Enhancing a successful pilot initiative
1. Rationale
2. EIF in a snapshot
3. InnovFin Platform
4. Guarantees and Equity for innovative SMEs
5. How to access financing
1. Rationale of InnovFin under Horizon 2020
Horizon 2020 - Industrial Leadership Priority

Because:

- Strategic investments in key technologies (e.g., advanced manufacturing, micro-electronics) underpin innovation across existing and emerging sectors.

- Europe needs to attract more private investment in research and innovation.

- Europe needs more innovative small and medium-sized enterprises (SMEs) to create growth and jobs.

- Commission Priority: Boosting investment, job and growth (EFSI)

<table>
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<tr>
<th>Leadership in enabling and industrial technologies (LEITs)</th>
<th>EUR 13 035 mn</th>
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<td>(ICT, nanotechnologies, materials, biotechnology, manufacturing, space)</td>
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<tr>
<th>Access to risk finance</th>
<th>EUR 2 842 mn</th>
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<tr>
<td>Leveraging private finance and venture capital for research and innovation</td>
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<tr>
<th>Innovation in SMEs</th>
<th>EUR 589 mn + complemented by a minimum of 20% of the total budget for societal challenges + LEITs and 'Access to risk finance' with strong SME focus</th>
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<td>Fostering all forms of innovation in all types of SMEs</td>
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Horizon 2020 Access to Risk Finance - Basics

1) What support is on offer?
   - Risk-sharing in the form of loans and guarantees
   - Risk finance in the form of equity

2) For who or what?
   - RDI-driven/ innovative SMEs & small midcaps
   - Ambitious RDI projects carried out by a variety of recipients (companies, stand-alone projects etc.)

3) To serve which purpose?
   - Stimulate more investment in research and innovation, notably by the private sector
   - No market distortion: intervention only to address financing gaps in the R&D&I delivery chain (notably due to high risk), and as such help translate R&D results to the market (/innovation)

(*)
2. EIF in a snapshot
Who is EIF?

- EIF provides risk financing to stimulate entrepreneurship and innovation in Europe.
- EIF works with a wide range of counterparts to support SMEs.
InnovFin
EU Finance for Innovators

Helping business in every step

- SME Initiative
  - InnovFin SME Guarantee
  - SME Development Stages
    - PRE-SEED PHASE
    - SEED PHASE
    - START-UP PHASE
    - EMERGING GROWTH
    - DEVELOPMENT
  - COSME Equity Facility for Growth
  - COSME Loan Guarantee Facility
  - Cultural and Creative Sector Guarantee Facility*
  - InnovFin SME Venture Capital
  - InnovFin Tech Transfer*
  - EaSI* (Employment & Social Innovation)
- EIB InnovFin products

- Guarantees & Debt Programmes
- Equity Programmes

ERASMUS+ Student loans

* Under development

HIGHER RISK

LOWER RISK
Enhancing a successful pilot initiative

3. InnovFin Platform
InnovFin
EU Finance for Innovators

InnovFin Platform

**SMEs**
- InnovFin SME Guarantee
- InnovFin SME Venture Capital

**Midcaps**
- InnovFin MidCap Guarantee
- InnovFin MidCap Growth Finance

**Large Caps**
- InnovFin Large Projects

**Thematic Finance**
- InnovFin Energy Demo Projects
- InnovFin Infectious Diseases

**Advisory**
- InnovFin Advisory

- Direct products
- Indirect products

SMEs and small Mid-Caps < 500 Employees
- Intermediated SME/Mid-Cap Financing

Mid-Caps < 3,000 Employees
- Intermediated and/or direct Corporate lending

Large Caps Typically > 3,000 Employees
- Direct Corporate Lending

SPV, Mid-Caps and Large Caps
- Project Finance and/or Direct Corporate Lending

Public and Private Sector Promoters
- Financial Advisory
4. Guarantees and Equity for innovative SMEs
InnovFin SME Guarantee – How does it work?

Key Loan terms

- Tangible & Intangible Assets
- Working Capital
- Business Transfers
- Term & Revolving

- Loans EUR 25K-7.5m
- Maturity 1-10 years
- Attractive guarantee fee
- Financial Benefit transfer

Eligibility Criteria

50% guarantee rate

Financial Intermediary

New Loans/Leases

Innovative SMEs and Small Mid-Caps
RSI implementation:

- 47 applications
  - 44 for the direct guarantee
  - 3 applications for the counter-guarantee
- 40 guarantee contracts signed (including 4 increases)
  - covering 18 countries
  - for a total guarantee amount of EUR 1.54bn
- Enabling over EUR 3.1bn of loans/leases to innovative SMEs and Small Mid-Caps

InnovFin implementation to-date:

- 77 applications
  - 68 for the direct guarantee
  - 9 applications for the counter-guarantee
- 61 agreements signed (multiple FIs under umbrella applications)
  - covering 27 countries
  - for a total guarantee amount of EUR 3bn
- Enabling over EUR 6.9bn of loans/leases to innovative SMEs and Small Mid-Caps

Since October 2014

Pilot implemented over 2012 - 2014
Risk Sharing Instrument (RSI)
- Implemented during 2012 – 2014
- Deployed in 18 countries

InnovFin SMEG
- First signature in 10/2014
- Deployed in 27 countries as of April 2016
- Additional countries in the pipeline

Legend:
- RSI covered countries
- InnovFin covered countries
- InnovFin new applications
- RSI covered & InnovFin applied
- RSI & InnovFin covered countries

+ Israel
Innovation eligibility criteria

- Typical SME or small mid-cap loan covered by InnovFin guarantee:
  - Received grants/schemes from EU R&I schemes (Horizon 2020 or FP7);
  - Are producing, developing or implementing innovative new products, processes or services;
  - Had a venture capital/business angel investment;
  - Is a fast growing enterprise;
  - Has registered at least one technology right; or
  - Has satisfactory proportion of R&I Costs as % of total operating costs.

