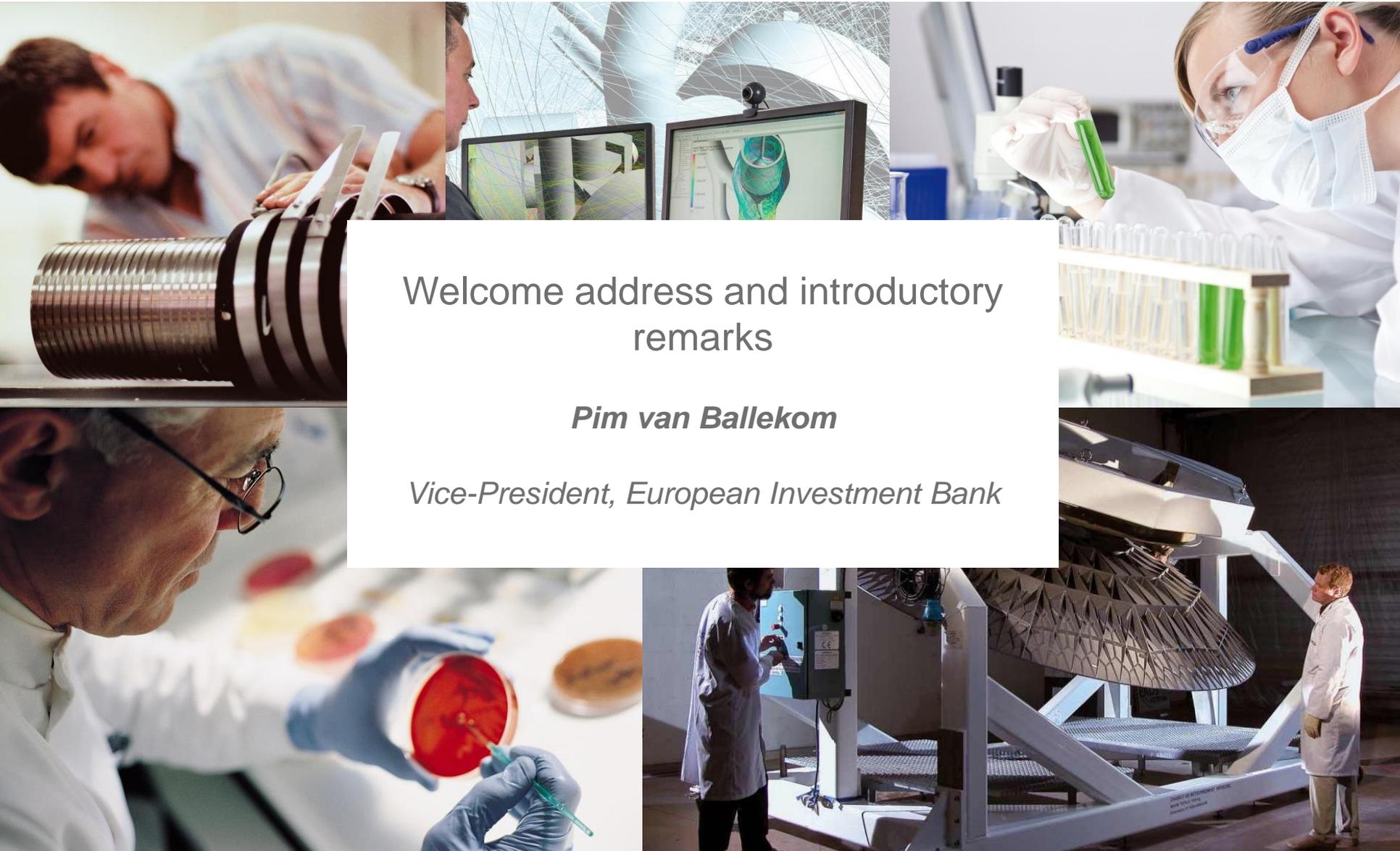




European and National Financing for Innovative and Growth Companies in the Netherlands

The Hague, 8th October 2014



Welcome address and introductory
remarks

Pim van Ballekom

Vice-President, European Investment Bank



Introduction to Horizon 2020

Steve Rogers

*Deputy Head of Unit, DG Research & Innovation,
European Commission*

New EU Framework Programme for R&I (2014-20)

- 1) A core part of Europe 2020, Innovation Union & European Research Area:
 - Responding to the economic crisis to invest in future jobs and growth
 - Addressing people's concerns about their livelihoods, safety and environment
 - Strengthening the EU's global position in research, innovation and technology

