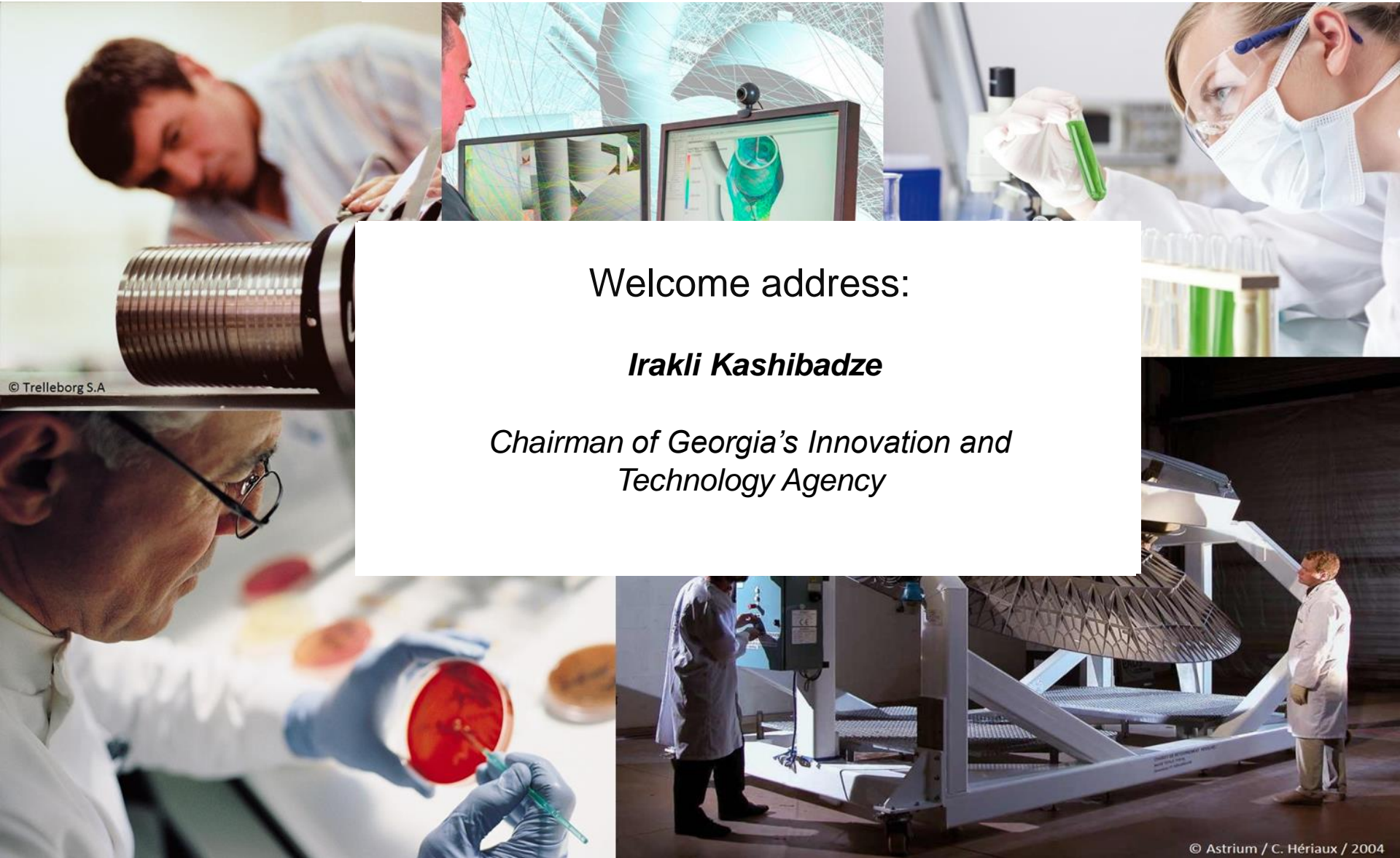




Supporting Innovation in Georgia

Tbilisi, 15th September 2016



Welcome address:

Irakli Kashibadze

*Chairman of Georgia's Innovation and
Technology Agency*



Opening addresses:

László Baranyay

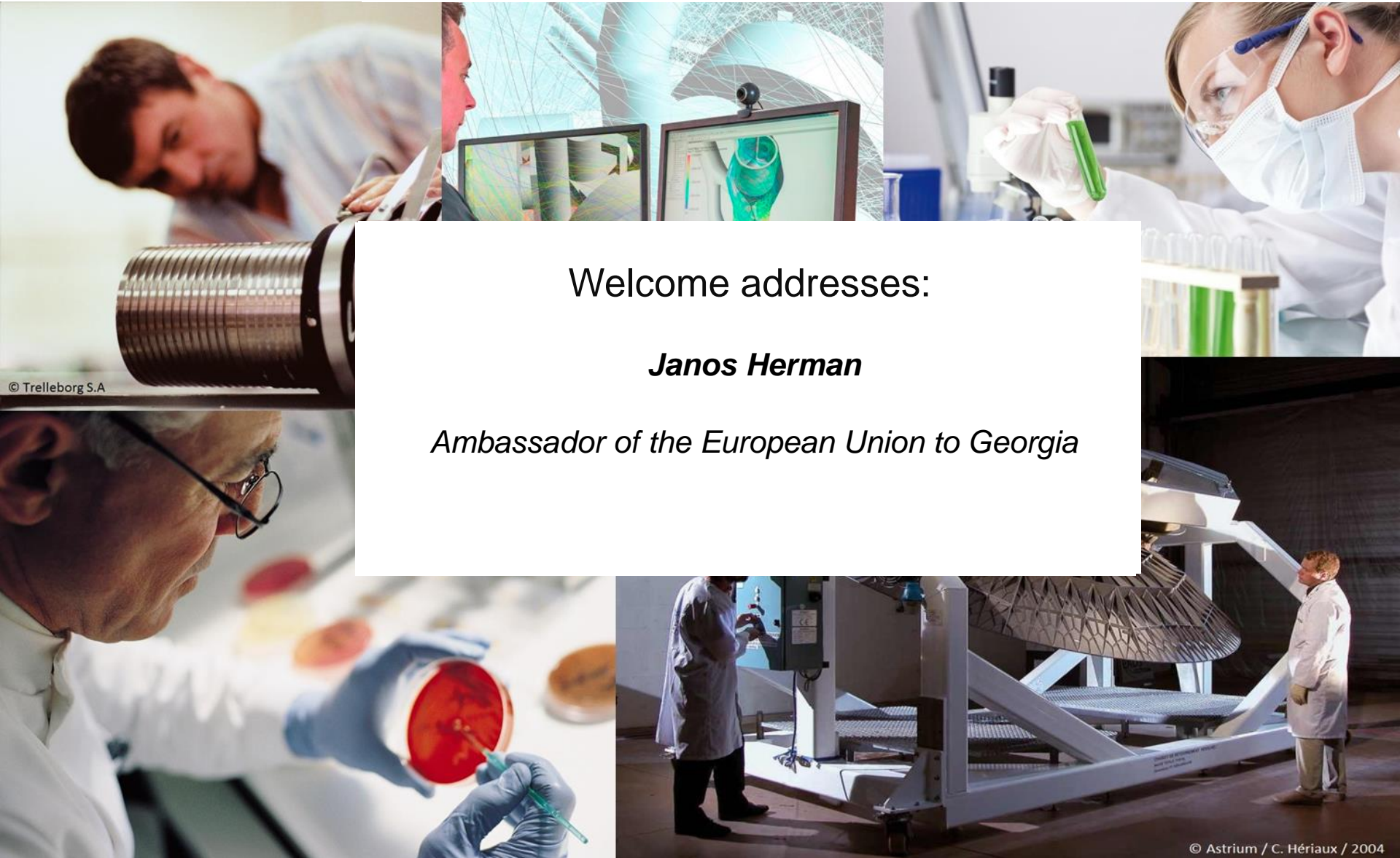
*Vice-President,
European Investment Bank (EIB)*