![Diagram showing distribution of innovation support/grants criteria](image)
InnovFin SMEG - Sectors financed (as of Q4 2015)

- A - Agriculture, forestry and fishing
- B - Mining and quarrying
- C - Manufacturing
- D - Electricity, gas, steam and air conditioning supply
- E - Water supply; sewerage; waste management and remediation activities
- F - Construction
- G - Wholesale and retail trade; repair of motor vehicles and motorcycles
- H - Transporting and storage
- I - Accommodation and food service activities
- J - Information and communication
- K - Financial and insurance activities
- L - Real estate activities
- M - Professional, scientific and technical activities
- N - Administrative and support service activities
- P - Education
- Q - Human health and social work activities
- R - Arts, entertainment and recreation
- S - Other services activities
- U - Activities of extraterritorial organisations and bodies

As of 30 June 2015
Guarantees - Some success stories

Beton, Czech Republic
- Business: Producer of goods for pavements, roads, highways and airports
- EU supported loan from Česká spořitelna: EUR 807,490 equivalent

NBI Bearings Europe, Spain
- Business: bearings company
- EU-supported loan from Bankinter: EUR 500,000

Liftra ApS, Denmark
- Business: equipment supplier for the wind turbine industry
- EU-supported loan from Nordea bank: EUR 1m

Some more http://www.eif.org/what_we_do/guarantees/RSI/index.htm
EIF Financing under EU programmes

Guarantees & Debt Programmes

Equity Programmes

Public Stocks

EIB InnovFin products**

COSME Equity Facility for Growth

InnovFin SME Guarantee

SME Initiative

COSME Loan Guarantee Facility

Cultural and Creative Sector Guarantee Facility*

InnovFin SME Venture Capital

EaSI* (Employment & Social Innovation)

InnovFin Tech Transfer*

ERASMUS+ Student loans

PRE-SEED PHASE

SEED PHASE

START-UP PHASE

EMERGING GROWTH

DEVELOPMENT

SME Development Stages

* Not yet signed
** InnovFin MidCap Guarantee
InnovFin MidCap Growth Finance
InnovFin Large Projects

HIGHER RISK

LOWER RISK
InnovFin SME Venture Capital

Single EU Equity Financial Instrument

“Supporting Union enterprises’ growth and research and innovation from the early-stage to growth and expansion”

InnovFin SME Venture Capital
(EUR 430M + EUR 30M BA ICT pilot)

EU 28, Norway, Albania, Bosnia and Herzegovina, FYROM, Montenegro, Serbia, Turkey, Israel, Moldova, Faroe Islands, Ukraine, Tunisia

COSME Equity Facility for Growth (EFG)
(up to EUR 630M)

EU 28, Iceland, Montenegro, Turkey, FYROM, Albania, Serbia

Multi-Stage funds – InnovFin SME VC & COSME

LOWER RISK

HIGHER RISK
InnovFin SME Venture Capital – main features

- VC and BA Funds focusing on companies in Early Stage
- Focus on Horizon 2020 objectives (e.g. ICT, life sciences, clean energy, technology)
- Enterprises in pre-seed, seed, start up phases
- Pari-passu, at least 30% investment from private investors
- Investment size up to EUR 30m up to 50% of total commitments (CATALYTIC)
- Open Call for Expression of Interest until 30/09/2020
InnovFin SME Venture Capital – How does it work?

Eligible Financial Intermediaries (FI)
- BA, VC, PE funds
- early stage focus
- EU 28 & Horizon 2020 Associated Countries
- Horizon 2020 objectives

Eligible Final Recipients (FR)
- Enterprises, Spin-off, Projects
- early stage
- EU 28 & Horizon 2020 Associated Countries

InnovFin BA ICT Pilot
- Business Angels Funds focusing on ICT investments
- Investing in ICT enterprises (pre-seed, seed, start up phase)
- Looking for Final Recipients in particular in CEE Countries
- With an internationalisation strategy

At the time of the first investment
Some success stories

Ideol seals its first commercial contract
Ideol and the Japanese offshore wind leader Hitachi Zosen (HTZ) have signed a design and engineering services agreement for the design of both a concrete and a steel version of Ideol's floating foundation.

We are passionate about renewable energy and are convinced that our solution will revolutionise the industry, but things can be challenging for a start-up in the cleantech sector. The Demeter team, together with other investors, believed in our strategy and were willing to take the risk. Their support confirms the viability of our product and the technology we have developed and gives us the tools we need to implement it.”

Paul de la Guérivière, Co-Founder and CEO of IDEOL
InnoVFin
EU Finance for Innovators

Find your financial intermediary here!

http://www.eif.org/what_we_do/where/index.htm
**Local offices**

EIF Headquarters are based in Luxembourg.

Here below you will find the list of our local offices:

<table>
<thead>
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<th>Address</th>
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<th>Email</th>
</tr>
</thead>
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(+421) 2 202 13 900 |  |
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(+34 91) 201 00 07 |  |
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