Supporting Innovation in Portugal

Lisbon, 27 February 2015
Welcome addresses:

**Birthe Bruhn-Léon**
Director for Lending in Iberia, EIB

**José Carlos Caldeira**
President, National Agency of Innovation (ANI)

**João Almeida Lopes**
Vice President, Business Confederation of Portugal (CIP)
President of APIFARMA
Overview of the EIB Group financing options

Manuel Neto Pinto
Deputy Head of Division, Lending Operations in Portugal, EIB

Stefano Bragoli
Structured Finance Manager, EIF
The EIB Group

provides finance and expertise for sound and sustainable investment projects

specialist provider of risk finance to benefit innovative SMEs
Priorities

- **20.6bn EUR**  
  **STRATEGIC INFRASTRUCTURE**

- **25.5bn EUR**  
  **SMALLER ENTERPRISES**

- **19.1bn EUR**  
  **CLIMATE ACTION**

- **14.7bn EUR**  
  **INNOVATION AND SKILLS**
A Strong Response to the Crisis
**Our Products**

*We help catalyse investment*

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<td>Combining EIB finance with EU budget</td>
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Attracting FUNDING for long-term growth
EIB Group Products for SMEs and Midcaps

- Micro enterprises: indirect
- SMEs: indirect
- Midcaps: indirect/direct

**EIB Intermediated Loans**
- EIB Mid-cap Initiative loans & guarantees, InnovFin
- EIF Guarantees and Securitisation
- EIF RCR Mezzanine for Growth
- EIF Venture and Growth Capital Funds, Tech Transfer, Business Angels

**EIF Products**
- EIF Microfinance

**EIB Products**
- EIB Mid-cap
EIB - Activity in Portugal

Signatures in Portugal 2010-2014
(in EUR m)

2010: 3,413
2011: 2,069
2012: 871
2013: 970
2014: 1,319

Total of EUR 8.6bn during last 5 years
Corticeira Amorim RDI

EIB provided a loan of EUR 35 million to Corticeira Amorim supporting its RDI programme in the field of cork-based products. The EIB funds will contribute to the financing of the RDI investment programme for research innovation and product development, including energy efficiency, environmental protection and safety and will be carried out at Corticeira Amorim’s technology centres and production plants in Portugal in cooperation with universities and research centres.

BIAL RDI

The European investment Bank provided a loan of EUR 50 million to Bial, the leading independent pharmaceutical company in Portugal. The loan was dedicated to research and development activities on drugs for epilepsy, cardiovascular affections and Parkinson’s disease in the 2010-2013 period, allowing Bial to further expand the application of Zebinix® to include paediatric treatment and neuropathic pain; as well as the development of new drugs for the treatment of Parkinson’s disease, hypertension and pain.

Enhancing mobile broadband services in Portugal

The EIB is seeking to give a boost to the high-speed mobile broadband network in Portugal with a EUR 110m loan to NOS. The loan supports investments necessary for the roll-out of mobile network equipment and systems for the current 3G and new 4G technologies. This has helped to improve access to broadband services for consumers, increasing operating efficiency and reducing costs as well as fostering competition in the telecoms sector.

The new mobile platform deployed enabled NOS to start offering mobile broadband with speeds of up to 150 Mbps across its 4G network, thereby vastly exceeding the 30 Mbps EU target for 2020. Especially in rural areas, mobile networks are often the only practical solution to achieving full broadband internet coverage.
What is the EIF?

“ We provide risk financing to stimulate entrepreneurship and innovation in Europe “

Making finance more accessible and helping SMEs to innovate and grow

Offering a large array of targeted products to support SMES ranging from venture capital to guarantees and microfinance to SMEs

Working with financial intermediaries across the EU-28 EFTA countries, candidate & potential candidate countries

Supporting the market in a countercyclical way
EIF’s Counterparts

“We work with a wide range of counterparts to support SMEs.”

Resources and Mandators
- European Investment Bank
- EIF own resources
- European Commission
- Member States/regions
- Managing Authorities
- Corporates/private
- Public institutions
- Other third parties

Intermediaries and counterparts
- Fund Managers
- Commercial Banks
- Development & Promotional Banks
- Guarantee Institutions
- Leasing Companies
- Corporates
- Business Angels
- Microfinance Institutions

micro-enterprises, SMEs and small mid-caps
Helping Businesses at every Stage of their Development

1. **SME Development Stages**
   - **PRE-SEED PHASE**
   - **SEED PHASE**
   - **START-UP PHASE**
   - **EMERGING GROWTH**
   - **DEVELOPMENT**

2. **Risks**
   - **HIGHER RISK**
   - **LOWER RISK**

3. **Financing Options**
   - **Business Angels, Technology Transfer**
   - **Microcredit**
   - **VC Seed & Early Stage**
   - **Social Impact Funds**
   - **Portfolio Guarantees & Credit Enhancement**
   - **Formal VC Funds & Mezzanine Funds**
   - **Public Stock Markets**

4. **European Investment Bank**

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**European Investment Fund**

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New EU Programmes helping Businesses at every Stage

SME Development Stages

1. Pre-Seed Phase
2. Seed Phase
3. Start-Up Phase
4. Emerging Growth
5. Development

Guarantees & Debt Programmes

Equity Programmes

ERASMUS+ Student loans

Public Stocks

COSME Equity Facility for Growth

InnovFin SME Guarantee

SME Initiative*

COSME Loan Guarantee Facility

Cultural and Creative Sector Guarantee Facility*

InnovFin SME Venture Capital*

InnovFin Tech Transfer*

EaSI* (Employment & Social Innovation)