Welcome addresses:

Dimitry Kumsishvili

*First Vice Prime Minister,
Minister of Economy and Sustainable Development*



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Welcome addresses:

Janos Herman

Ambassador of the European Union to Georgia

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Overview of the EIB Group financing options

Nathalie Climence

*Head of Division Corporates,
Neighbouring Countries Department
European Investment Bank (EIB)*

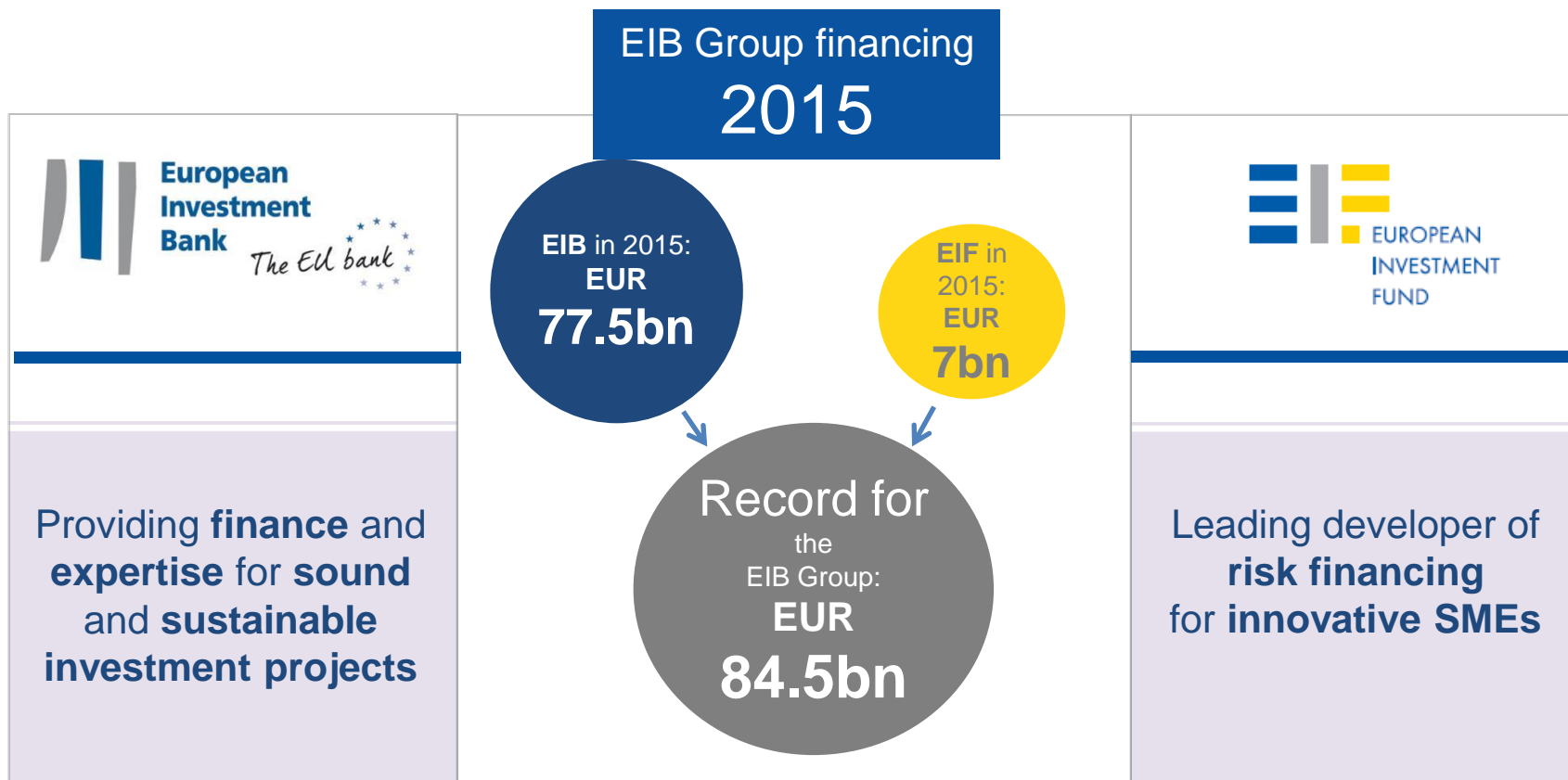
The EU bank



- Represents the interest of the EU;
- Owned by the 28 Members States of the EU;

**Working to implement EU policies,
inside and outside the EU**

The EIB Group



EIB at a Glance

We are the world's largest International Financial Institution



1958

Established to support long-term investments primarily in the European Union.

We have over **50 years' experience** in financing sustainable projects.

Shareholders

Owned by the **Member States** of the European Union.

Source of funds

We raise long-term funds on the international **capital markets** and as a non-profit organisation we pass **favourable borrowing conditions** to our clients.

AAA-rated

We're triple-A rated by all major rating agencies and have a sizeable callable capital of **€221bn.**

EIB's Locations

Our Luxembourg Headquarters are home to some **2,900 staff**



Specialists

Among our staff we have bankers, engineers, sector economists, socio-environmental experts and lawyers.

Local offices

We have over 30 representative offices worldwide.

EIB lending breakdown in 2015

We focus on our **key priorities**:



ENVIRONMENT

EUR 19.6bn



INFRASTRUCTURE

EUR 18.9bn



INNOVATION

EUR 18.7bn



SME

EUR 29.2bn

EIB products

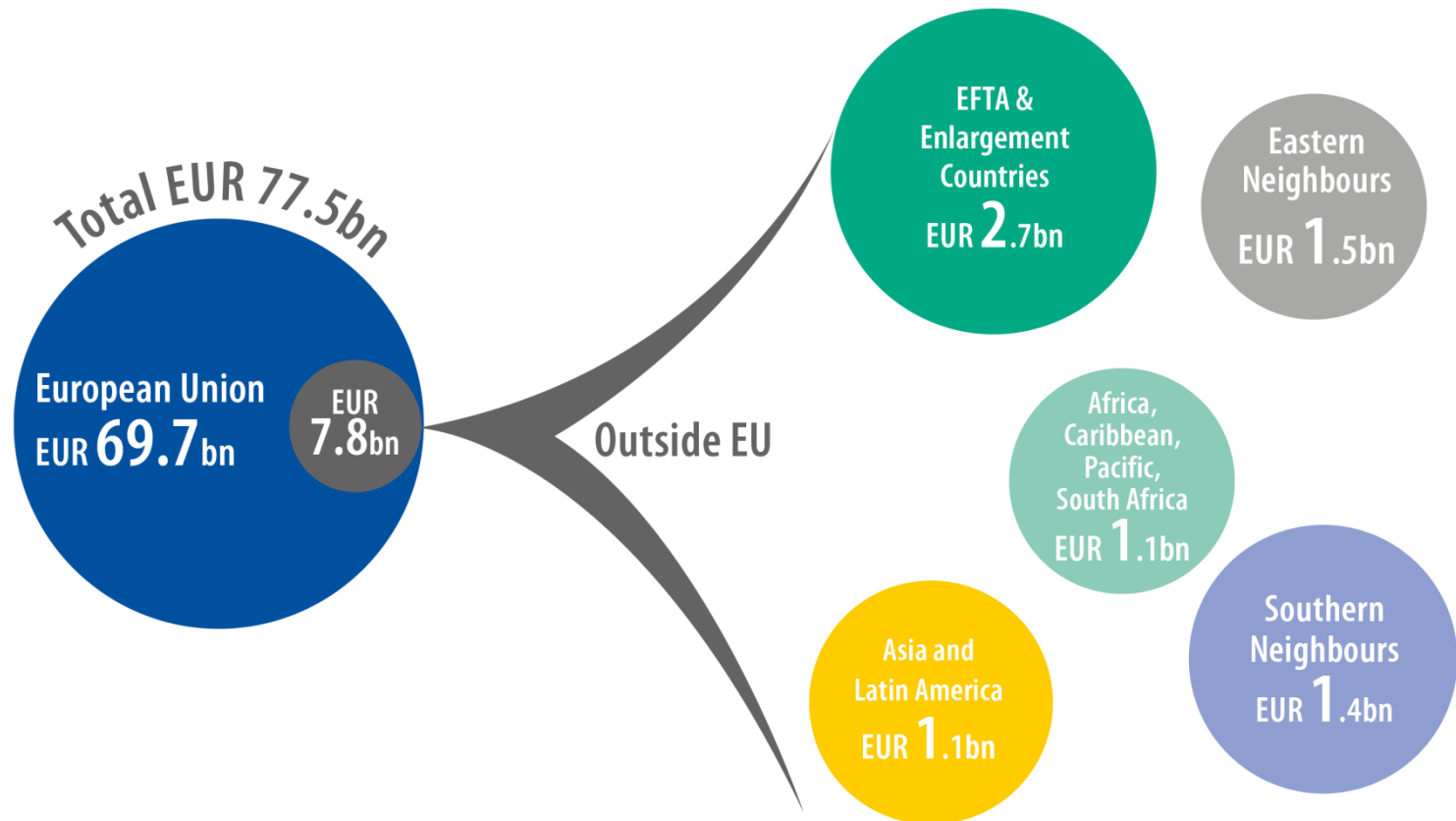
We help **catalyse investment**:

