



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

<b><u>PROJECT PRESENTATION</u></b>	
<b><u>Project name</u></b>	VAEKSTFONDEN EQUITY CO-INVESTMENT PLATFORM
<b><u>Promoter or financial intermediary</u></b>	VAEKSTFONDEN
<b><u>Country of implementation</u></b>	Denmark
<b><u>Summary project description</u></b>	<p>The operation concerns an equity-type participation in a co-investment platform between EIB and Vaekstfonden (the “Danish Growth Fund”), the Danish State’s investment fund - a National Promotional Institution (NPI) - whereby the Bank and Vaekstfonden make equity and quasi-equity co-investments on a pari passu basis into companies selected by Vaekstfonden (VF).</p> <p>The main objective of the operation is to strengthen the capital base of Danish corporates in their growth phase. The operation will mobilise private sector investments to further business growth and investment in Research Development and Innovation, thereby contributing to the economic growth creation and the generation of employment opportunities in Denmark and Europe.</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 the 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5.5 (protection of commercial interests) and 5.6 (protection of the Bank’s internal decision-making process), have been replaced by the symbol [...].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: Research, development and innovation	75.00%
Projects that are in line with Horizon 2020	75.00%
EFSI: Financial support through the EIF and the EIB to entities having up to 3 000 employees	25.00%
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	25.00%

### 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 four indicators which include:

- (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.

### 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 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***

This EFSI Investment Platform, in the form of a co-investment platform, has been developed in partnership with Vaekstfonden (VF), the Danish State's investment fund - a National Promotional Institution (NPI). The co-investment platform will allow to support the growth phase of Danish SMEs and Midcaps by strengthening their capital base through equity investments. The operation addresses a number of EU and EFSI objectives. Firstly it supports research, development and innovation as it is expected that at least 75% of the investment by the platform will target innovation objectives. Equally the operation will target the EFSI objective of providing risk financing to SMEs and Midcaps so as to ensure technological leadership in innovative and sustainable sectors. The operation is expected to have an immediate impact on corporates and thus contribute to improving, developing and renewing the structures and sectors of the Danish corporate market, in particular through efficient support to SMEs and Midcaps that have growth aspirations.

The project addresses market failures: This project contributes to financing of smaller innovative and/or high-growth companies, which generate significant positive externalities through the creation of innovative processes, products or services and through skills development and upgrading. This project addresses the limited ability of the financial market to provide adequate financing for smaller innovative and high-growth companies arising from the limited access and/or prohibitive cost of financing charged by creditors/ investors as a result of information asymmetries, higher uncertainty, lack of collateral and imperfect screening and monitoring. The operation addresses the sub-optimal investment situation which exists in the later growth phases, as equity funds, due to their modest size, cannot address the needs of this particular segment in numbers of investments nor ticket sizes. As a consequence, some Danish companies at the growth stage seek capital abroad, with the risk that they subsequently move to the investor's home country, often the US.

The operation represents equity risk and hence falls under the Special Activity category, in particular as the later-stage and growth stages represent high operational and financial risks for the companies. Equally, the investment is expected to be structured without any interest payments before the exit of investments and the return will be fully dependent on successful exits. Due to the expected riskiness of the operation, the investment could not have been provided to the same extent by the EIB without EFSI support.

Every euro of EIB investment with EFSI support, is expected to crowd-in at least four euros from the private sector in a given investee company's financing round. The EIB investment should result in a quality stamp on the project that is expected to crowd-in private sector financing to the growth stage investee companies.

The operation will be the first for the EIB with Vaekstfonden. This is also the first EIB operation of this kind in Denmark and represents quite an innovative instrument. The operation will allow the EIB to provide support to the Danish growth stage companies, which have not received much EIB financing in the past.

Besides, the support to the capital base of Danish growth SMEs and Midcaps, the platform's investments are expected to have a positive effect on job creation and growth, with new permanent jobs estimated at circa 1 200 FTEs.

## Set of indicators related to the macroeconomic environment

### Denmark - Economic environment

#### Economic Performance

	DK 2016	EU 2016	US 2016	DK 2001-2007
GDP per capita (EUR, PPS)	36,720	29,440	42,615	34,086
GDP growth (%)	1.3	1.9	1.6	1.6
Potential GDP growth (%)	1.2	1.3	2.1	1.5
Output gap (% of potential GDP)	-1.4	-0.75	-0.03	2.5
Unemployment Rate (%)	6.2	8.2	4.7	4.5
Unemployment Rate (%) - Y/Y change (% points)	0.2	-0.8	-0.3	-0.11
Bank-interest rates to non-financial corporations (%)	1.2	1.4	1.8	3.7
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.02	-0.21	-1.4	0.6
Investment rate (GFCF as % of GDP) - Total	20.0	19.7	19.6	21.6
Investment rate (GFCF as % of GDP) - Public	3.7	2.7	3.4	2.8
Investment rate (GFCF as % of GDP) - Private	16.3	17.0	16.2	18.8

#### Information and communications technology

	2013	2014	2015	2016	EU (latest available)
The Digital Economy and Society Index (DESI) (composite Index)	–	62.3	65.9	67.1	52.3
Fixed broadband subscriptions (lines) per 100 people	40.9	42.0	42.8	43.1	32.7
Fixed broadband Next Generation Access (NGA) coverage/availability (% of households)	82.6	0.92	0.92	–	0.71
Mobile broadband subscriptions per 100 population	102.0	109.3	118.0	123.4	83.9
Internet bandwidth (kb/s per user)	12.0	9.0	9.0	–	–

#### Research, development and Innovation

	2013	2014	2015	2016	EU (latest available)
Gross domestic expenditure on R&D (GERD) (% of GDP)	3.0	3.0	3.0	–	2.0
Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP)	-0.01	-0.02	-0.03	–	0.97
Research and development expenditure - Government (% of GDP)	0.07	0.07	0.07	–	0.24
Research and development expenditure - Higher education (% of GDP)	1.0	1.1	1.1	–	0.47
Research and development expenditure - Business (% of GDP)	1.9	1.9	1.9	–	1.3
Research and development expenditure - Private non-profit sector (% of GDP)	0.01	0.01	0.01	–	0.02
Eco-Innovation Index (EU =100)	129.0	185.0	167.0	–	100.0

#### SME/midcap

	2013	2014	2015	2016	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	29.1	19.8	36.1	30.8	20.9
Availability of Private equity (Thousand euro)	1,878,334	1,281,397	1,855,056	1,434,453	50,091,574
Availability of Venture Capital (Thousand euro)	85,242	70,015	74,612	90,238	4,035,807

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-interest rates to non-financial corporations" 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**

	<b>Expected at PCR</b>
Start of works	01.07.2018
End of works	30.06.2026
Project investment cost	1,200.00 MEUR
EIB/EFSI eligible investment mobilised	1,080.00 MEUR
External EFSI multiplier	14.40
External EIB (non-EFSI) multiplier	
Amount of private financing	1,050.00 MEUR
Quick start (% of expenditure during 2015-2018)	20.00 %
Co-financing with national promotional banks	75.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs	3,600 person years
Employment during operation - new permanent jobs	1,200 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.