- 2) A single programme bringing together three separate programmes/initiatives(*)
- 3) €79 billion (current price) for 3 main priorities:
 - Excellent science
 - Industrial Leadership
 - Societal Challenges

- 4) Emphasis on innovation; Strong focus on SMEs; R&I as critical vector for growth and jobs

(*) The 7th Research Framework Programme (FP7), innovation aspects of Competitiveness and Innovation Framework Programme (CIP), EU contribution to the European Institute of Innovation and Technology (EIT)

Horizon 2020 - Industrial Leadership Priority

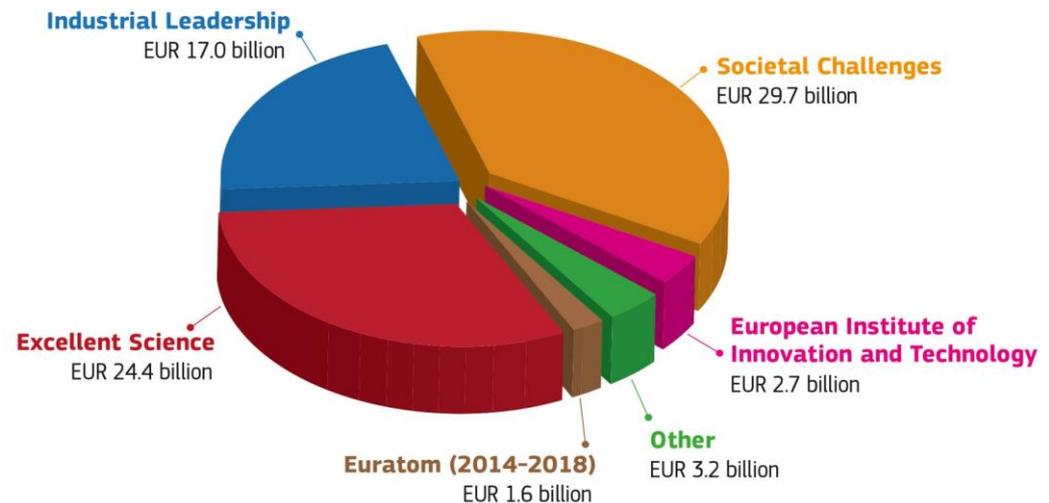
Because:

- Strategic investments in key technologies

(e.g. advanced manufacturing, micro-electronics) underpin innovation across existing and emerging sectors.

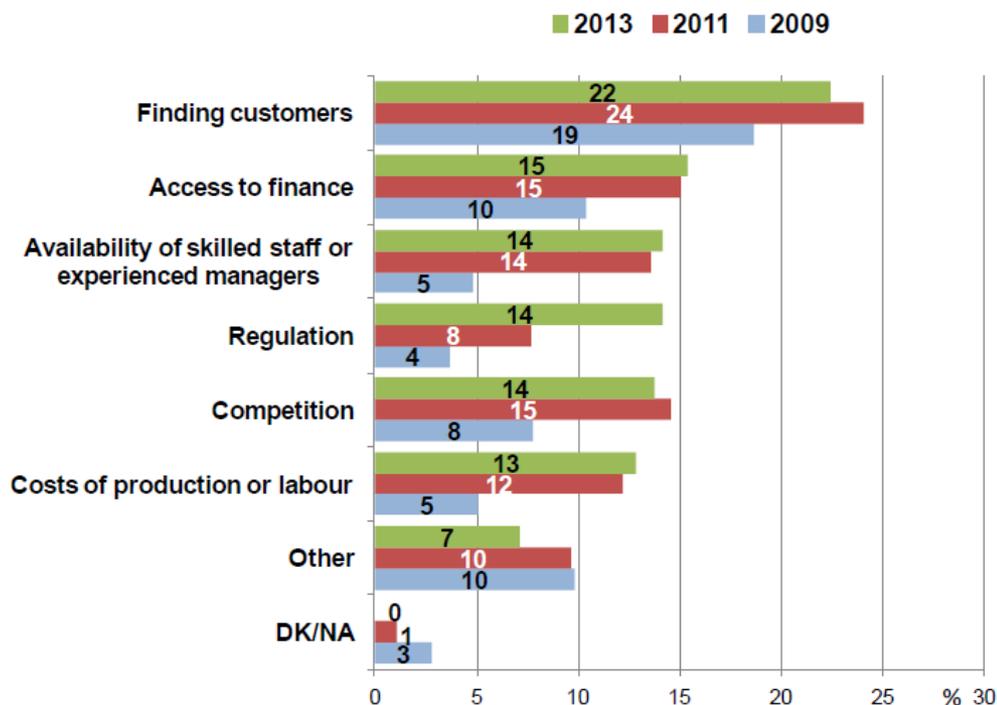
- Europe needs to attract more private investment in research and innovation
- Europe needs more innovative small and medium-sized enterprises (SMEs) to create growth and jobs

