



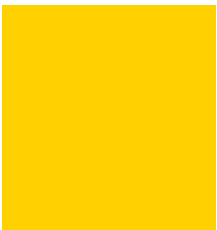
**Patrice LIAUZU**



**Geneva, 10 April 2008**

**The role of a EU  
financial institution in  
support of innovation**

**UN ECONOMIC  
COMMISSION FOR  
EUROPE REGION**



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# EIF at a glance

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**EU specialised financial institution for SMEs,**  
 acting through: **Venture Capital** (fund-of-funds),  
**Guarantees** for SME portfolios and financial engineering

**AAA** (Standard & Poor's)  
**Aaa** (Moody's)  
**AAA** (Fitch)

MDB status 0% weighting



## Subscribed capital:

EUR 3bn  
 EIB: 66 %  
 EU: 25 %  
 Fin. institutions: 9 %

**EU 27, EFTA, Candidate countries**

Support to EU Objectives  
 Generate an appropriate return

## Under management at end February 2008

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	Total signatures	New signatures in 2007	New signatures in 2008	Vehicles
<b>VENTURE CAPITAL</b>	EUR 4.4bn	EUR 0.5bn	EUR	277 funds
<b>GUARANTEES</b>	EUR 11.6bn	EUR 1.4bn	EUR 14m	189 operat.
<b>TOTAL</b>	EUR 16bn	EUR 1.9bn	EUR	

# The PE/VC market covered by EIF

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**VENTURE CAPITAL**

**PRIVATE EQUITY**



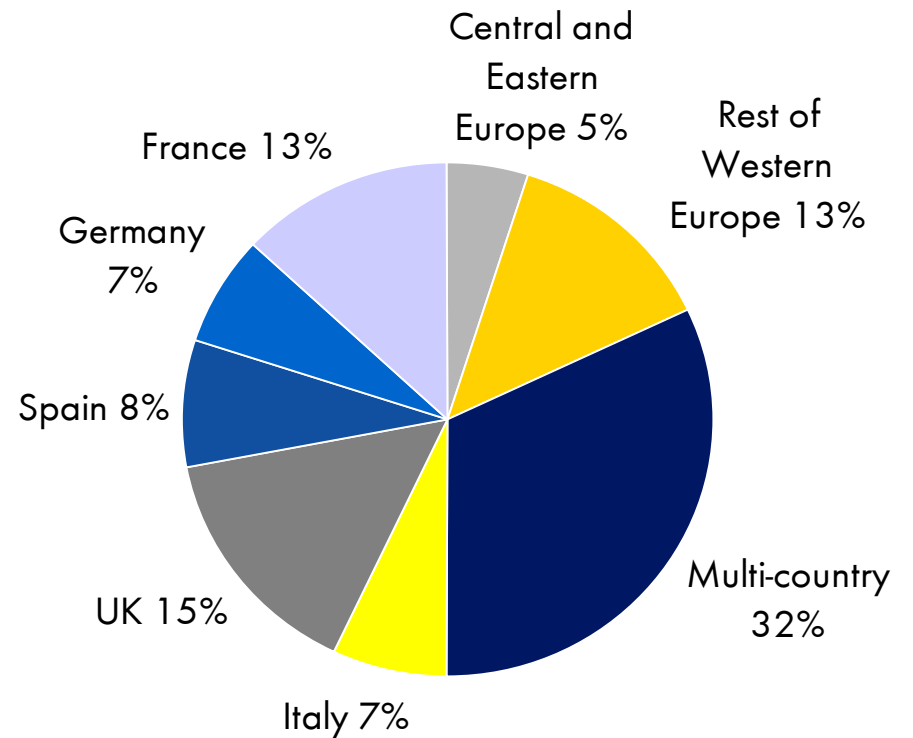
**EIF INVESTMENT FOCUS**

# Venture portfolio overview

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- Balance portfolio between expansion capital and start-up-/early-stage
- Portfolio biased towards technology (59% in ICT & life sciences)
- Around 30% of portfolio in multi-country funds