LENDING	BLENDING	ADVISING
<p>Loans at favourable conditions</p> <p><i>and also:</i></p> <p>Guarantees Equity participation</p>	<p>Higher risk projects for innovation (InnovFin)</p> <p>Combining EIB finance with EU budget</p>	<p>Prepare, evaluate and support the implementation of projects</p> <p>Support for public/private partnerships</p>
Attracting FUNDING for long-term growth		

EIB outside the EU

90% of the lending is carried out within the EU...

...and as much as EUR 8bn is lent outside the EU each year.



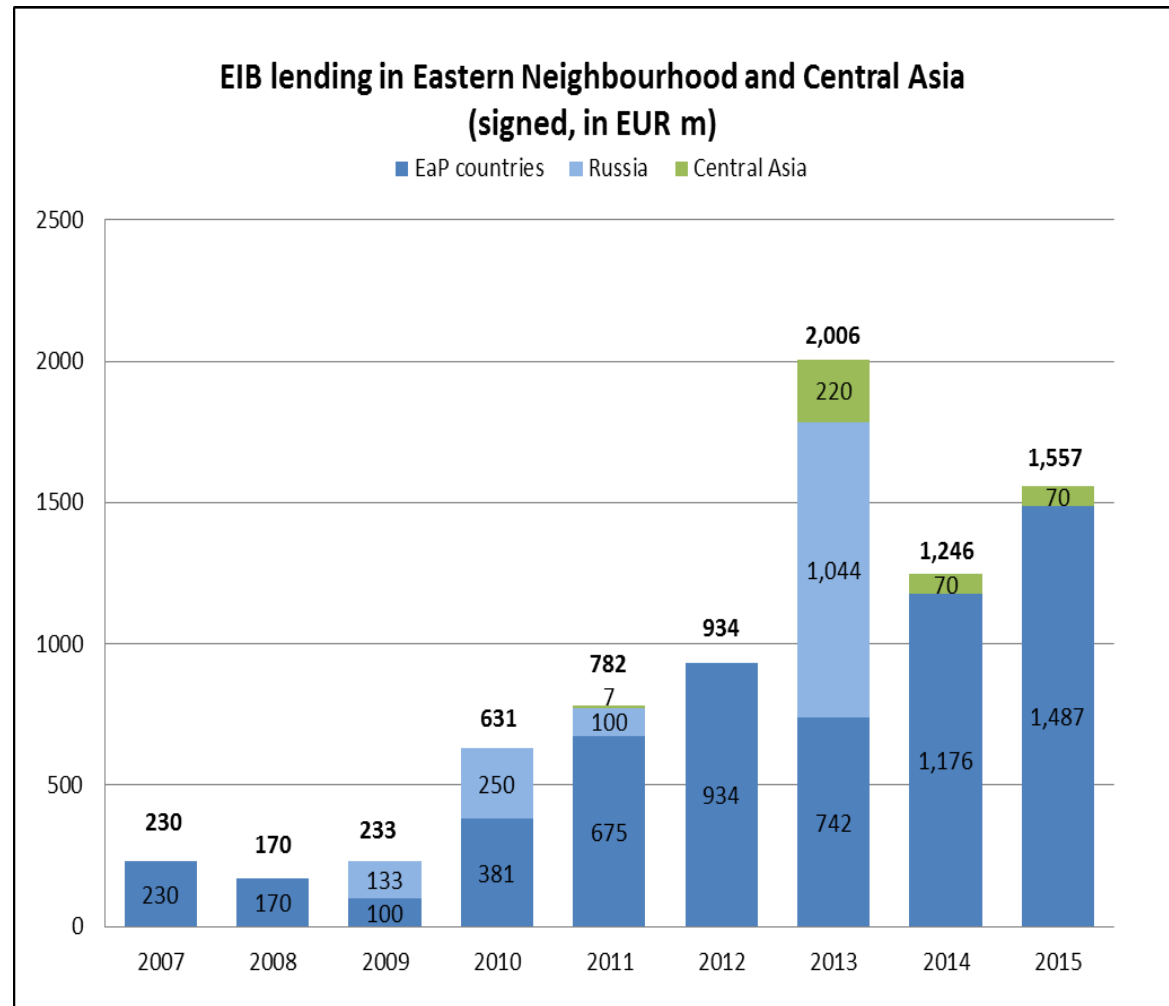
EIB in the EU Neighbourhood

The EIB operates under the European Union's External Lending Mandate, whose objectives are:

- ❖ **Development of the local private sector;**
- ❖ **Development of social and economic infrastructure;**
- ❖ **Climate action projects.**

EIB in the Eastern Neighbourhood

**The 2014-2020
External Lending Mandate
makes available some
EUR 4.8bn
for the Eastern
Neighbourhood region.**



EIB in Georgia – Private Sector

- EIB has been active in Georgia since 2007, investing EUR817m in the public and private sectors
- SMEs and midcaps are supported via local banks through targeted funding facilities
- The EIB has set up a dedicated corporate finance team and is now also able to provide direct loans to larger corporates



EIB in Georgia – Public Sector



MINISTRY OF FINANCE
OF GEORGIA

East-West Highway II

EUR49.45m

2016



MDF
MUNICIPAL DEVELOPMENT
FUND OF GEORGIA

**Urban Reconstruction
+ Development**

EUR100m

2016



United Water Supply Company of Georgia

**Kutaisi
Waste Water**

EUR100m

2015




MINISTRY OF FINANCE
OF GEORGIA

East-West Highway

EUR30m

2013



United Water Supply Company of Georgia

**Water Infrastructure
Modernisation II**

EUR40m

2013



MINISTRY OF FINANCE
OF GEORGIA

East-West Highway

EUR170m

2012



**Water Infrastructure
Modernisation**

EUR40m

2010




MINISTRY OF FINANCE
OF GEORGIA

**Vardnili & Enguri
Hydro Rehabilitation**

EUR20m

2010



United Water Supply Company of Georgia

**High Voltage
Transmission Lines**

EUR80m

2010

EIB in Georgia - Products

- **Currently available** financing/instruments:
 - ❖ Intermediated loans to SMEs, Midcaps
 - ❖ Public sector loans
 - ❖ Direct loans to Midcaps & Corporates
 - ❖ Project finance
 - ❖ Technical assistance for project preparation and implementation

