



EIB Financing of Innovative Enterprises

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Innovation & Competitiveness

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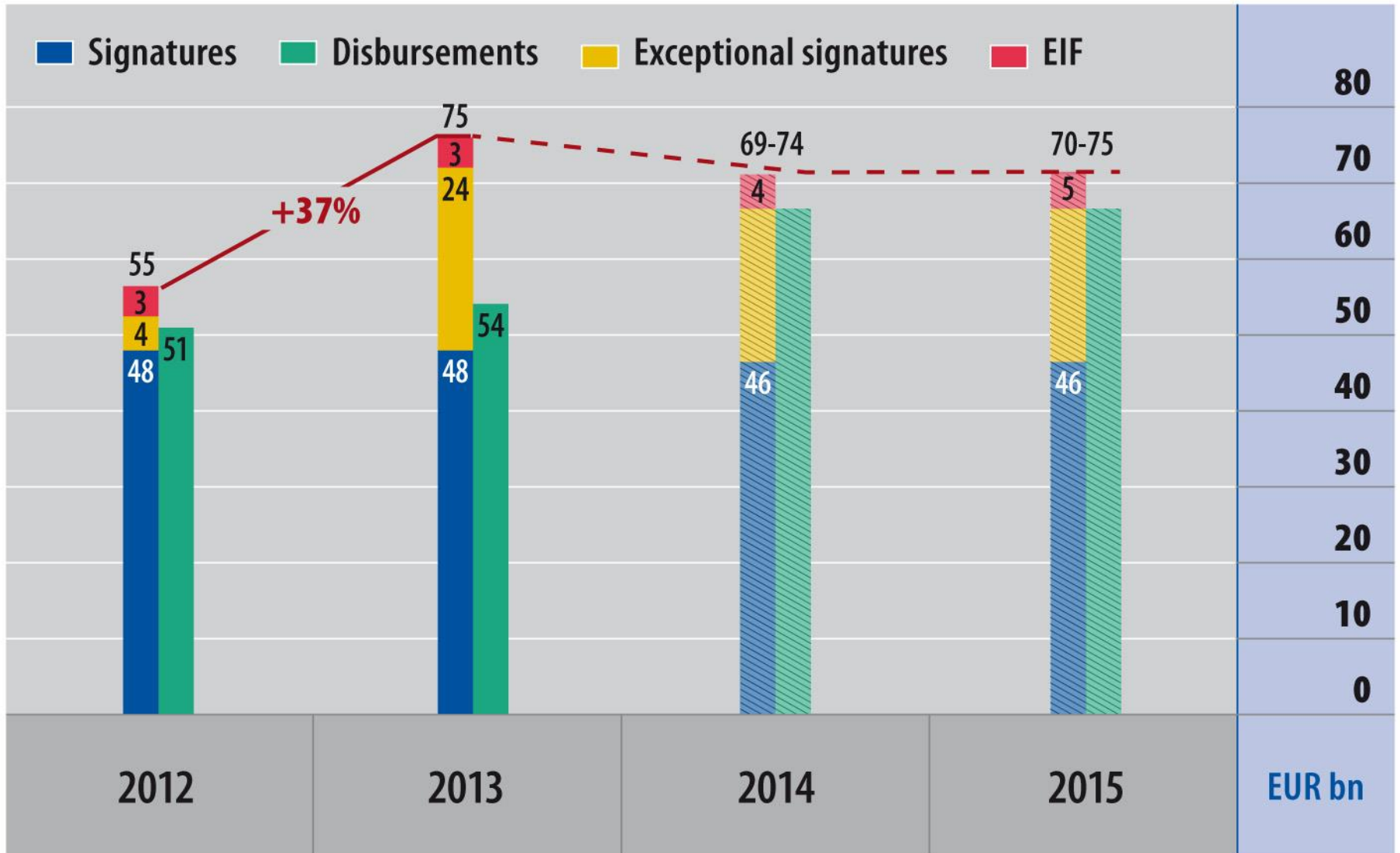
European Investment Bank