## Geographic spread



## Activities covered by the EIF

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- Primary Fund of Funds investor
  - Focused on technology
  - Largest European early-stage investor (15% market share)
  - Specialist in new teams
  - Need to enhance this role in support of innovation
- Lead operator in New Products
  - Business Angels side funds
  - Technology Transfer investor
  - Clean Technologies
  - EU / periphery emerging market Fund of Funds
  - "JEREMIE"
  - Advisory Services



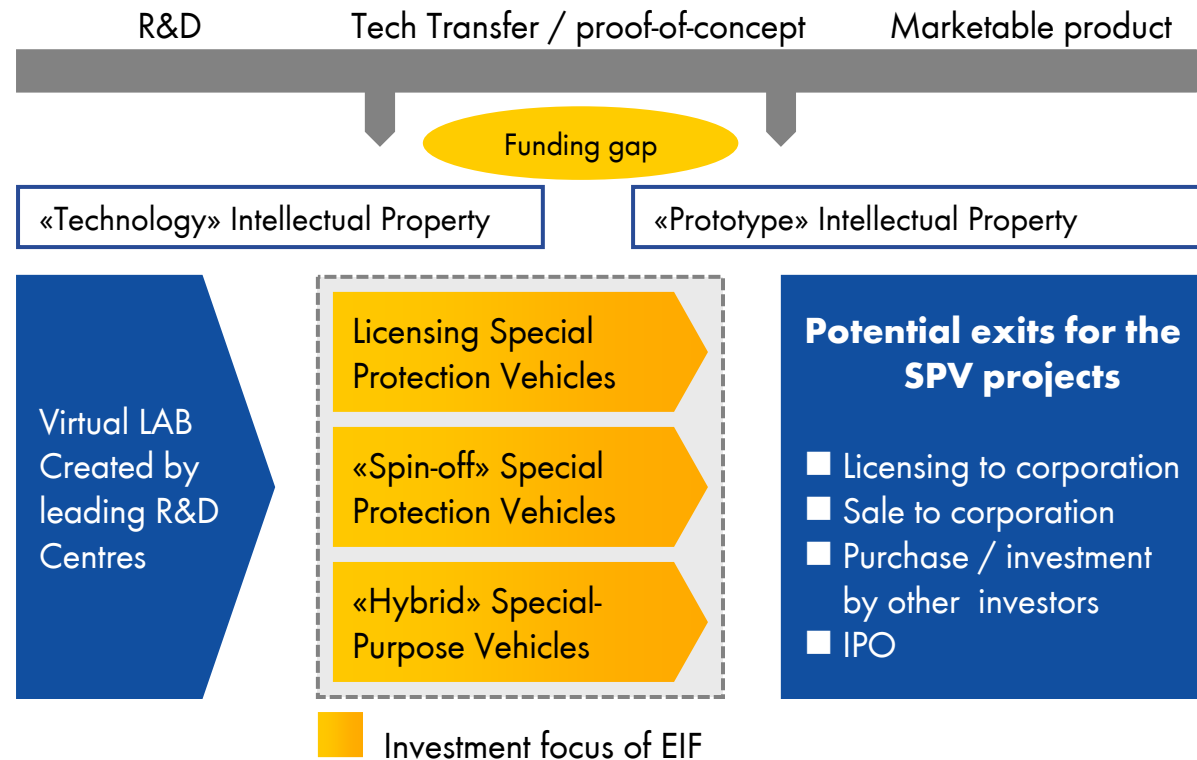
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## New Strategic Developments

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# Technology Transfer

- Several deals concluded in Europe (United kingdom, Sweden, Belgium)
- Links with major European research centres



Provider of innovative solutions to VC constraints

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## EIF's Tech Transfer improves the commercialisation of research

- EIF's approach to investing in technology transfer is flexible, allowing to address very different situations
- Focus on research organisations which are leaders in their respective fields and act in an entrepreneurial environment (United Kingdom, Sweden, Belgium)
- Accelerate process through framework agreements (covering issues such as company valuations, shareholder structure,...) – avoid reinventing the wheel for each deal
- EIF believes in contributing to ecosystems: great complementarities with VCs but also BAs
- Investments made on commercial terms

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# Experienced Advisor of Tailor-made Programmes

**European Investment Fund has designed and is advisor to several dedicated investment programmes throughout Europe. EX:**