Objectives and Opportunities of the InnovFin Programme

Vygandas Jankunas

DG Research & Innovation, European Commission

Roland Kampe

SME Guarantee portfolio, European Investment Fund (EIF)

Nitan Pathak

Business Development, EIF

Marc D'hooge

InnovFin Programme Manager, EIB

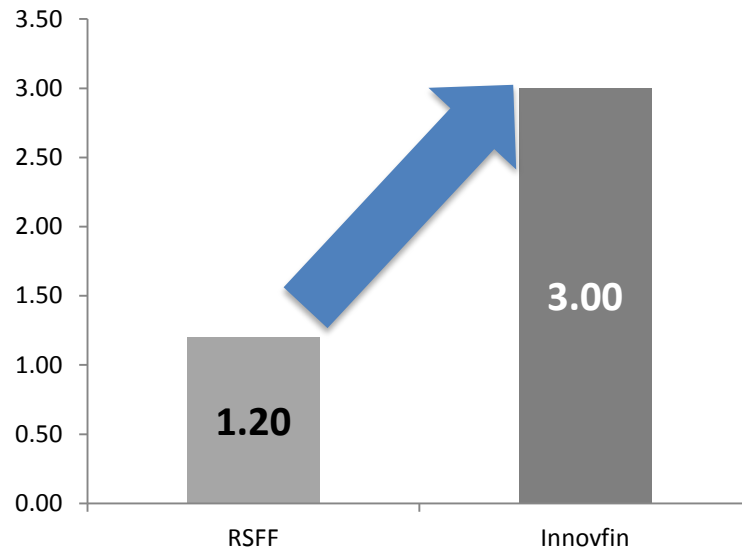
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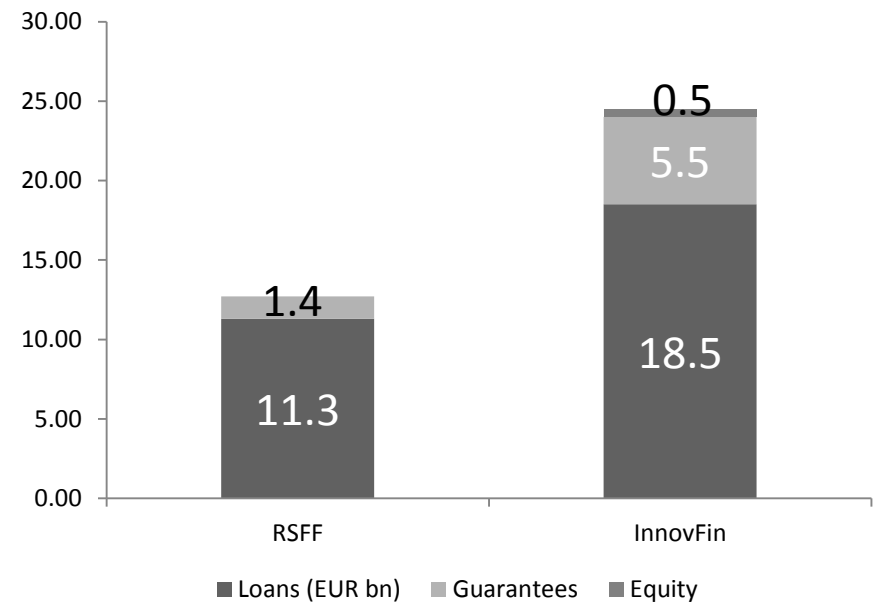
InnovFin: A Quantum Leap

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



SMEs	Midcaps	Large Caps	Thematic Finance	Advisory
InnovFin SME Guarantee	InnovFin MidCap Guarantee	InnovFin Large Projects	InnovFin Energy Demo Projects	InnovFin Advisory
InnovFin SME Venture Capital	InnovFin MidCap Growth Finance		InnovFin Infectious Diseases	
SMEs and small Mid-Caps < 500 Employees	Mid-Caps < 3,000 Employees	Large Caps Typically > 3,000 Employees	SPV, Mid-Caps and Large Caps	Public and Private Sector Promoters
Intermediated SME/Mid-Cap Financing	Intermediated and/or direct Corporate lending	Direct Corporate Lending	Project Finance and/or Direct Corporate Lending	Financial Advisory



direct products



indirect products

InnovFin Product Overview



SMEs	Midcaps	Large Caps	Thematic Finance	Advisory
<div>InnovFin SME Guarantee</div> <div>InnovFin SME Venture Capital</div>	<div>InnovFin MidCap Guarantee</div> <div>InnovFin MidCap Growth Finance</div>	<div>InnovFin Large Projects</div>	<div>InnovFin Energy Demo Projects</div> <div>InnovFin Infectious Diseases</div>	<div>InnovFin Advisory</div>
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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

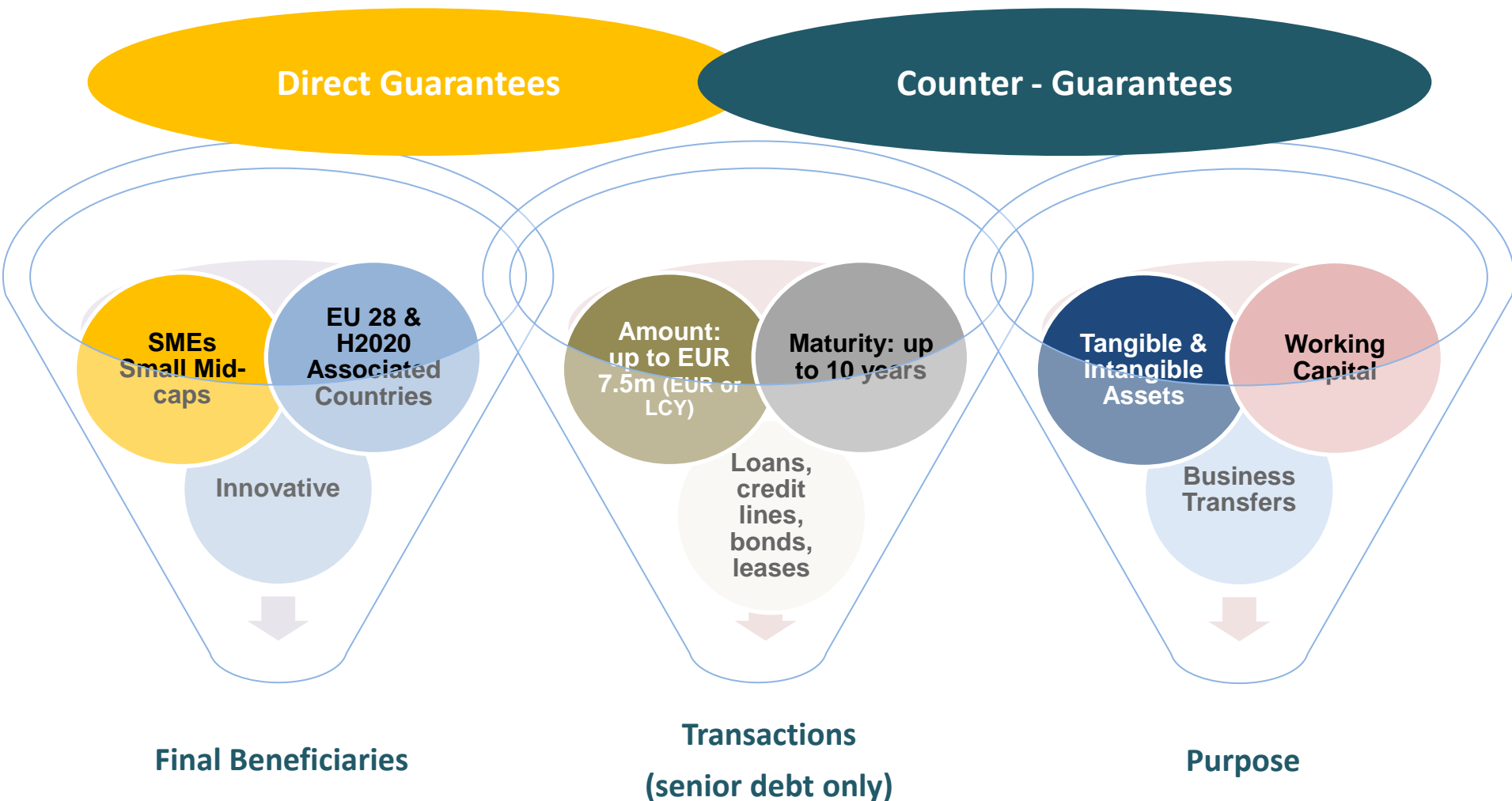
Automatic
Coverage/Inclusion
2-3 yr period