EIB InnovFin products**

* Not yet signed
** InnovFin MidCap Guarantee
InnovFin MidCap Growth Finance
InnovFin Large Projects
EIF’s Exposure in Portugal

“Notable success stories exist both in Equity and Guarantees and we are open and ready for more to come…”

- First EIF operation in Portugal: 1998
- 11 private equity funds supported which have invested in Portuguese SMEs
- 9 financial partners and guarantee providers

Guarantees transactions and Equity Funds in Portugal

- BPI
- Millennium bcp
- Banco Invest
- Oxy Capital
- HBM Partners
- NOVO BANCO
- Spm
- CA Crédito Agrícola
- Explorer Investments
- Pathena Knowledge Investments
Scope and Opportunities of the InnovFin Programme

Samuel Maenhout
Policy Officer, DG Research and Innovation, EC

Stefano Bragoli
Structured Finance Manager, EIF

Christoph Kuhn
Head of Division, New Products and Special Transactions, EIB
InnovFin: A Quantum Leap

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

**EU and EIB Group Contributions**

- **RSFF**: 1.20 EUR bn
- **InnovFin**: 3.00 EUR bn

**Loans and Guarantees**

- **RSFF**:
  - Guarantees: 1.40 EUR bn
  - Loans (EUR bn): 11.30 EUR bn
- **InnovFin**:
  - Guarantees: 5.50 EUR bn
  - Loans (EUR bn): 18.50 EUR bn
InnovFin Product Overview

- **SMEs**
  - **InnovFin** SME Guarantee
  - **InnovFin** SME Venture Capital
  - SMEs and small Mid-Caps < 500 Employees
  - Intermediated SME/Mid-Cap Financing

- **Mid-Caps**
  - **InnovFin** MidCap Guarantee
  - **InnovFin** MidCap Growth Finance
  - Mid-Caps < 3,000 Employees
  - Intermediated and/or direct Corporate lending

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

- **Advisory**
  - **InnovFin** Advisory
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  - InnovFin Advisory

**Indirect Products**
- SMEs and small Mid-Caps < 500 Employees
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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
- Attractive Guarantee Terms
- Favourable Capital Treatment
- Guarantee and Counter-Guarantee
What Transactions can be supported?

Purpose of Financing: Loans, Credit Lines, Leases and Bonds

- **Tangible & Intangible Assets**
- **Working Capital**
- **Business Transfers**

- Loan amount: min **EUR 25k** – max **EUR 7.5m** (only Senior Debt)
- Loan maturity: min **1 year** – max **10 years**
- Currency: **EUR and local currency**
- Max Portfolio: EUR 400m per intermediary – EUR 1bn per intermediary group
Financial Intermediaries are required to transfer the Financial Benefit to SMEs & Small Mid-caps

Financial Intermediaries are selected on a “first come, first processed” basis
InnovFin Product Overview

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Two Products for Innovative Mid-Caps

1. **Indirect Financing (Risk Sharing) for Senior Loans: Mid-Cap Guarantee**

   - **European Investment Bank**
   - 50% Guarantee EUR 25m
   - **Financial Intermediary**
   - **New Loans**
   - **Innovative Mid-Caps**
   - 3,000 Employees

2. **Direct Growth Financing (Mezzanine): Mid-Cap Growth Finance**

   - **European Investment Bank**
   - **Growth Finance / Mezzanine**
   - EUR 25m
   - **Innovative Mid-Caps**
   - 3,000 Employees
How does MCG 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, English law
How does MGF 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 & English law
Mid-Cap Product Advantages

- No crowding out. Complementary finance to house banks
- EIB signalling 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
- **InnovFin SME Guarantee**
  - SMEs and small Mid-Caps < 500 Employees
- **InnovFin SME Venture Capital**
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- **InnovFin MidCap Growth Finance**
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Large Caps
- **InnovFin Large Projects**
  - Large Caps Typically > 3,000 Employees
- **InnovFin Advisory**
  - Direct Corporate Lending

indirect products
direct products
How does InnovFin Large Projects work?

- Senior debt (pari-passu with other senior lenders)
- Eligible project required. EIB can only finance 50% of R&D and innovation investments
- Comprehensive due diligence including project due diligence
- EIB standard documentation under English or Luxembourgish law
Large Projects Advantages

- Long term loans at attractive terms (pari-passu)
- Signalling effect and quality stamp (technical expertise)
- Co-financing with house-banks preferred
- No cross selling & hold to maturity strategy
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**Advisory**
- indirect products
- direct products
Facilitate Access to RDI Finance

**Project advisory work**

- Improve the bankability and investment readiness of large, complex R&I projects
- Advise specific public-private consortia, R&I driven companies (midcaps or larger), Joint Technology Initiatives, PPPs, R&I clusters, EC and MS

**Horizontal activities**

- Improve framework conditions for access to finance (web-based portal, criteria notes)
- Prepare studies to improve effectiveness of H2020 FI to address specific sectors/R&I projects needs
- Develop “business case” for new financing mechanisms to support specific R&I policy objectives
InnovFin Advisory

New web tool
Case study:
Matching the needs of growth companies

Francisco Catalão
Head of Treasury, Novabase
Case study:
Supporting SMEs via local banks

Maria de Lurdes Pinho
Deputy Director, Special Operations Department,
North Region, Banco BPI
Conclusions

Pedro Carneiro
Vice President, Foundation for Science and Technology