

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
Project name	EUROPEAN GROWTH FINANCE FACILITY
Promoter and financial intermediary	ACCEPTABLE CORPORATE(S)
Country of implementation	Regional - EU countries
Summary project description	<p>The European Growth Finance Facility ("EGFF") is a Global Authorisation operation allowing the EIB to provide direct quasi-equity loans ("venture debt") to small and mid-cap companies across the EU. The programme targets mainly highly innovative companies that suffer from systemic market failure in terms of access to non dilutive, risk-absorbing growth capital across the EU. The Bank developed a venture debt product under EGFF that addresses specifically this well defined market gap. The Bank also set up new operational procedures and changed its organizational set up in order to address the needs of this entirely new client group. The programme has been extremely successful, well-received by clients, investors, policy-makers and advisors across the EU.</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	20.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Financial support through the EIF and the EIB to entities having up to 3 000 employees	100.00%
Other financial support through the EIF and the EIB to entities having up to 3 000 employees	100.00%

Pillar 2

Quality and soundness of the project	Excellent
1. Growth	[...]
2. Promoter capabilities	[...]
3. Sustainability	[...]
4. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*
- (iii) "Sustainability" i.e. environmental and social sustainability²;*
- (iv) "Employment" i.e. the project's direct employment effect;*
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".*

Pillar 3

EIB Technical and financial contribution to the project	High
1. Financial contribution	[...]
2. Financial facilitation	[...]
3. Advice	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);*
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;*
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.*

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 - Complementary indicators

Additionality

In line with the EFSI objective of supporting entities having up to 3,000 employees, the operation supports SMEs and Mid-Caps across Europe for which access to finance remains limited. A particular focus of the operation is on innovative venture-backed companies entering a rapid growth phase. Equally the operation will address the objective of supporting less-developed regions and transition regions as up to 20% of the operation is expected to be deployed in Cohesion regions. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

EGFF became an important standard financing product deployed by the Bank under EFSI. With the support of EFSI, the EIB created in 2016 this specific financing product in the form of a long-term venture debt that is unique in the market, with progress to date showing that it has already proven to be one of the major EFSI success stories. This product was designed to address a (quasi-)equity gap linked to structural market failures across the EU in the provision of risk capital to late-stage venture-backed companies. Such European SME and Mid-Caps suffer from systemic shortages of large, non-dilutive financing for growth investments, both tangible and intangible. This operation provides equity-type funding to innovative companies and riskier projects, which play an increasingly important role in the EU's competitiveness and growth.

EGFF targets a specific sub-optimal investment situation in a market segment that spans potentially across all EU Member States and all EFSI eligible sectors, where SMEs and Mid-Caps cannot rely on bank finance as they lack assets and/or history of sales and stable cash generation and for whom equity investors are either not available and/or too dilutive. At the same time, innovation in renewable energy technologies, biotechnologies and disruptive software, to name a few, require high investments in intangibles long before the commercial success materialises.

The underlying operations fall under EIB Special Activity as all EGFF operations bear risks associated with venture capital investments. These include but are not limited to market, execution, maintaining employment of key employees, funding, competition, regulatory and technological risks. This financing structure under this equity-type operation is designed to address high risk investments that require long term capital. At the European Venture Debt Summits hosted by the EIB in March 2018 and March 2019, stakeholders confirmed the persistent market gap, and the EIB's and EFSI's unique and important roles in addressing it. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

With the help of EFSI, the EIB managed to create a unique product that addresses the specific needs of the target companies while creating an incentive for other investors to participate later on. The EGFF venture debt has a strong catalytic effect for attracting private financing later into the growth stage of innovative companies. The partnership with European equity venture funds is strong and many fund managers actively seek the support of EIB through EGFF. Moreover, subordination to private bank finance in specific cases also allows to attract additional non-dilutive capital. The crowding-in effect of the

programme has been concretely demonstrated in many cases with EIB's involvement being a cornerstone for private investors to commit.

EIB Advisory Services are instrumental to the success of some of EGFF financing, helping reaching out target companies where the market failure is most acute.

Set of indicators related to the macroeconomic environment

Regional - EU countries - Economic environment

Economic Performance

	EU 2018	EU 2018	US 2018	EU 2001-2007
GDP per capita (EUR, PPS)	30,935.11	30,935.11	43,569.11	29,363.37
GDP growth (%)	1.96	1.96	2.85	2.27
Potential GDP growth (%)	1.60	1.60	2.23	2.10
Output gap (% of potential GDP)	0.61	0.61	0.74	0.93
Unemployment Rate (%)	6.60	6.60	3.90	8.55
Unemployment Rate (%) - Y/Y change (% points)	-0.60	-0.60	-0.20	-0.25
Bank-interest rates to non-financial corporations (%)	1.26	1.26	--	3.90
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.06	-0.06	--	-0.02
Investment rate (GFCF as % of GDP) - Total	20.54	20.54	20.84	21.38
Investment rate (GFCF as % of GDP) - Public	2.85	2.85	3.30	3.05
Investment rate (GFCF as % of GDP) - Private	17.68	17.68	17.53	18.33

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Computer programming, consultancy, and information service activities (% of total VA)	--	--	--	--	2.00
Value added in Manufacture of basic pharmaceutical products and pharmaceutical preparations (% of total VA)	--	--	--	--	0.70
Value added in Manufacture of food products; beverages and tobacco products (% of total VA)	--	--	--	--	2.00
Value added in Manufacture of machinery and equipment n.e.c. (% of total VA)	--	--	--	--	1.70
Employment in Computer programming, consultancy, and information service activities (% of total employment)	--	--	--	--	1.50
Employment in Manufacture of basic pharmaceutical products and pharmaceutical preparations (% of total employment)	--	--	--	--	0.30
Employment in Manufacture of food products; beverages and tobacco products (% of total employment)	--	--	--	--	2.20
Employment in Manufacture of machinery and equipment n.e.c. (% of total employment)	--	--	--	--	1.40

SME/midcap

	2014	2015	2016	2017	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	34.25	24.21	20.90	--	20.90
Availability of Private equity (Thousand euro)	42,409,428.05	50,288,356.32	50,091,573.98	--	50,091,573.98
Availability of Venture Capital (Thousand euro)	3,386,585.49	3,869,367.91	4,035,807.28	--	4,035,807.28

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics	Expected value at PCR
Start of works	
End of works	
Project investment cost [MEUR]	5,000.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	22,250,000.00 MEUR
External EFSI multiplier	8.90
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	2,500.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs [person years]	0 person years
Employment during operation - new permanent jobs [FTE]	0 FTE

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.