Attractive
Guarantee
Terms

Favourable
Capital
Treatment

Guarantee
and
Counter-Guarantee

Key Guarantee Terms

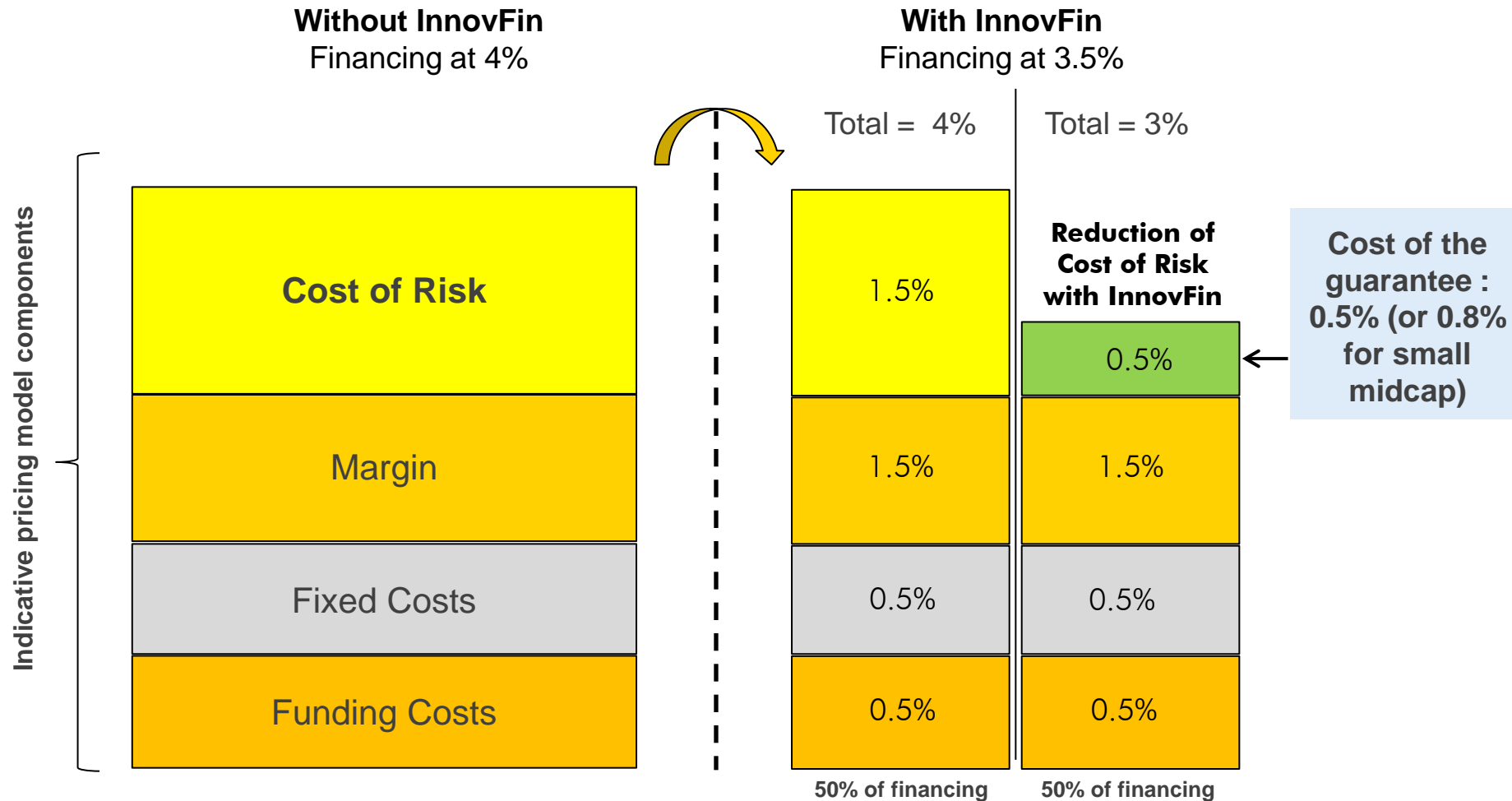


Guarantee Fee



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

Transfer of Benefit (indicative example)



InnovFin SME Venture Capital – key features

TT, VC and BA Funds and
co-investment 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 (seed
& A rounds included)

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

Investment size
up to EUR 30m
up to 50%** of total
commitments (CATALYTIC)

First 4 transactions signed
as of February 2016.
Open Call for Expression
of Interest until
30/09/2020

* 10% in the case of BA Co-investment Funds

** Up to 70% in the case of BA Co-investment Funds, subject to conditions.

InnovFin SME Venture Capital – 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

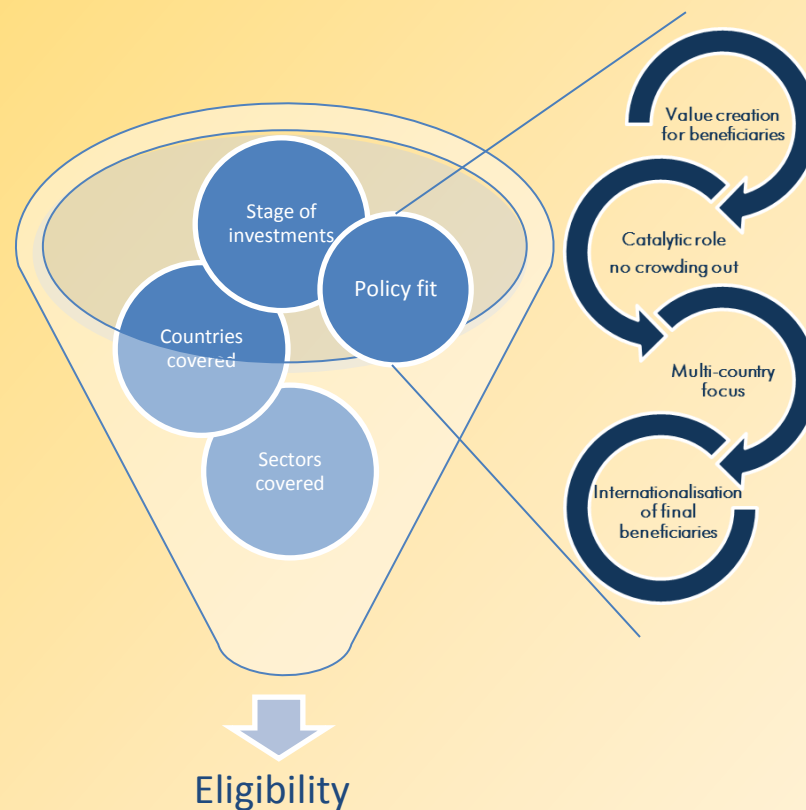
Investment Strategy (HOW)

