

EIF IN PORTUGAL



**Investing in
the future
of Portuguese
SMEs**

What is the EIF?

The EIF helps small and medium-sized enterprises (SMEs) grow and prosper in Europe, promoting innovation, supporting employment and improving the economy.

As part of the European Investment Bank (EIB) Group, we design and deploy financial instruments, which enable banks and funds (financial intermediaries) to better serve SMEs.

As a result, we attract more private capital into the SME space, we kick-start new financing markets and ecosystems, and ultimately make more financing available to SMEs across the EU and associated countries.

The EIF manages resources on behalf of the EIB, the European Commission (EC), national and regional authorities and other third parties.

The EIF is a public-private partnership whose tripartite shareholding structure includes the EIB, the EU represented by the European Commission and various public and private financial institutions, including the National Bank of Portugal.

9.3 billion€

of transactions signed across the EU and associated countries in 2017

EIF in Portugal

Investing in the future of Portuguese SMEs



EIF: Investing in the future of Portuguese SMEs

Portugal is an important area of activity for the EIF. We carried out our first operations in Portugal more than 20 years ago, and EIF transactions have supported more than 5,300 SMEs in the country so far.

One of the most active programmes in Portugal to date is the EU innovation programme, InnovFin. Under InnovFin’s guarantee facility, we have invested EUR 970 million, mobilising EUR 2.7 billion. We also manage the Portugal Venture Capital initiative (PVCi), a fund-of-funds focusing specifically on creating a private equity and venture capital ecosystem in the country.

More than 856 SMEs have received financing so far under the European Fund for Strategic Investments (EFSI) SME Window, which committed EUR 1 billion in the country, aiming to mobilise more than EUR 3 billion.

Read on to see how these programmes have helped finance some of Portugal’s success stories.

Why are SMEs so important to the Portuguese economy?

SMEs are a significant source of employment in Portugal. Across Portugal and the EU as a whole, up to 99% of all enterprises are small or medium-sized.

These businesses are key to ensuring economic growth, innovation, social integration and perhaps most importantly, job creation.

This is why the EU, together with its partners, works to ensure the future of SMEs.

SMEs employ

78%

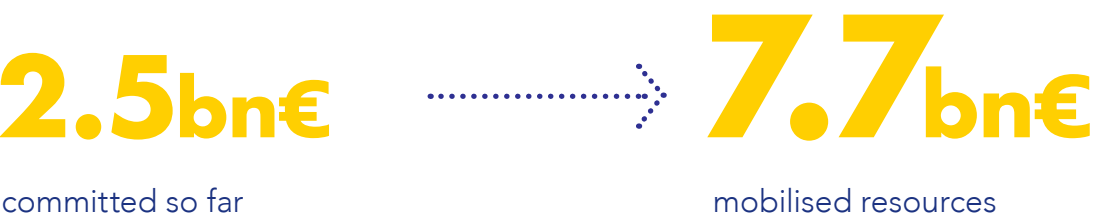
of the active population in Portugal

higher than the EU average of 67%*

*2017 EC Small Business Act fact sheet Portugal.

Key figures in Portugal

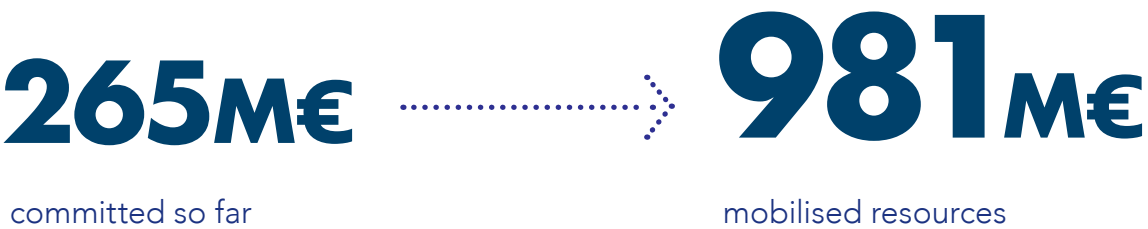
Guarantees, securitisation and funded instruments