- ❖ Created with the Treaty of Rome in 1958
- ❖ Owned by 28 EU Member States
- ❖ EU's policy-driven, long-term lending institution
- ❖ Self-sustaining, non-profit maximizing institution
- ❖ Largest multilateral lender and borrower in the world
 - ❖ Raising our funds on the international capital markets
 - ❖ Highest credit rating (AAA)
 - ❖ Passing on favourable borrowing conditions to clients
- ❖ Providing finance and expertise for sound and sustainable investment projects – EUR 512.5 bn loan book in 2013
- ❖ Max. financial contribution: 50%
- ❖ More than 400 projects each year in over 160 countries (~85-90% EU)
- ❖ EIB is the parent company of the European Investment Fund (EIF)



Signatures and disbursements



EIB operations in the PV Manufacturing Sector

- a selective approach

1. Economic Project Rationale:

- a. Experienced management; promising innovative technology features; R&D strategy and capacity => competitiveness against peers
- b. Potential for cost reduction in the PV industry (making solar PV competitive)
- c. Economic (Regional) Cohesion

2. Credit Risk mitigation

- a. Strong large corporates, or
- b. Intermediated / bank guaranteed finance, or
- c. Strong project cash flows and equity/debt ratio + strong promoter (see 1.a.)

3. 2001-2011

- a. Due Diligences: many
- b. Board Approvals: #13 (total financing amount EUR 1.668bn)
- c. Loan Signatures: #9 (total financing amount EUR 1.206bn)
- d. Active Loans: #3 (total financing amount EUR 665m)

Our priorities: Innovation and skills



Innovation is key to competitiveness
In 2013, we invested some EUR 15.5 bn in innovation and skills in the EU



SME lending and microfinance (EIB & EIF)



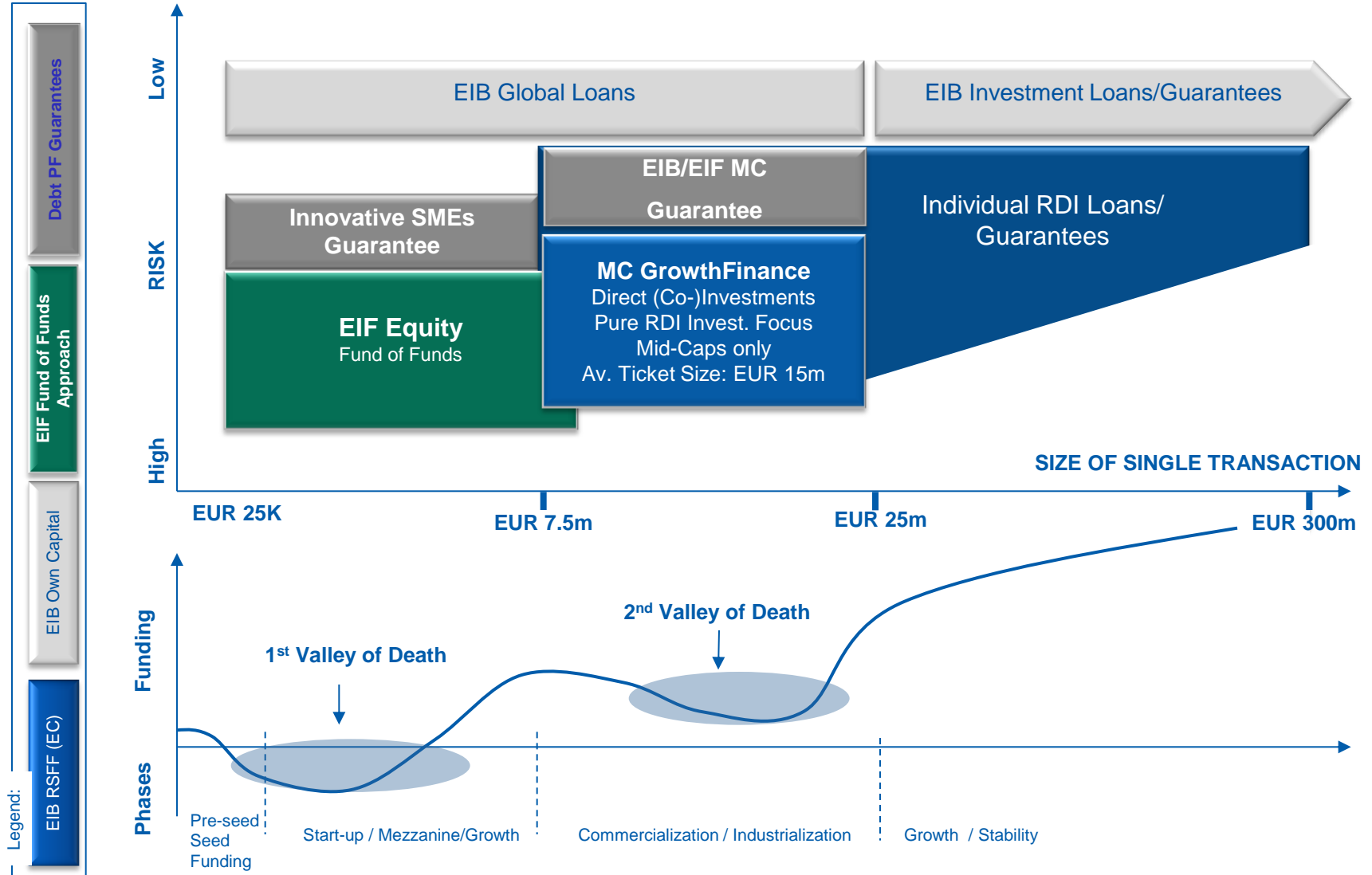
SMEs are the backbone of the economy
Over **230,000** EU SMEs and mid-caps supported in 2013 with **EUR 22bn** (EIB&EIF)
EIF is the specialist provider of risk finance and part of the EIB





