

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	GAGEO I FUND
<u>Promoter and financial intermediary</u>	FRANCE TITRISATION, GAGEO ASSET FINANCE SERVICES SAS
<u>Country of implementation</u>	France, Regional - EU countries
<u>Summary project description</u>	<p>The proposed operation concerns an equity-type participation in the debt fund GAGEO I ("Fund"). The Fund is among one of the pioneers in the French market to provide asset-based lending. The Fund aims to provide collateralized senior loans, secured mainly by inventory and to a less extent equipment. Investee companies will be SMEs and Mid-Caps located in France and potentially in other EU countries. The aim of the Fund is to provide financing to companies experiencing activity downturns, very high growth or are willing to diversify their sources of funds.</p> <p>The first closing already occurred in mid-2018 for EUR 25m (substantially below its viable target size) and EIB will participate in the second closing. The Fund is generalist in terms of sectors, and will provide financing to companies with significant level of inventories that can be pledged. The majority of companies are expected to be operating in retail, wholesale and manufacturing. The Fund aims to provide medium and long-term financing with maturities ranging between 3 and 7 years. The Fund will principally provide financing to support investments in working capital.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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
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%
Provision of working capital and investment	100.00%

Pillar 2

Quality and soundness of the project	Acceptable
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	Moderate
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 SMEs and Mid-Caps the operation concerns the investment in a fund improving access to finance to SMEs and Mid-Caps, and supporting alternative, non-banking, sources of financing for smaller European companies. Equally, the operation will address the objective of supporting less-developed regions and transition regions as some 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.

The operation addresses market failures and sub-optimal investment situations linked to the lasting difficulties of the SME and Mid-Cap segment in accessing mid- and long-term finance. This market gap is the result of information asymmetries, higher uncertainty and lack of knowledge and capacity of investors to manage companies' collateral. The fund will unlock the unmet financing demand from SMEs and Mid-Caps by mobilising mid- and long-term financing against short-term valuable assets held by SMEs.

As an equity fund investment, the operation falls under EIB Special Activities. Also the exposure to a niche market (inventory/equipment backed lending) represents additional risk factors. 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.

The financing provided by the EIB will result in a quality stamp on the fund proposal that is expected to crowd-in private sector financing multiplying the EFSI investment, while helping to establish a financing solution for Mid-Caps. EIB financing is expected to increase the investors' confidence in the fund proposal. The French NPB, BPI France, will also support the operation. The operation is proposed as an EFSI Investment Platform.

The EIB provided technical experience in analysing and structuring the Fund.

This will be the first operation for the Bank with the promoter and the first operation of the Bank to support inventory/equipment backed lending.

Set of indicators related to the macroeconomic environment

France - Economic environment

Economic Performance

	FR 2018	EU 2018	US 2018	FR 2001-2007
GDP per capita (EUR, PPS)	31,988.40	30,935.11	43,569.11	31,052.70
GDP growth (%)	1.58	1.96	2.85	1.90
Potential GDP growth (%)	1.21	1.60	2.23	1.77
Output gap (% of potential GDP)	0.35	0.61	0.74	1.68
Unemployment Rate (%)	8.90	6.60	3.90	8.50
Unemployment Rate (%) - Y/Y change (% points)	-0.19	-0.60	-0.20	-0.18
Bank-interest rates to non-financial corporations (%)	1.37	1.26	--	3.53
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.02	-0.06	--	0.00
Investment rate (GFCF as % of GDP) - Total	22.92	20.54	20.84	21.75
Investment rate (GFCF as % of GDP) - Public	3.38	2.85	3.30	3.91
Investment rate (GFCF as % of GDP) - Private	19.53	17.68	17.53	17.84

SME/midcap

	2014	2015	2016	2017	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	34.25	24.21	20.90	16.71	17.54
Availability of Private equity (Thousand euro)	42,889,723.96	51,489,734.39	52,624,980.80	67,350,185.55	67,350,185.55
Availability of Venture Capital (Thousand euro)	3,407,491.18	4,006,210.82	4,465,523.98	6,100,548.37	6,100,548.37

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

SME/midcap

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Availability of Venture Capital (Thousand euro)	3,407,491.18	4,006,210.82	4,465,523.98	6,100,548.37	6,100,548.37

- 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	25.11.2019
End of works	23.11.2029
Project investment cost [MEUR]	100.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	288.00 MEUR
External EFSI multiplier	9.60
External EIB (non-EFSI) multiplier	0.00
Amount of private financing [MEUR]	30.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	10.00 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.