Microfinance and social entrepreneurship

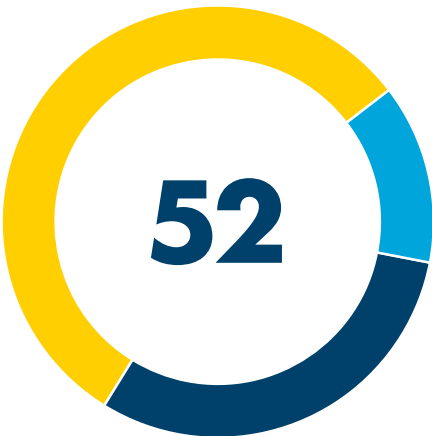


Equity



Number of transactions

- 29 Guarantees, securitisation and funded instruments
- 16 Equity
- 7 Microfinance and social entrepreneurship



Figures as of April 2018

Over 2.8 billion€ committed so far in Portugal, aimed at mobilising

8.7 billion€

5 307
PORTUGUESE SMEs

have benefited from EIF transactions so far

The future

Our work in Portugal has helped us to identify further financing gaps in the social impact, cultural and creative, and competitiveness spaces. Some of our upcoming initiatives in the country are set out below:

1 The first **Portuguese Social Impact Fund** supported by EIF will be launched in 2018

2 The EIF is working to sign the first transactions in Portugal under the **EU competitiveness programme, COSME**

What is COSME?
COSME is the EU programme for the Competitiveness of Enterprises and SMEs. It facilitates access to finance for SMEs, promotes competitiveness and encourages an environment favourable to entrepreneurs. Set up in 2014 by the European Commission with a budget of EUR 2.3bn, COSME is deployed via loan guarantee facilities (COSME LGF) and equity investments (COSME Equity Facility for Growth, or EFG).

3 The EIF is working to sign the first transactions in Portugal under the **EU cultural and creative programme, CCS**

4 An initiative to **cooperate and share information on equity investment opportunities** is expected to be launched before the end of 2018 in collaboration with Portugal's Instituição Financeira de Desenvolvimento

5 Portugal has a strong pipeline of equity investments totalling up to **EUR 100m**

Portugal will continue to be a target for **guarantee programmes** thanks to the success of the innovation guarantee programme, InnovFin SMEG

6

What is CCS?
The Cultural and Creative Sectors Guarantee Facility (CCS GF) targets microenterprises and SMEs in the cultural and creative sectors, which often face difficulties in accessing affordable debt financing. The CCS mandate is composed of two pillars: On the one hand offering portfolio guarantees and counter-guarantees to selected intermediaries, and on the other hand, offering an optional capacity-building programme to help financial intermediaries improve their understanding of the cultural and creative sectors. Set up in June 2016 in the context of the EU's Creative Europe programme, CCS will run for the budgetary period 2014-2020.

Financing Success Stories



“We already hired 44 people and expect to double in size over the next months, which is directly linked to this investment”

André Santos
CEO of Nelo Kayaks

“With the investment we solidified our presence in national and international markets”

Marta Araújo
CEO of Castelbel

360IMPRIMIR IS AN ONLINE MARKETPLACE where businesses can design and print the graphics of their marketing campaign, including more than 150 fully customized marketing products such as business cards, flyers, roll-ups, textiles or gifts, and design services. The company takes pride in its cost-effective self-service software for businesses, which is the result of the team’s strong focus on innovation.

As co-founder João Matias says: “In two words, 360imprimir is about technology and simplicity.” Founded in 2013 with an innovative concept, 360imprimir was the first Portuguese online print-store and has since gone from success to success. Having pioneered and conquered the Portuguese market, the company is now operating in Spain, Brazil, and Mexico.

In 2016, a significant investment in the form of private equity from Pathena, a Portuguese venture capital firm backed by the EIF under the PCVi programme, helped to expand the company’s outreach in Latin America. On the one hand, “This

investment was an acceleration trigger that helped us hire 70 new staff members” explains João. “It was a pivotal move to assert our dominance in Brazil, a market where online client acquisition campaigns are vital to establish a solid customer base.” On the other hand, the investment is also expected to strengthen the company’s expansion in their next business ventures.

Pathena’s investment, however, stretches beyond just the financing, having helped to structure the company in a more strategic and efficient way as well as share experience and advice in the recruitment of senior profiles, all of which were a no-brainer for Pathena: “We decided to invest in 360imprimir because of their high scalability potential and because they have been registering impressive and solid growth levels in the past few years” says António Murta, co-founder of Pathena. “But, above all, we believe in 360imprimir’s team. They have ambition, they are focused and our values are aligned.”