## ■ ERP-EIF Dachfonds

- EUR 500 million dedicated Fund of Funds for Germany
- Investors: German Government, European Investment Fund
- Rationale: in 2005 risk capital was underdeveloped in Germany (0.12% cf. average EU level 0.4%)
- Focus: Early development stage VC funds focus on Germany

## ■ Dahlia Partners

- EUR 300 million dedicated Pan European mid-market buyout Fund of Funds, co-investment and secondaries
- Investors: Natixis, European Investment Fund
- Rationale: pension reform in France and mid-market opportunities in Europe
- Focus: Mid-market buyouts

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## Experienced Advisor of Tailor-made Programmes

- Other Funds of Funds to be set up in cooperation with national investors
  - Spain : NEOTEC
  - Turkey : IVCI
  - Portugal PPCI
- Role in development of the VC market
- EIF as investor / advisor

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# Clean Technology

- Central role played by technological innovation in addressing global warming
- Focus on areas of clean technologies and services including, energy storage and conversion, emission reduction, renewable energy
- Sector that is currently lacking sufficient quality VC funds with specific 'eco-innovation' focus and the critical size necessary to implement such a focus
- EIF playing a key role in building a financially viable market segment with interests closely aligned with EU priorities
- EIF has recently invested in two fully dedicated Clean Tech funds





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## GEEREF

- Global Private Equity Fund of Funds Investing in specialised Regional Funds for renewable energy and energy efficiency
- Developing countries and economies in transition;
  - Target Projects: Small and Medium Sized Energy Projects (up to EUR 10m)
  - Provide Risk capital + Technical assistance to Funds
- Profit subordination - leverage private funds
- Luxembourg-based Investment Fund and Public-Private Partnership, managed by EIF
- Initial funding: EUR 120m

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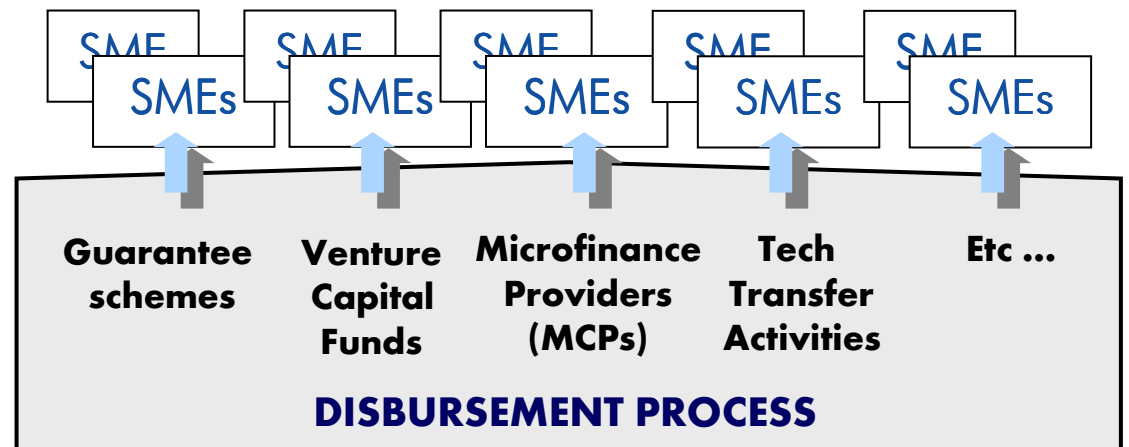
## JEREMIE: increasing the deployment of self-sustaining financial instruments for SMEs

- JEREMIE is a joint initiative of the European Union (DG Regio + EIB-Group) launched in October 2005
- Use structural funding for enhancing the Access to Finance to SMEs in Regional Development areas through sustainable and « revolving » financial instruments , including for VC : Transform grants into financial instrument by using “Holding Funds”
- Enhance flexible management of financial engineering/adaptation to regional/national needs
- Create leverage
- EIF potential Holding Manager on behalf of Member States or Regions
- JEREMIE is **an option** for each country

