SME support opportunities through the European Investment Bank
EIB at a glance

- **The EU bank:**
  - Established in 1958
  - Shareholders are the 28 EU Member States
  - Around 90% of lending within the EU

- **World’s largest international financial institution:**
  - Largest multilateral lender
  - Largest multilateral capital markets borrower
  - Primarily focused on EU but with large operations outside

- **Solid credit fundamentals:**
  - AAA-rated by three major rating agencies
  - Favourable borrowing conditions passed on to clients

- **Key lending priorities (2017 levels of investments – EIB Group):**
EIB Group products – covering the entire cycle of a company’s development
Since 2007, EIB has invested EUR 9.7bn in life sciences

From 2007 to 2018, the Bank’s investments in the sector reached EUR 9.7bn, averaging EUR 810m per year

EUR 9.2bn used for projects within the EU
# InnovFin Programme Overview

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- Early-Stage Enterprises, SMEs and Small Midcaps (< 500 Employees)
- Intermediated Equity Financing
- Intermediated Debt Financing
- SMEs, Midcaps, Large Caps, SPVs
- Research Institutes, Universities, Research Organisations
- SMEs, Midcaps, possibly Large Caps, SPVs
- Direct and/or Intermediated Financing (including equity type)
- Direct Financing (including equity type)
- Direct and/or Intermediated Financing (including equity type)
- Public and Private Sector Promoters
- Financial Advisory

Note: InnovFin Large Projects succeeded by InnovFin Emerging Innovators. InnovFin MidCap Growth Finance to be deployed in the future under the European Fund for Strategic Investments (EFSI).
Horizontal activity example: Life sciences

This study focuses on three of Europe’s largest bioclusters - Bavaria, Catalonia & UK and one developing biocluster (Poland).

Key themes / assumptions:

- A lack of funding is limiting the growth of European life sciences R&D
- Current funding instruments do not meet all the needs of life science innovators
- For life science SMEs, this presents a range of strategic and operational issues
- Novel financing providers and mechanisms are emerging, however, they alone are unlikely to be sufficient in driving a step change
- European institutions could play a valuable role in driving catalytic change for the life sciences market
- Call for more “patient” investment models
Innovation Finance Advisory (IFA) overview

Projects Advisory
- Advise companies on EIB and other sources of financing
- Improve bankability/investment readiness
- Enable earlier/faster access to finance

Horizontal Activities
- Improve framework conditions for financing
- Develop “business case” for new financing mechanisms in RDI sectors
- Prepare studies on increasing effectiveness of financial instruments to address specific sector/RDI policy objectives

Investment Platforms
- Leverage horizontal (market) studies to identify funding gaps
- Where necessary, recommend internal EIB-managed instruments and/or Investment Platforms (IP)
- Structure/implement IP that mobilise public/private investors

Infectious Diseases Finance Facility
(InnovFin Thematic Product)

Funding Gap Analysis
(e.g. Study on Access to Finance in Life Sciences)
IFA’s portfolio of Horizontal Activities

Our studies lead to the creation of new financial products, while proving to be an effective outreach and sourcing tool.

Published

EARTO

Life Sciences

Digital Economy II

Transport

Circular and Bio-economy

KETs I & II

New financial product to address identified, thematic funding gaps

InnovFin Infectious Diseases Finance Facility

- Standard debt to quasi-equity for amounts typically between EUR 7.5 million and EUR 75 million
- Targeting developers of innovative vaccines, drugs, medical and diagnostic devices or novel research infrastructures for combatting infectious diseases
- Portfolio as of Nov-17: EUR 125m with additional c. EUR 150m under review

Ongoing

Space

European Innovation Council

Agri-Food

Access-to-finance for Gender

Renewable energy

Digital Economy

Innovative medicines initiative

Circular Bioeconomy Investment Platform

In process of being set up (Q3-4 2018 target date for tender)
IFA prepared the group for the Infectious Diseases Financing Facility (IDFF)

- Project advisory to finance portfolio of TB vaccines
- Horizontal activity on access-to-finance for ID R&D
- Development of new InnovFin product, the IDFF
- Project advisory support to mobilise public and private capital
How does InnovFin Infectious Diseases work?

- Broad range of products – standard debt instruments (i.e. senior, subordinated and mezzanine) to risk sharing instruments (RSL) with forgiveness options

- EIB can only finance 50% of project costs

- Comprehensive due diligence (legal, financial, technical, etc.)
How does InnovFin Infectious Diseases work?

- Review of all Promoter’s Infectious Diseases R&D activities
- Definition of risk-sharing portfolio (entire portfolio or sub-set of the most promising compounds incl. at least 5-10 different streams to diversify risk)
Which projects can be supported?

- Projects which have passed pre-clinical stage and for which clinical validation is needed for further development
- Loan amount: min EUR 7.5m, max EUR 75m
- Loan maturity: up to 7 years
- Currency: EUR and local currency
- Pricing: commensurate to the risk incurred
Thank you

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