Sector

ICT

Instrument

PVCi

An EIF programme to support a private equity and venture capital financing ecosystem in Portugal

Purpose

Expansion and scale-up

Employees

150 74
at investment

Location



www.360imprimir.pt

“WE DON’T MAKE SOAPS, WE MAKE GIFTS,” explains Marta Araújo, CEO of Castelbel, a Portuguese manufacturer of high quality bath, body and home scented products that are made with the purpose of capturing the aromas, colours and ambience of Portugal. “All our products represent elements of our culture and that’s something we’re very proud of. For example, the soaps have scents or shapes that are typically associated with Portugal, like filigree hearts or sardines. And the ceramic vessels have traditional Portuguese tiled patterns. We put a lot of ourselves into these products,” explains Marta.

The name itself derives from the combination of the name of the small town where the company is located (“Castêlo da Maia”) and the Portuguese word for beauty (“beleza”). Since it was set up in 1999, the company has grown rapidly to employing close to 200 persons (9 out of 10 are women) and exporting to over 50 countries across all continents. Combining tradition with innovation, Castelbel has built up diverse portfolio, providing private label products for world-renowned brands like Anthropologie, Hudson’s Bay or Avoca, custom-made products and of course its own brands. “We attach a lot of importance to hand-crafting

according to traditional methods. Although we keep moving forward and spending heavily on R&D, we’re not losing sight of our origins - our soaps will always be hand-wrapped,” Marta adds.

Castelbel’s growth was boosted in 2016 with a significant investment from Vallis Capital Partners, a Portuguese private equity firm backed by the EIF. As Marta explains, “Since Vallis came on board, we have increased the number of employees, solidified our presence in national and international markets, launched new products and now we are about to move to a brand new factory, which will significantly increase our production capacity.”

“Castelbel is one of the best examples of entrepreneurship in Portugal with a very dynamic management team and a strong potential of growth. The company has been growing as fast as two digits per year in the past five years mainly due to its positioning towards external markets” says Eduardo Rocha, co-founder of Vallis Capital Partners. “We were and are very much aligned with Castelbel’s management team and shareholders. From the outset, there was chemistry and shared values that reassured us we were making the right investment.”



Sector

Cosmetics

Instrument

PVCi

An EIF programme to support a private equity and venture capital financing ecosystem in Portugal

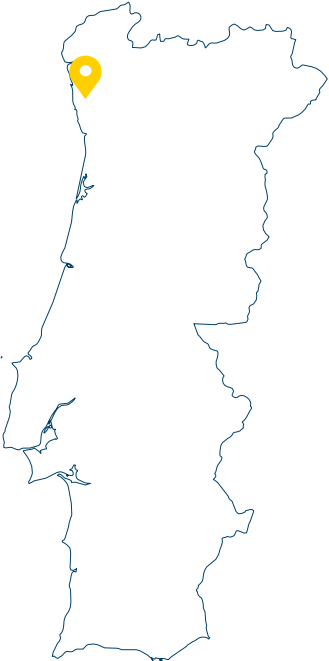
Purpose

Growth capital for launching new products, hiring more personnel and moving to a new factory

Employees

200 142
at investment

Location



COMBINING ENTERTAINMENT AND CHALLENGE in unique ways, Enigmind is a Portuguese company offering experiences with meaning. Founded in August 2017, the company organizes a series of events meant to test the dexterity, creativity and teamwork of a group – be it family, friends or co-workers – in a fun-loving environment.

Ana and Adriana, the two founders, come from professional backgrounds in telecommunications and psychology respectively. What they had in common was an unstable employment situation and the desire for a fresh start in their careers, with a project of their own.

The solution was to start their own business, and to support this they turned to Millenium BCP, that provided a microfinance loan backed by EIF under the EU’s Programme for Employment and Social Innovation (EaSI). As Ana explains, “We didn’t have enough resources to start a company by ourselves. The loan was our opportunity to go forward with our business idea, despite our situation.”

In Enigmind’s Escape Room, participant teams are given 60 minutes to solve sophisticated themed puzzles, trying to find the key required to make it outside. “There’s a strong focus on personal development, in terms of social skills and problem solving, by applying psychology to group dynamics”, Ana says, “but always with an element of fun”.

