

EIF in Lithuania



Key figures

- First EIF operation in Lithuania: 2007
- 8 supported private equity funds which invested in Lithuanian SMEs
- 6 Partner Finance and Guarantee Providers
- 1,400 supported Lithuanian SMEs

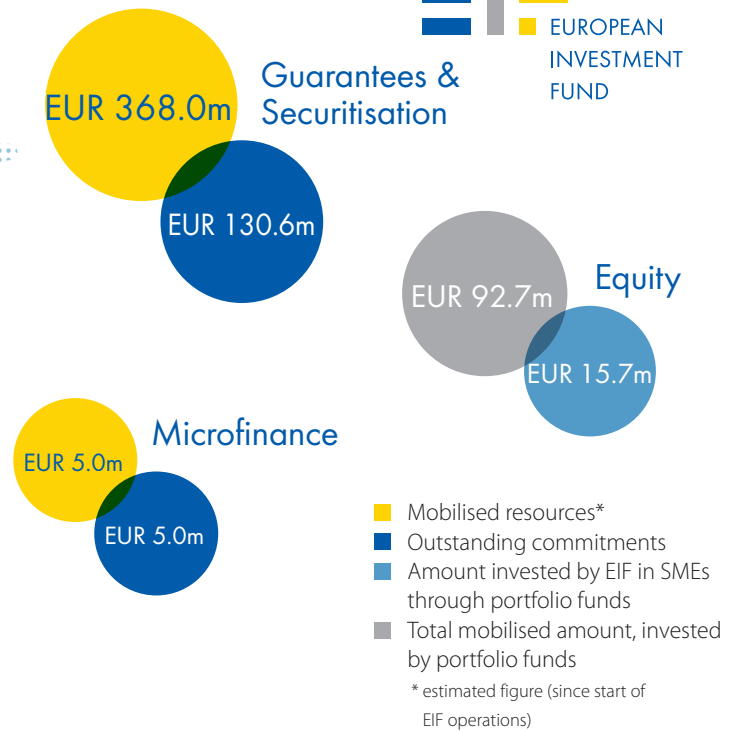
Support to SMEs in regionally specific ways through EU Structural Funds

To support entrepreneurship in Lithuania, EIF has designed and successfully launched a broad number of debt and equity financial instruments, mainly implemented under JEREMIE (Joint European Resources for Micro to Medium Enterprises). Under JEREMIE, using the EU Structural Funds allocated the 2007-2013 Economic Growth Operational Programme, EIF has launched a EUR 170.0m Holding Fund to provide - through several EIF partner banks and funds, acting as local financial intermediaries - loan and equity products to Lithuanian SMEs. At the end of 2012, the management of debt and guarantee instruments under JEREMIE was transferred to the national guarantee agency INVEGA. From early 2013, EIF is managing a EUR 67.1m JEREMIE Holding Fund focusing exclusively on equity investments.

Equity

In the past five years, in view of developing the local equity market, EIF has considerably stepped up its investments in Lithuania. By starting with an investment into BaltCap Private Equity Fund in 2007, EIF's equity commitments in the country under JEREMIE reached EUR 56.5m at year end 2012. In particular, 5 equity transactions have been made to fill the market gap for Lithuanian SMEs: a pilot scheme co-investing with Business Angels, Verslo Angelu Fondas I - which since its launch in 2010 has already benefitted 15 SMEs - and 4 venture capital funds (LitCapital I, Lithuania SME Fund, Practica Venture Capital and Practica Seed Fund) have been set-up and are still investing in the market.

In 2012, in co-operation with the Governments of Lithuania, Latvia and Estonia, a further initiative was launched by EIF to boost equity investments into high-growth SMEs located in the Baltic States: the Baltic Innovation Fund (BIF). BIF, the first multi-country "fund-of-funds" in Europe created by EIF, represents a EUR 40.0m investment by EIF with each Baltic Government committing EUR 20.0m through their respective national agencies (INVEGA in Lithuania). BIF has begun investing EUR 100.0m into private equity and venture capital funds with the aim of attracting at least EUR 100.0m from private investors over the next four years. Under BIF, 2 investments have already been approved: BPM Capital Mezzanine Fund and BaltCap Private Equity Fund II.