HORIZON 2020 BUDGET (in current prices)



Access to Risk Finance Programme

- The most important EU programme ever to support debt and equity investments in R&I (twice FP7 Debt FI budget)
- At least 1/3 of the budget to support innovative/RDI-driven SMEs



Source: EC and ECB, SMEs' Access to Finance Survey 2013 Analytical Report (14 November 2013).

Horizon 2020 Access to Risk Finance - Basics

1) What support will be 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)

New Generation of Debt and Equity Instruments

- Succeeding FP7 debt (RSFF, RSI) and CIP early stage equity (GIF1) FI
- But more ambitious, in size (almost €3 billion) and in scope (from early stage to expansion/growth stage)
- Part of the Horizon 2020 "Access to Risk Finance" programme (Industrial Leadership priority)
- Implemented by a Delegation Agreement between the EU and the EIB Group (EIB and EIF), on the basis of a partnership based on experience, trust and professionalism where:
 - EIB and EIF act as EU Entrusted Entities
 - EIB Group is matching EU financial contribution
 - EU and EIB Group are risk-sharing partners

New Horizon 2020 Delegation Agreement



Signature on 12/06/2014 in Athens by
EU Commissioner Geoghegan-Quinn (centre)
EIB VP de Fontaine Vive (left) and EIF CEO Mr. Gilibert (right)

InnovFin Product Overview



InnovFin EU Finance for Innovators			
SMEs	MidCaps	Large Caps	Advisory
InnovFin SME Guarantee	InnovFin MidCap Guarantee	InnovFin Large Projects	InnovFin Advisory
InnovFin SME Venture Capital	InnovFin MidCap Growth Finance		
SMEs and small Mid-Caps < 500 Employees	Mid-Caps < 3,000 Employees	Large Caps Typically > 3,000 Employees	
Intermediated SME/Mid-Cap Financing	Intermediated and/or direct Corporate lending	Direct Corporate Lending	



InnovFin Product Presentation

Marc D'hooge, InnovFin Programme Manager, EIB
Vincent van Steensel, Head of Portfolio Guarantees, EIF
Shiva Dustdar, Head of RDI Advisory, EIB

InnovFin - Key Figures

- InnovFin builds on the success of the Risk-Sharing Finance Facility (RSFF): 114 R&I projects financed with loans to the tune of EUR 11.3bn, and guarantees worth over EUR 1.4bn for up to EUR 3bn of loans to SMEs and small MidCaps between 2007-2013
- Until 2020, EU will contribute close to EUR 3bn as a risk buffer to InnovFin. EIB Group commits the same amount
- This will result in total debt financing of > EUR 24bn, of which > EUR 5.5bn to SMEs and small MidCaps
- The overall economic impact in terms of investment in Research & Innovation in Europe over the next 7 years will be at least EUR 48bn
- Expected number of transactions: **ca. 300** (of which ca. 110 direct operations with midcaps)

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- Based on RSI pilot guarantee scheme under RSFF - managed by EIF - to improve access to debt finance of innovative SMEs and Small Mid-Caps (< 500 FTEs): deployed in 18 countries by 36 financial intermediaries
- EIF provides guarantees and counter-guarantees to selected financial intermediaries, thus allowing them to provide loans, financial leases and loan guarantees to innovative SMEs and Small Mid-Caps with reduced risk and regulatory capital consumption.
- ***InnovFin SME Guarantee*** boosts by almost 4 times the RSI initiative, therefore enabling to provide an amount of EUR 9 to 10 billion of financing to benefit innovative SMEs and Small Mid-Caps over the next 7 years.
- EIF has published in August 2014 a Call for Expression of Interest to which interested financial intermediaries across Europe and Associated Countries are invited to apply.