EIB Group + EU

– **InnovFin Risk Finance** for innovative enterprises: 24bn 2014-2020



InnovFin instruments for innovative enterprises

- EIB Group provides debt-based instruments, not grants
- Financing does not involve a subsidy element
- Risks need to be mitigated by adequate parties, not by the lenders

Corporate Ratings	
Moody's	S&P and Fitch
...	...
A1	A+
A2	A
A3	A-
Baa1	BBB+
Baa2	BBB
Baa3	BBB-
Ba1	BB+
Ba2	BB
Ba3	BB-
B1	B+
B2	B

Investment
grade
Counterparts*

Low-/ sub-
investment
grade
Counterparts*

Senior Loans for Investment Grade Counterparts*

- Corporate RDI investments, projects based on emerging and mature technologies, etc.
- Both public and private sector projects

Loans for Low-/Sub-Investment Grade Counterparts*

- RDI programmes and projects, demonstration of first-of-its-kind components/ systems
- Need to demonstrate capacity to repay debt on the basis of a credible business plan

*Counterparts = Corporates or Special Purpose Vehicles (SPV)



Due Diligence process



Financial due diligence

- Review of historic financial information as well as a management discussion on the company's financial projections
- In form and substance comparable to the market standard for bank debt. EIB might involve external support (TBD)
- For Project Finance (SPV): detailed financial due diligence; financial model: cash flows, DSCR; external financial advise
- Management meetings on site

List of Documents (illustrations):

- Financial/Audit Reports (3y)
- Detailed Segment Reporting (products)
- Client/Regional Sales Diversification
- Terms of existing finance agreements
- Group organisation chart
- Market research as available
- Financial forecasts (incl. CAPEX, cost, revenue planning)
- Strategy outline

Project due diligence

- Define the eligible project cost in order to determine the maximum size of the EIB facility
- Project viability:
 - Technology
 - Market, sales
 - Implementation, operation capacity
 - Permitting
- Detailed review of the financial business model and its assumptions, and risk issues
- Meetings with operational and technical staff, site visits

List of Documents (example):

- Detailed project description
- Cost projections for each project over 3-5 years (depending on project implementation phase)
- Cost/R&D staff break-down
- Description of internal R&D project management/quality standards
- Grant overview
- Environmental relevance of projects
- Outline of training policy and budget for the next 3-5 years within the company in Europe

Legal due diligence

- Review of the capacity, statute and organizational structure of the relevant borrowing entities
- Review of any pending legal issues with any third parties or any authorities
- Interactions with the internal and where relevant external legal counsel of borrower

List of Documents (example):

- Legal structure of group (statutes etc.)
- Group organisation chart
- Management organisation chart
- Terms of existing finance agreements
- Activity licenses
- Pending material litigations/disputes
- Terms of material contracts
- Outstanding convictions



Thank you very much!

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