Guarantees & Securitisation

Since 2004, by providing a counter-guarantee for SME loans to INVEGA, EIF has been supporting Lithuanian SMEs mainly through JEREMIE. Under this initiative, EIF has designed and introduced innovative products in the local market, such as the 'Funded Risk Sharing' and the 'First Loss Portfolio Guarantees', which have helped providing 661 new loans and leases to local enterprises totalling EUR 126.0m through EIF selected financial intermediaries (SEB Bankas, Siauliu Bankas, Swedbank, Nordea Bank Finland Lithuania Branch and SIA UniCredit Leasing). In particular, the operation with SIA UniCredit Leasing was the first to promote leasing as an additional form of financing for SMEs supporting business expansion and further investments.

Microfinance

EIF has partnered up with Siauliu Bankas under the Progress Microfinance initiative to provide EUR 5.0m of micro-loans to local micro-entrepreneurs and the self-employed.

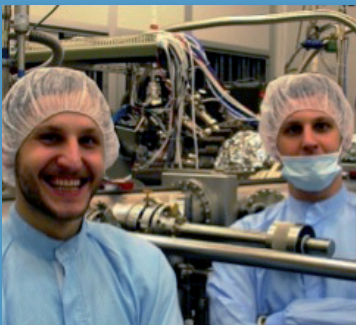
EIF at a glance

EIF's mission is to support Europe's micro, small and medium sized businesses (SMEs) by helping them to access finance. EIF primarily designs equity and debt financial instruments which specifically target this market segment through a wide range of selected financial intermediaries across Europe. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment.

EIF is a public-private partnership whose tripartite shareholding structure includes the European Investment Bank (EIB, 62.1%), the European Union represented by the European Commission (30%) and 24 financial institutions from 15 European Union Member States, and Turkey (7.9%).

The EIF manages resources on behalf of the European Commission, the EIB and further national institutions. Since 2000, EIF is part of the EIB Group. EIF has an authorised capital of EUR 3 billion, divided into 3,000 shares of EUR 1m each.

The Vizbaras brothers are just three of the many entrepreneurs who have benefitted from the EU support through the JEREMIE initiative which allowed LitCapital, an independent professional private equity fund management company based in Lithuania, to give them the capital needed to start-up and carry out their business idea.



Type of business:
Semiconductors, Vilnius

Equity finance from LitCapital:
EUR 1.4m to date

A brotherly passion for semiconductors

The world could hardly function nowadays without semiconductors. Although it may seem very high-tech, it is not a device solely for scientists to use; it has a wealth of unexpected applications in everyday life: microwaves, radios, computers, televisions, CD players, air conditioners, cars, security devices, medical appliances and even the humble pocket calculator all work thanks to semiconductors. They are the chosen field of expertise of “Brolis Semiconductors”. This young Lithuanian company is specialised in the design and development of long-wave-length mid-infrared laser diodes and molecular beam epitaxy technology, which is applied in medical diagnostics, dermatology, material processing, gas sensors, combustion process control and home security night vision sectors.

The idea to set up “Brolis” - which means “brother” in Lithuanian - was born when Augustinas and Kristijonas Vizbaras were finishing their doctorates in Physics at Munich University. In 2011, together with their brother Dominykas, convinced that their technical know-how and acquired expertise could be put to good use in their home country Lithuania, they set-up “Brolis Semiconductors”. They knew that bringing innovation and such a versatile product which had so many potential applications in their country would give them a chance to turn their expertise into a business. To make their project a reality they secured funding from LitCapital, supported by EIF under the JEREMIE Holding Fund Lithuania, which saw the potential of the start-up and gave the brothers financial backing and advice.

The company is now well established and provides quality competitive services, products and management to a growing portfolio of clients. In less than two years, it has grown from employing one to eight employees. Their manufacturing process is unique in terms of reproducibility and reliability of the diodes, a feature which allows mass production which means that they can be sold worldwide to leading laser industry players. The success of the three brothers has not gone unnoticed. In June 2013 they were awarded the German Business Award by the German-Baltic Chamber of Commerce in Estonia, Latvia, and Lithuania (AHK) for entrepreneurs and professionals for being the most promising and innovative young business in Lithuania.

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