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

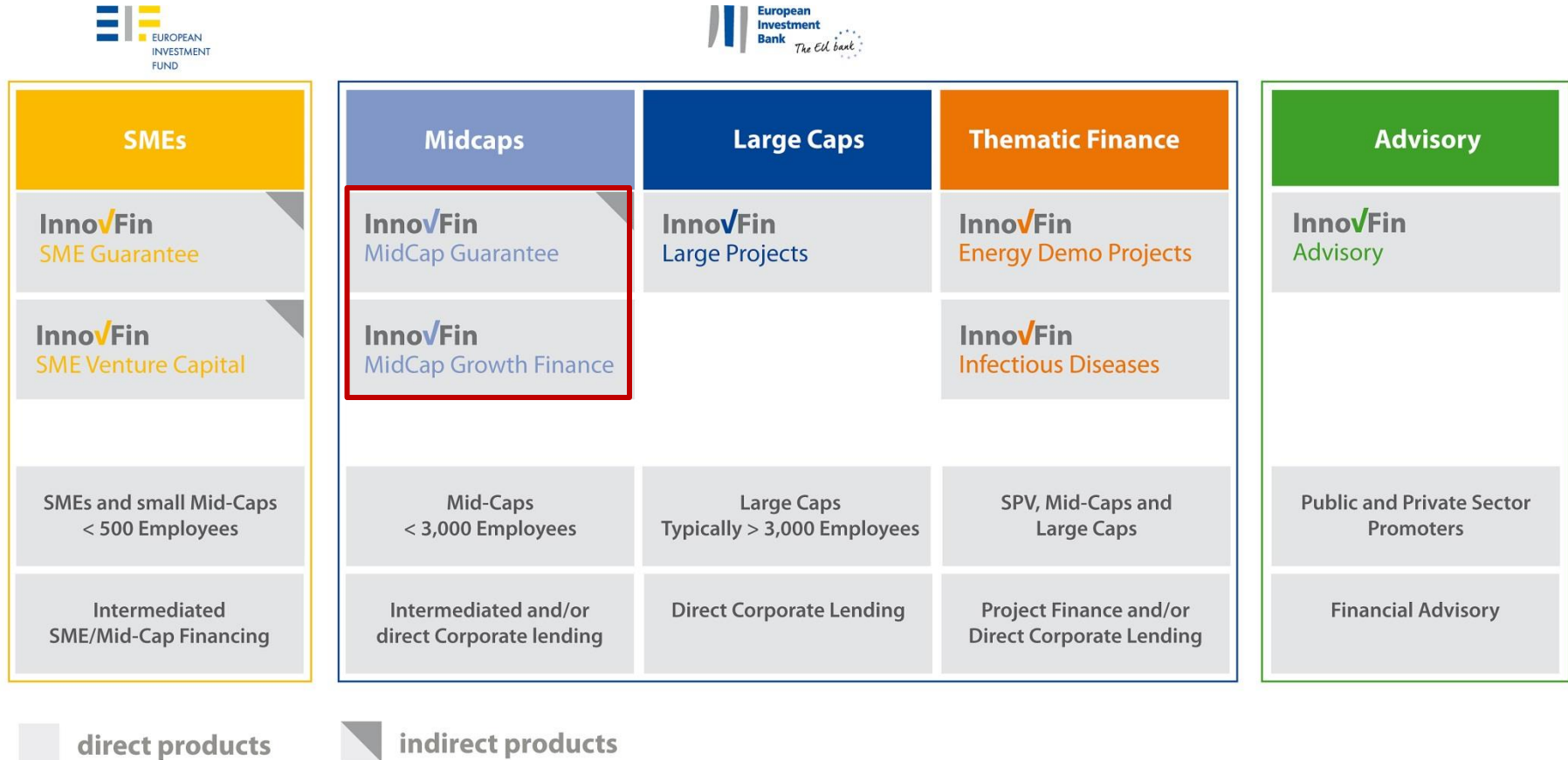
Fund Parameters (WHAT)

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

Fit with the mandate



InnovFin Product Overview



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
- Can be complemented with EIB funding (global loan)
- Pari-passu sharing of risk and pricing
- Full delegation to financial intermediaries
- Favourable capital treatment