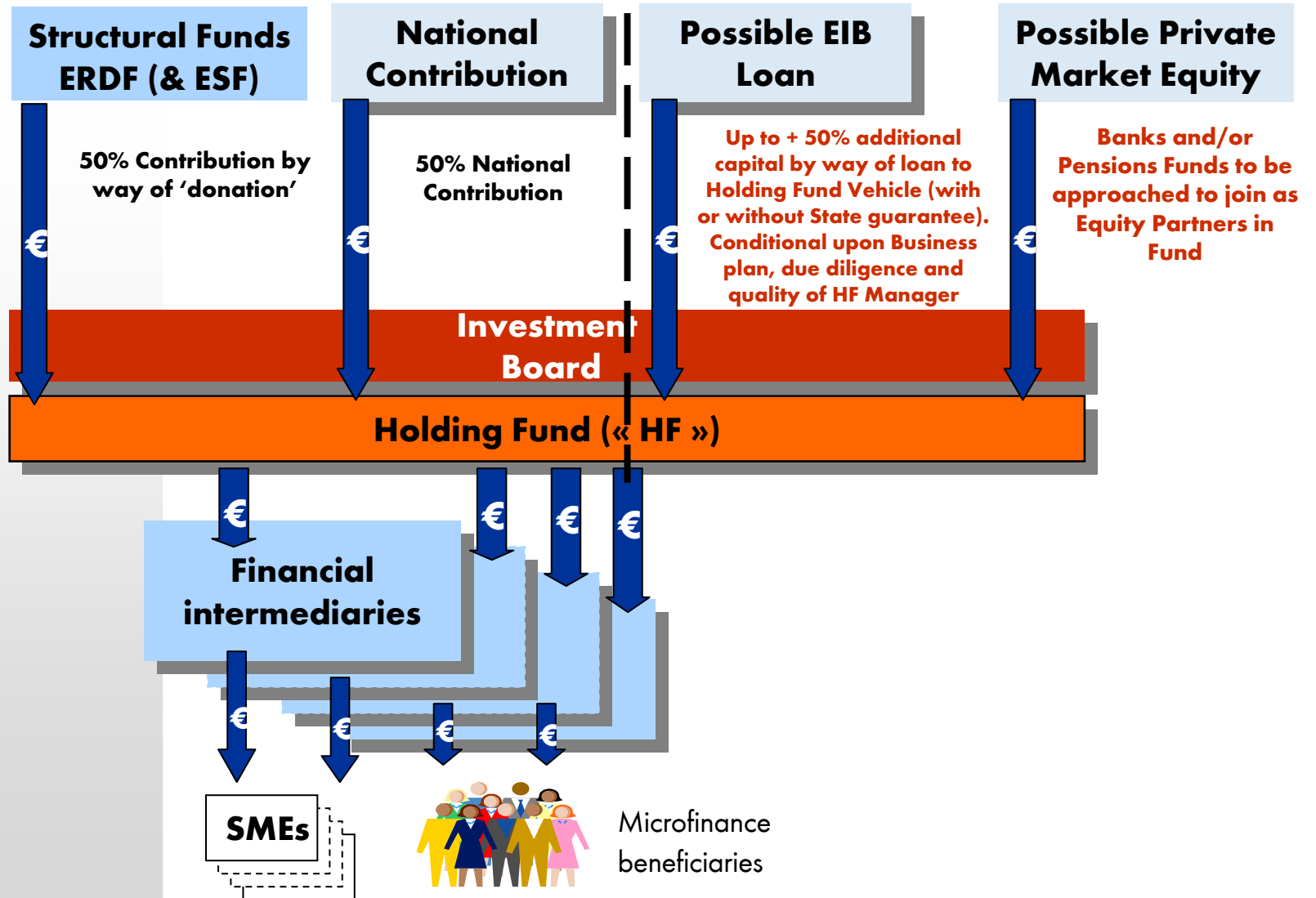
Need to move away from “grant dependency”

# JEREMIE Phases

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# Holding Fund Case Study – Leverage at Holding Fund level?



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## Conclusions / Next steps

- EIF to continue acting as operational platform in support of innovation
  - Reactivity
  - Adaptability
- Potential developments : mezzanine, increase Tech Transfer
- Advisory Services?
- Hybrid Products?
- In close cooperation with EIB/European Commission (EU Small Business Act mid 2008)



## Contact

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