The company targets a wide audience, organizing customized themed parties and challenges for people who simply want to test themselves, but also well-structured team-building activities aimed at organizations such as companies or schools. Designed according to each client’s needs, these exercises will develop teamwork, communication and leadership abilities, promoting soft skills in a relaxed environment. Enigmind is currently about to introduce a new outdoor activity, organized as a themed treasure hunt with a strong cultural and historical element, as well as a new Escape Room.



Sector	Entertainment
Instrument	EaSI EU Programme for Employment and Social Innovation
Purpose	Starting up the business, acquiring facilities and equipment
Employees	21 at investment
Location	
www.enigmind.pt	

ANY CAR-OWNER HAS PROBABLY HAD to take his car for a regular inspection and ended up waiting in line for what seems like an eternity. Well, Inspama are a Portuguese company that have been trying to improve that.

Inspama operate automobile inspection centres. As Joana Gonçalves, CEO of Inspama, explains, “our aim is to reduce accidents caused by malfunctions and to guarantee safety by carefully evaluating a vehicle’s technical condition. At the end of the day, we want to give Portuguese society improved safety and quality of life.”

These processes, however, take time and Inspama is always looking to fine-tune its work, improving accuracy and efficiency. To this end, they have recently developed an innovative technological solution that allows for the automatic recognition of the license plate number and the subsequent integration into the computer system of the inspection centre. This technology enables much faster validation of results, with gains in efficiency

and productivity. As soon as the car is positioned on the inspection line, a system of fixed cameras takes a photographic registration, with the software interpreting the vehicle registration number and starting to process the test results.

To support the implementation of this innovative approach in the inspection centres, Inspama secured an EIF-guaranteed loan through Novo Banco, under the Investment Plan for Europe that aims at generating new investments by facilitating access to finance for European SMEs.

With this innovation, they were able to differentiate their services from the competition and support the company’s growth. Having opened its first inspection centres in 2015, Inspama currently employs 35 people. The company is now preparing to expand its operations by opening four new inspection centres throughout the country equipped with this new technology, expecting to achieve a turnover of EUR 7m by 2018.



Sector

Automobile

Instrument

InnovFin SMEG
EU programme for innovation, guarantee facility

Purpose

Introduction of technological improvements

Employees

35

Location



www.inspama.pt

Nelo Kayaks

AT THE HIGHEST LEVEL OF COMPETITIVE SPORTS, becoming a trusted brand in the global stage requires dedication, hard work, and consistent results. That was the path taken by Nelo, a world-leading manufacturer of canoes and kayaks based in Vila do Conde, Portugal.

As André Santos, Nelo’s CEO, explains: “We do everything, from our own concepts and designs to manufacturing and testing. In addition to our core activities, we organize events and training camps to help professionals practice and test our boats extensively.” Nelo operates three locations welcoming athletes and teams from all over the world, along with fans of aquatic sports. The company also launched two software apps designed to help athletes and coaches with their training, providing valuable feedback to monitor speed, stroke and heart rate.

One of the pillars of Nelo’s international reputation is the excellent results their boats have systematically achieved in the Olympic Games, outperforming competitors. In the 2016 Olympics,

athletes competing in Nelo boats won 8 gold, 9 silver and 10 bronze medals. “For brands active in the sports industry, results in competitions are very important”, André says, “It is a way for the top athletes to confirm our quality, and the best way for us to show the world how our products perform.”

With the international success came the need to grow the company. To this end, in 2016 Nelo sought a loan from Banco BPI, backed by the EIF. “The financing was very important. It allowed us to invest in a new factory and significantly develop our manufacturing ability both in terms of quality and quantity”, André says, “We have already hired 44 people and expect to double in size over the next months, which is directly linked to this investment. We already have 25 others doing in-factory training, with a new group about to start.”

With a production of approximately 4,000 boats per year, the company has agents across the globe and exports the overwhelming majority of its products. With innovation as a core value, it values research and development as the key to ensure that its products maintain the edge over the competition.



