven companies

The company is an SME or a Small Mid-cap with a significant innovation potential or an "R&I-intensive enterprise", satisfying at least one of the following conditions:

☐ The R&I annual expenses are equal or exceed 20% of the financing amount, under the condition that the company's business plan indicates an increase of its R&I expenses at least equal to the financing amount,

☐ The company undertakes to spend an amount at least equal to 80% of the financing on R&I activities as indicated in its business plan and the remainder on costs necessary to enable such activities,

☐ The company has been formally awarded grants, loans or guarantees from European R&I support schemes or through their funding instruments or

InnovFin SME Guarantee
Signature as of 30/04/2017⁽¹⁾

| Country | Select Financial Institution | Address | Type of support | Counter-Guarantee amount | Sanctioning R&I Doc |
|----------------------|-------------------------------------|--|-------------------------------|--------------------------|---|
| France | ParCredit Bank Alsace | 84Général Foch/94100, 71131 Rue de la République 71131, Saint-Pierre | Portfolio - Direct Guarantee | EUR 10,000,000.00 | http://www.parcreditbank.com |
| Austria | Austrian Wirtschaftsbank GmbH | Waldstrasse 11a | Portfolio - Counter Guarantee | EUR 48,000,000.00 | http://www.wib.at |
| Austria | UniCredit Bank Austria AG | Schottenring 6-8 | Portfolio - Direct Guarantee | EUR 100,000,000.00 | http://www.unicredit.at |
| Belgium | Belfius | Poelstekeer 64 | Portfolio - Direct Guarantee | EUR 80,000,000.00 | http://www.belfius.be |
| Belgium | ING Belgium | Willemsplein 24 | Portfolio - Direct Guarantee | EUR 80,000,000.00 | http://www.ing.be |
| Belgium | KBC Bank | Hovenlaan 2 | Portfolio - Direct Guarantee | EUR 100,000,000.00 | http://www.kbc.be |
| Belgium | Sociedad | 13 Avenue Miroslav Delon | Portfolio - Counter Guarantee | EUR 10,000,000.00 | http://www.sociedad.be |
| Bosnia & Herzegovina | ParCredit Bank Bosnia - Herzegovina | Plaza Ljubav 66 | Portfolio - Direct Guarantee | EUR 40,000,000.00 | http://www.parcreditbank.ba |
| Bosnia & Herzegovina | UniCredit Bank a.d. Banja Luka | Milica Buncina 7 | Portfolio - Direct Guarantee | EUR 2,000,000.00 | http://www.unicreditbank.ba |
| Bosnia & Herzegovina | UniCredit Bank d.d. | Kardeljevo Desetina 33 | Portfolio - Direct Guarantee | EUR 2,250,000.00 | http://www.unicreditbank.ba |
| Bosnia & Herzegovina | UniCredit Leasing d.o.o. | Lisinskih 7 | Portfolio - Direct Guarantee | EUR 250,000.00 | http://www.unicreditbank.ba |
| Bulgaria | Clivest DSC | 1 Tzar Boris III Blvd | Portfolio - Direct Guarantee | EUR 7,000,000.00 | http://www.clivestbank.bg |
| Bulgaria | Clivest DSC | 1 Tzar Boris III Blvd | Portfolio - Direct Guarantee | EUR 7,000,000.00 | http://www.clivestbank.bg |
| Bulgaria | DOB Bank DDO | 19 Hristovska street | Portfolio - Direct Guarantee | EUR 7,000,000.00 | http://www.dobbank.bg |
| Bulgaria | Bankardent Bulgaria BDO | 65 Nikola Dimitrov Blvd, Etap 2000, Near H. S. Naev | Portfolio - Direct Guarantee | EUR 17,000,000.00 | http://www.bankardent.bg |
| Bulgaria | UniCredit Bulgaria A.D. | 8 Radoslav Street | Portfolio - Direct Guarantee | EUR 7,000,000.00 | http://www.unicreditbank.bg |
| Bulgaria & Greece | ParCredit Bank Bulgaria DDO | 26 Todor Kaliternov Boulevard | Portfolio - Direct Guarantee | EUR 40,000,000.00 | http://www.parcreditbank.bg |

Thank You!

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