ING 



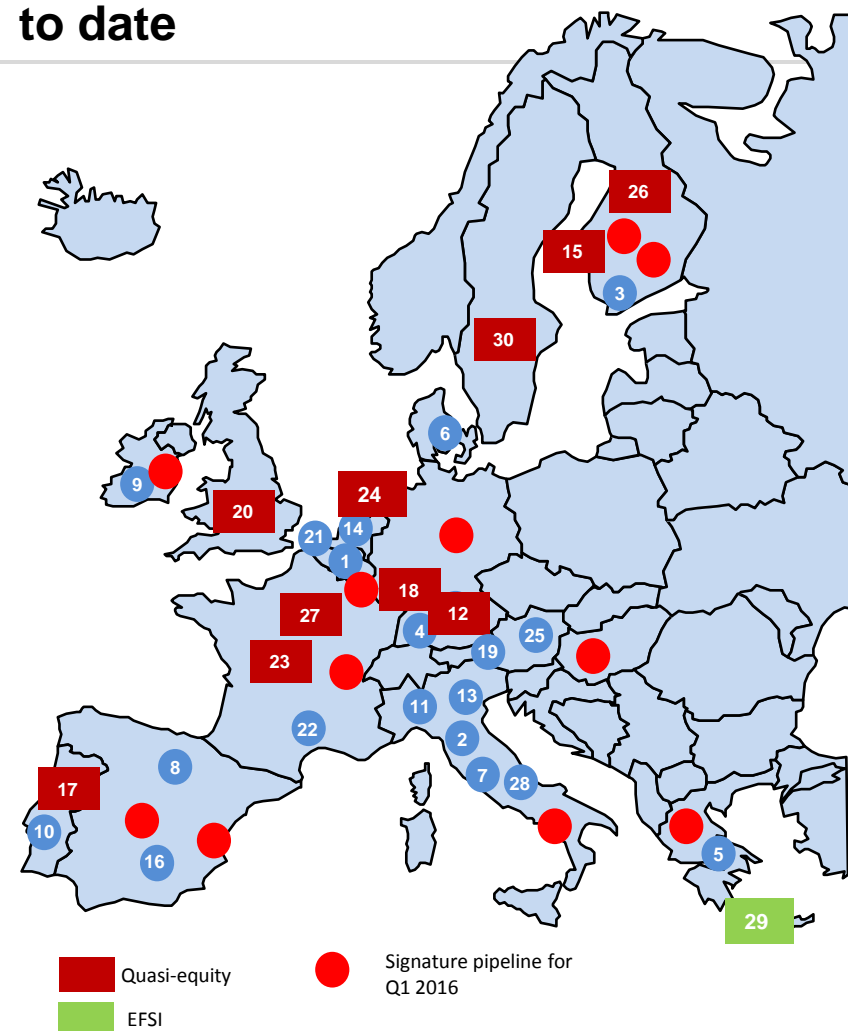
COMMERZBANK 

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

MGF signed transactions to date



1 EVS EVS (2013) EUR 12m Senior term loan	9 enet E-Net (2014) EUR 12m Subordinated loan	17 biosurfit Biosurfit (2015) EUR 12m Quasi-Equity	25 MAM MAM (2016) EUR 25m Senior term loan
2 MARPOSH Marposh (2013) EUR 25m Senior term loan	10 NOVABASE Novabase (2014) EUR 14m Senior term loan	18 Jennewein Jennewein (2015) EUR 10m Quasi-Equity	26 NEWICON NEWICON (2016) EUR 8m Quasi-Equity
3 ROVIO Rovio (2014) EUR 25m Senior term loan	11 MARANGONI Marangoni (2014) EUR 10m Senior term loan	19 Doppelmayr Doppelmayr (2015) EUR 25m Senior term loan	27 ARCHOS Archos (2016) EUR 12m Quasi-Equity
4 manz Manz (2014) EUR 20m Mezzanine loan	12 Innocoll Innocoll (2015) EUR 25m Quasi-Equity	20 Gigaclear Gigaclear (2015) EUR 25m Quasi-Equity	28 SYSTEM S Group System Group (2016) EUR 15m Senior term loan
5 Pharmathen Pharmathen (2014) EUR 25m Senior term loan	13 saes group Saes (2015) EUR 10m Senior term loan	21 punch powertrain Punch (2015) EUR 25m Senior term loan	29 CRETA FARMS Creta Farms (2016) EUR 15m Quasi-Equity
6 Welltec Welltec (2014) EUR 25m Senior term loan	14 PLANON Planon (2015) EUR 12m Senior term loan	22 Figeac Figeac (2015) EUR 25m Senior term loan	30 flexenclosure Flexenclosure (2016) EUR 7.5m Quasi-Equity
7 PRAMAC Pramac (2014) EUR 8m Senior term loan	15 KIOSKED Kiosked (2015) EUR 15m Quasi-Equity	23 Qwant Qwant (2015) EUR 25m Quasi-Equity	
8 MAIER Maier (2014) EUR 7.5m Senior term loan	16 DANOBAT Danobat (2015) EUR 10m Senior term loan	24 evision eVision (2016) EUR 13.5m Quasi-Equity	

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



SMEs	Midcaps	Large Caps	Thematic Finance	Advisory
InnovFin SME Guarantee	InnovFin MidCap Guarantee	InnovFin Large Projects	InnovFin Energy Demo Projects	InnovFin Advisory
InnovFin SME Venture Capital	InnovFin MidCap Growth Finance		InnovFin Infectious Diseases	
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Intermediated SME/Mid-Cap Financing	Intermediated and/or direct Corporate lending	Direct Corporate Lending	Project Finance and/or Direct Corporate Lending	Financial Advisory



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



SMEs	Midcaps	Large Caps	Thematic Finance	Advisory
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direct products

indirect products

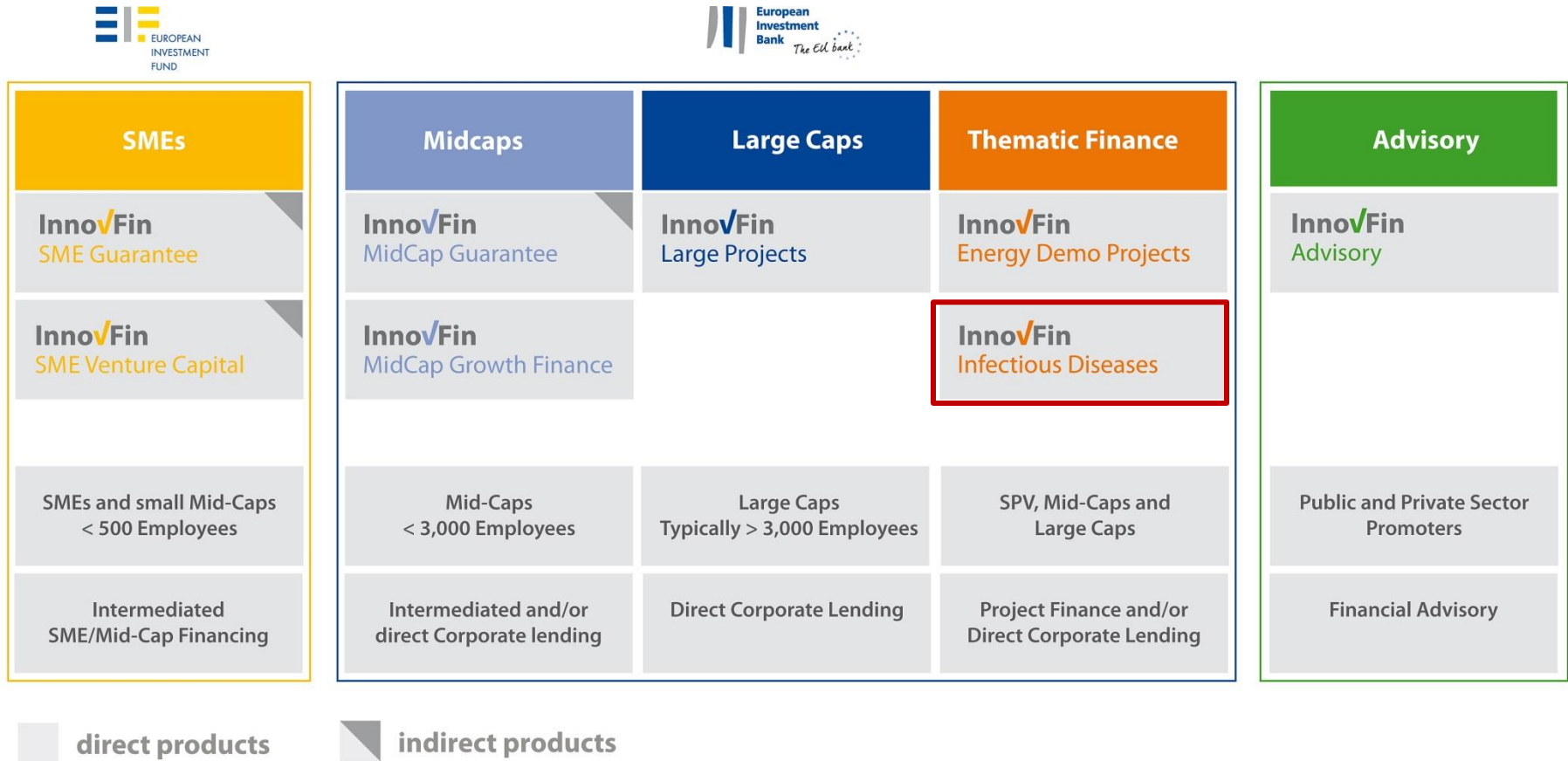
Which projects can be supported?