Sector

Manufacturing

Instrument

InnovFin SMEG
EU programme for innovation, guarantee facility

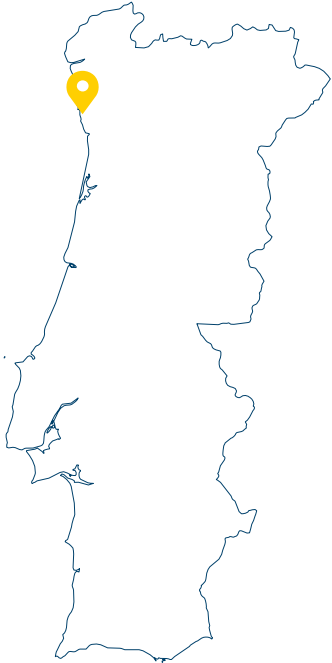
Purpose

Expanding activities and developing a new production plant

Employees

144 100
at investment

Location



www.nelo.eu

Oficina de Música de Aveiro

MUSIC IS AN OUTBURST OF THE SOUL. In the Portuguese city of Aveiro, José Rodrigues is mostly known to the locals as ZéTó. He is the current owner of the music school Oficina de Música de Aveiro (OMA). His passion for music accompanied him all his life.

Nearly three decades ago, ZéTó was a pupil in Aveiro’s music conservatory, playing bass and both electric and traditional guitars. His teacher at the time, Fernando Valente, a renowned Portuguese composer and musician, founded OMA with the aim to make up for the lack of teaching modern music in Aveiro, besides the classical education offered by the conservatory. Hence, OMA became the first music school in the region to offer courses in jazz and pop rock.

From pupil to teacher onto pedagogical director, ZéTó built up his career in OMA. When OMA’s owner, his former teacher Fernando, passed away, the school was put on sale. ZéTó found this a good opportunity to pursue his vision and bought the

school together with some friends: “We wanted to give young people the chance not only to learn how to play an instrument, but to be able to become professionals and thrive in the music industry”. OMA was initially located in a basement but the demand for classes and the storage of music materials increased over the years. In 2014, ZéTó sought financial support in order to expand the music school’s capacities. Thanks to the Portuguese bank Millenium, an EIF financial intermediary, he received an EU-supported microloan that helped him materialise his plans. OMA relocated into a bigger house in a quiet neighbourhood by the river, allowing students to get inspired and play in a stimulating scenario.

Besides the renovation and expansion works, the microloan also helped ZéTó to hire teachers and buy new equipment. OMA employs 15 teachers and has about 150 regular students. In addition, the school has recently developed special classes for the elderly and people with disabilities.



Sector	Music
Instrument	EaSI EU Programme for Employment and Social Innovation
Purpose	Expand the music school’s capacity
Employees	15

Location

www.oficinademusicadeaveiro.com

Programmes deployed by the EIF in Portugal

The EIF has deployed capital in Portugal under at least five different EU programmes and mandates. A few of them are detailed here:

EaSI

The Employment and Social Innovation (EaSI) programme promotes quality and sustainable employment, improves working conditions and decent social protection, while combating social exclusion and poverty.

This EU-level instrument has been active since 2014 with a budget of EUR 919m in 2013 prices.

EFSI

The European Fund for Strategic Investments (EFSI) was launched in July 2015 as a joint initiative between the EU and the EIB Group. EFSI is the financial pillar of the EU's Investment Plan for Europe and has two components: the Infrastructure and Innovation Window managed by the EIB and the SME Window implemented by the EIF.

InnovFin

InnovFin aims to facilitate and accelerate access to finance for innovative businesses and other innovative entities in Europe. It covers both debt and equity financing. The InnovFin SME Guarantee (SMEG) offers a 50% uncapped guarantee or counter guarantee to financial intermediaries to allow them to provide debt financing on more favourable terms to innovative SMEs and small mid-caps.

Meanwhile, InnovFin Equity provides equity investments and co-investments to or alongside funds focusing on companies in their pre-seed, seed and start-up phases operating in innovative sectors.

PVCi

The Portugal Venture Capital Initiative (PVCi) is a fund-of-funds designed to catalyse and support a private equity and venture capital financing ecosystem in Portugal.

Through its seven investment funds, PVCi capital has reached 50 SMEs in sectors including consumer goods and retail, business and industrial products and life sciences. The fund has a total size of EUR 111.3m and the total amount invested into companies by all underlying funds already exceeds EUR 311m.

Programmes

To find out more, please visit
www.eif.org