- Already strong pipeline, 6 applications already received less than 2 months after the Call was published
- **Innovation** based on project OR on types of companies
- Cover up to 50% of the loss on each loan/lease to Innovative companies
- **Full delegation** to the Financial Intermediaries
- **Automatic** coverage/inclusion
- **Attractive** guarantee terms
- **Favourable** Capital Treatment thanks to EIF MDB status and credit quality
- Guarantee and counter guarantee windows

Products for MidCaps

InnovFin MidCap Guarantee

- Rolled out through financial intermediaries. Financial intermediaries will be guaranteed against a portion of their potential losses by the EIB.
- Guarantees and counter-guarantees on debt financing <€50 million
- For innovative midcaps (< 3000 FTEs) which are not eligible under the InnovFin SME Guarantee

InnovFin MidCap Growth Finance

- Direct long term senior, subordinated or mezzanine loans from EIB
- Amount between €7.5 million < €25 million
- For innovative midcaps (< 3000 FTEs), but also SMEs and small midcaps
- First InnovFin MidCap Growth Finance transaction with Rovio (EUR 25 million facility to support Rovio's technological innovations in various entertainment sectors.)



- Delivers direct loans and guarantees from EIB for larger projects
- Loan amount between EUR 25-300 million
- For R&I projects emanating from larger firms; universities and public research organisations; R&I infrastructures (including innovation-enabling infrastructures); public-private partnerships; and special-purpose vehicles or projects (including those promoting first-of-a-kind, commercial-scale industrial demonstration projects)
- First InnovFin Large Projects transaction with Belgian biopharmaceutical company UCB to provide “at-risk co-development funding” of €75 million for the development of selected UCB compounds.



Who we are

European Commission,
Member States,
government agencies...

Research Institutes,
Foundations, NGOs...

InnovFin Advisory
- financial advisory services -

Corporates, RDI clusters,
industry associations,
financial market
associations...

➤ Advise on getting
earlier and faster
access to finance for
innovative projects

➤ Focus on mobilising
public funds most
effectively for its
clients

- Global Tuberculosis Vaccine Partnership
- Fuel Cells and Hydrogen Joint Undertaking
- Financing options for unique pan-European Research Infrastructure
- Develop new financing mechanisms for Infectious Disease R&D
- Develop risk assessment framework for SET projects
- Internet plug-in application for Innovative SMEs and Mid-Caps

What we do

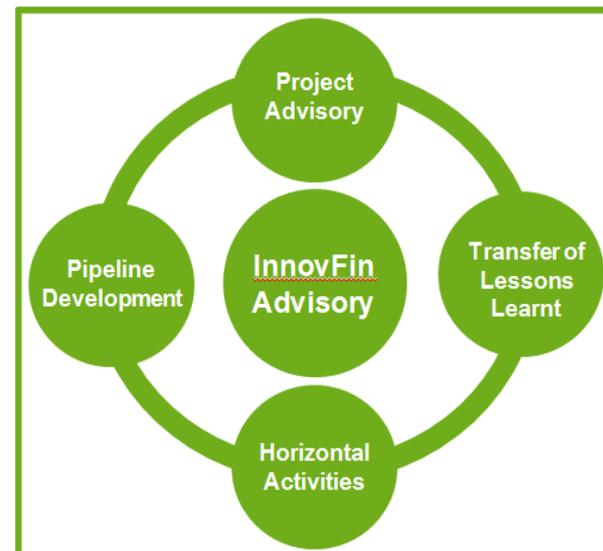
Project Advisory

- Improve the bankability and the investment readiness of complex RDI projects to enable faster access to funding
- Advise specific public-private consortia, R&I driven companies (midcaps or larger), Joint Technology Initiatives, PPPs, R&D clusters, EC and EU Member States

Horizontal Activities

- Improve framework conditions for access to finance
- Prepare studies on increasing effectiveness of financial instruments to address specific sectors/RDI projects' needs
- Develop “business case” for new financing mechanisms to support specific RDI policy objectives

- strategic planning
- business model and processes
- optimal capital structure
- Innovative financing
- governance
- stakeholder engagement





InnovFin Case Studies

Jacques Galloy on EVS
Hans Klomp on ABN AMRO



Interactive roundtable:
How can we support innovative and
growing companies in the region?



Closing Remarks

Pim van Ballekom

Vice-President, European Investment Bank

Michaël van Straalen

*Chairman of the Royal Dutch Association of
Small and Medium Enterprises, MKB-Nederland*