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

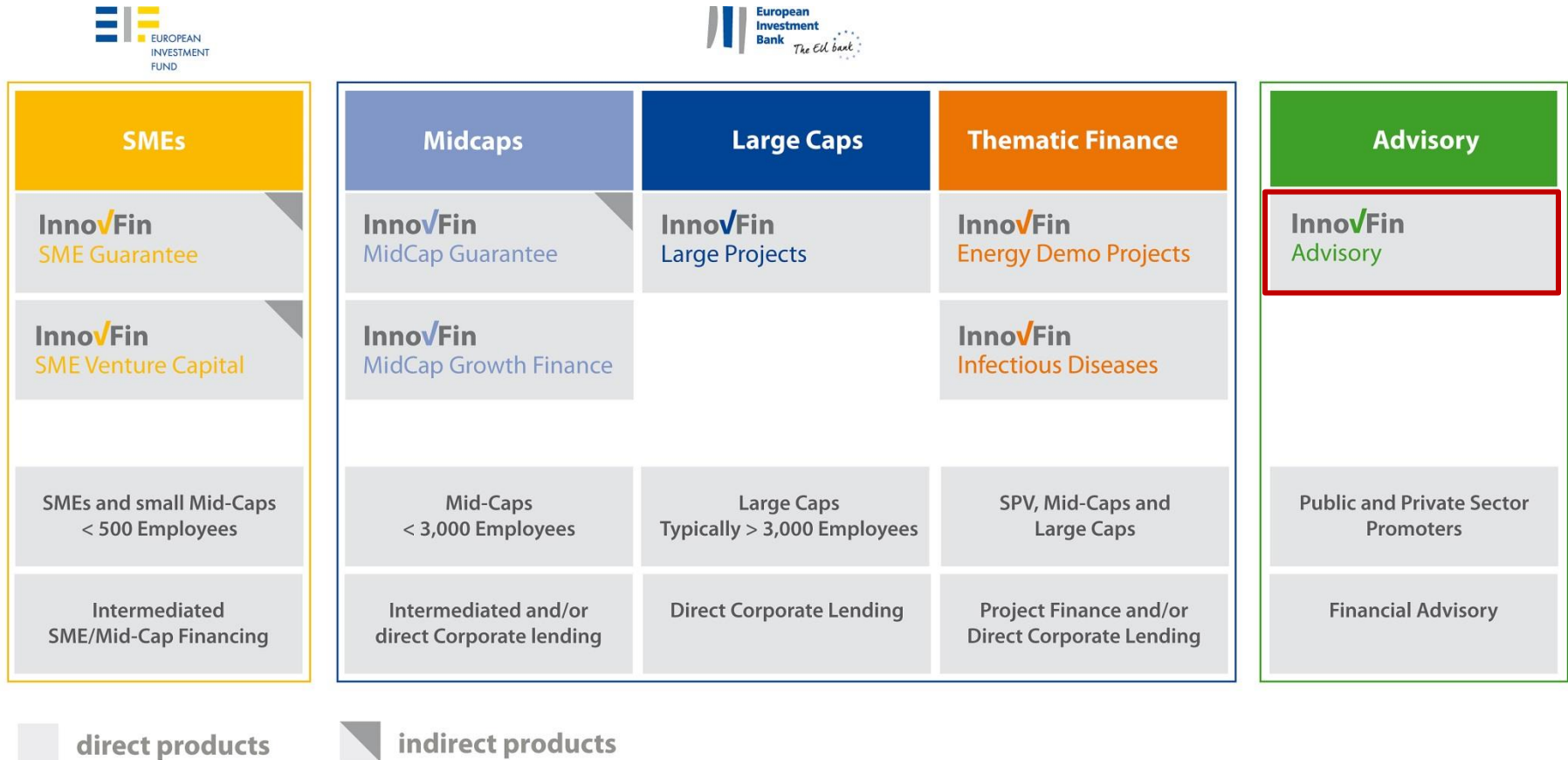


Which projects can be supported?



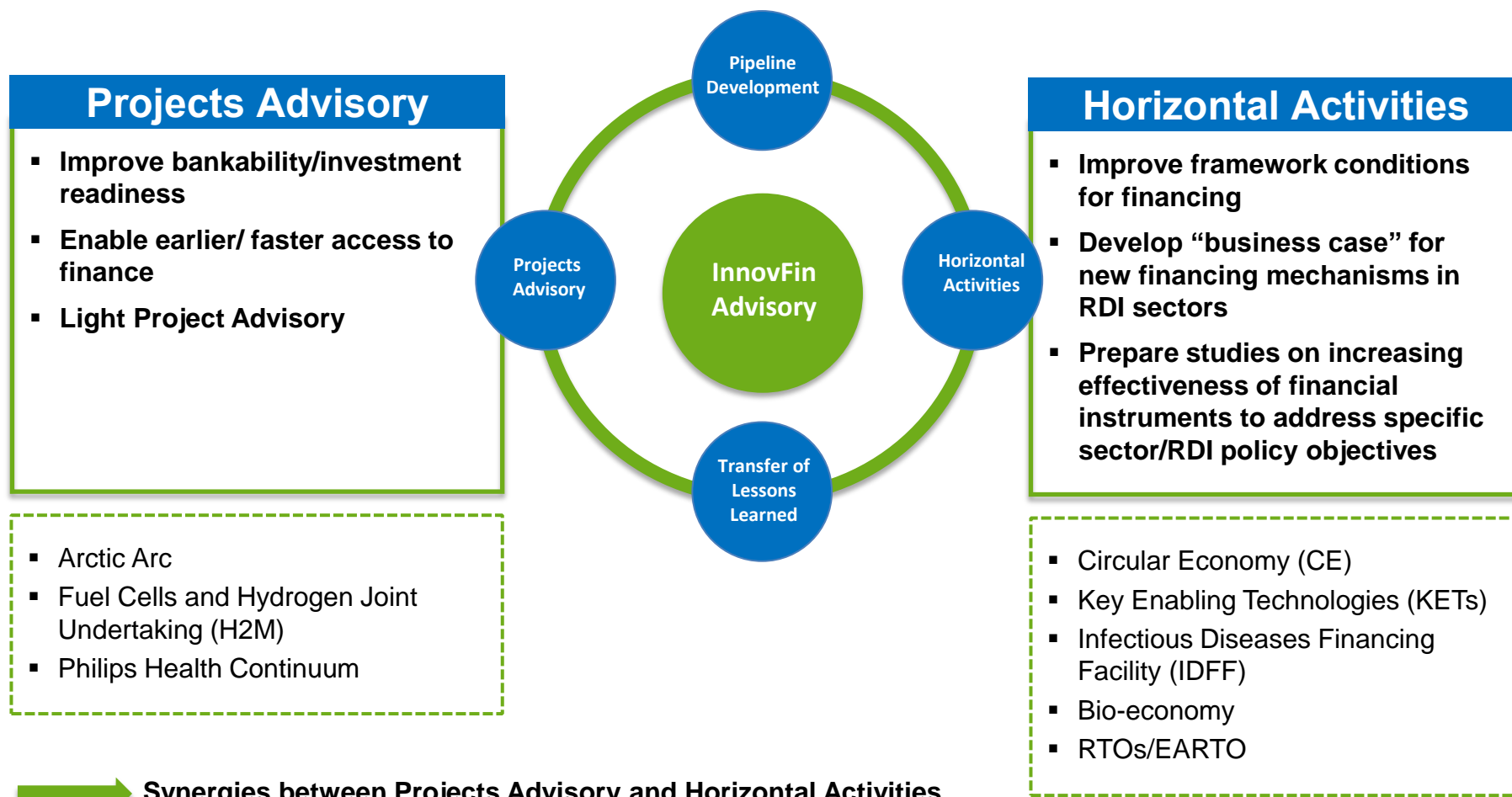
- Projects which have passed pre-clinical stage and for which clinical validation is needed for further development
- Loan: EUR 7.5m – EUR 75m; EUR and local currency; Loan maturity of max 7 years; EIB finances up to 50% of project costs.
- Broad range of products - standard debt instruments (i.e. senior, 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



Innovation Finance Advisory- What do we do?

Enable maximum access to finance for innovative projects



Visit www.eib.org/innovfin

European Investment Bank The EIB bank

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 (JEREMIE)
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.

European Investment Bank The EIB bank

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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Public-private partnership
JEREMIE Flexible

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European Investment Bank The EIB bank

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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European Investment Bank The EIB bank

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 counter-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). This facility is implemented by the EBF, 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
Available directly from the EIB.
Offers long term senior, subordinated or mezzanine loans, in order to improve access to finance

Find out more

Find out more

Transport infrastructure
Public-private partnership
JEREMIE Flexible

Signalling confidence in innovation investment
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European Investment Bank The EIB bank

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 (JEREMIE)
Transport infrastructure
Public-private partnership
JEREMIE Flexible

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➤ Ensure that funding for research and innovation is as accessible as possible for Europe's 20 million SMEs and Mid-caps.

European Investment Bank The EIB bank

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 (JEREMIE)
Transport infrastructure
Public-private partnership
JEREMIE Flexible

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Objectives and Opportunities of the InnovFin Programme

Question & Answer session





Case Study

Financing SMEs in Georgia

Roland Kampe
SME Guarantee Portfolio, EIF



Case Study

Matching the need of growth companies in Georgia

Marc D'hooge

InnovFin Programme Manager, EIB



Case Studies

Question & Answer session



Concluding remarks

Stefan Wagstyl

*Financial Times Chief Germany correspondent and
former central and east Europe editor*