

## EFSI Operation Scoreboard<sup>1</sup>

<b>PROJECT PRESENTATION</b>	
<b>Project name</b>	SPANISH MID-CAP GROWTH SUPPORT PROGRAMME LOAN
<b>Promoter and financial intermediary</b>	ACCEPTABLE CORPORATE(S), PORTOBELLO CAPITAL GESTION SGEIC SA
<b>Country of implementation</b>	Spain
<b>Summary project description</b>	<p>The proposed programme loan concerns innovation and other eligible investments promoted by innovative small and medium-sized companies (SMEs and Mid-Caps) under private equity ownership. Some of the companies will be located in Cohesion Regions, and the borrowers are expected to operate mainly in the industrial sectors and to a lesser extent in services.</p> <p>In Spain, SMEs produce 62.2% of total value added (EU average: 56.8%) and account for 72.4% of employment (EU average: 66.4%). Despite the significant progress in the Spanish economy in recent years, SMEs in the 'non-financial business economy' have not yet fully recovered from the global financial crisis. In 2017, value added and employment were still 17.1% and 14.4% below their respective 2008 values. Moreover, Spain continues to perform below the EU average in the SMEs access to finance.</p> <p>Origination of the loans will take place in cooperation with Spanish private-equity fund managers investing in SMEs and Mid-Caps, who are expected to facilitate identification of eligible borrowers and projects via companies in their portfolios. The EIB borrowers will be the companies themselves. The private-equity fund holds either minority or majority shareholdings in borrower companies, hence, fund managers benefit from in-depth knowledge of the company's investment plans, financials and have a close relationship with the management teams. This tight relationship enables the fund manager to identify financing needs of portfolio companies promoting projects that fulfil specific EIB eligibilities. Moreover, due to the ownership of the potential borrowers, fund managers are well positioned to identify companies with funding needs and projects, which are economically viable and fulfil other EIB lending criteria.</p>

<sup>1</sup> 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
<b>Cross-cutting objectives</b>	
EIB Cohesion Priority Regions / Economic and Social Cohesion	20.00%
<b>EFSI</b>	
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	60.00%
Provision of risk financing from seed to expansion stages for SMEs, start ups, small mid cap companies and mid cap companies, to ensure technological leadership in innovative and sustainable sectors	40.00%

### Pillar 2

Quality and soundness of the project	Good
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 sustainability<sup>2</sup>;*
- (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	Significant
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.*

<sup>2</sup> 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 less than 3 000 employees by improving their access to financing, the operation shall support Mid-Caps and SMEs in Spain, especially targeting those presenting innovative features and/or located or investing 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 Programme Loan addresses an existing market failure and sub-investment situation by supporting a structurally very important segment of the economy. Mid-Caps and SMEs are the engine of Spain's economy, and availability of long-term financing and alternative funding sources for this segment is still restricted. Many Mid-Caps and SMEs are unable to access capital markets due to their size and lack of external ratings. Consequently, they remain substantially dependent on bank debt. Commercial banks typically offer tenors shorter than the useful life of underlying projects. Consequently, long-term investments in growth and innovation are delayed or reduced. Through the Programme Loan, EIB aims to reach underserved Mid-Caps and SMEs, and thus sustain their growth potential and stimulate employment. The focus on innovative companies is also expected to generate positive externalities via knowledge, technology and/or environmental spillovers and through skills development and upgrading.

The operation is expected to fall under the EIB Special Activity category. This is mainly driven by the expected credit profile, unsecured format of the lending and long tenor of the loans, creating a subordination to existing lenders. 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.

EIB financing under EFSI shall provide a positive signalling effect on the soundness of final beneficiaries' strategy, and create a catalytic effect strengthening market confidence in their capacity to pursue their investment programmes.

Thanks to EFSI, this Programme Loan dedicated to Mid-Caps and SMEs will complement previous programmes, with a focus on smaller, innovative companies, hence expanding the number of products/initiatives offered by the EIB in respect of Mid-Cap and SME financing. The financing will be deployed directly by the EIB in the form of a Programme Loan.

The promoters will be new counterparts for the EIB.

## Set of indicators related to the macroeconomic environment

### Spain - Economic environment

#### Economic Performance

	ES 2018	EU 2018	US 2018	ES 2001-2007
GDP per capita (EUR, PPS)	28,497.70	30,935.11	43,569.11	29,209.95
GDP growth (%)	2.58	1.96	2.85	3.55
Potential GDP growth (%)	1.16	1.60	2.23	3.58
Output gap (% of potential GDP)	0.87	0.61	0.74	2.74
Unemployment Rate (%)	14.40	6.60	3.90	9.98
Unemployment Rate (%) - Y/Y change (% points)	-2.10	-0.60	-0.20	-0.34
Bank-interest rates to non-financial corporations (%)	1.69	1.26	--	3.78
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.13	-0.06	--	-0.04
Investment rate (GFCF as % of GDP) - Total	21.21	20.54	20.84	28.71
Investment rate (GFCF as % of GDP) - Public	2.10	2.85	3.30	4.14
Investment rate (GFCF as % of GDP) - Private	19.11	17.68	17.53	24.57

#### SME/midcap

	2014	2015	2016	2017	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	46.51	32.74	28.32	26.45	17.54
Availability of Private equity (Thousand euro)	2,132,953.10	2,171,941.45	3,779,579.57	4,814,131.57	67,350,185.55
Availability of Venture Capital (Thousand euro)	205,043.98	346,079.27	424,427.69	497,383.80	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 indicators<sup>3</sup>

Key project characteristics	Expected value at PCR
Start of works	01.01.2019
End of works	31.12.2022
Project investment cost [MEUR]	206.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	206.00 MEUR
External EFSI multiplier	2.80
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	131.00 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

<sup>3</sup> 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.