



**WE SUPPORT INNOVATORS,
ENTREPRENEURS AND SOCIAL
CHANGE MAKERS ACROSS EUROPE**



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THE EUROPEAN ECONOMY DEPENDS ON BUSINESSES. THOSE BUSINESSES DEPEND ON US.

Businesses drive innovation, growth, employment, economic development and social cohesion across Europe. To do that, they need access to finance. We provide it.

The European Investment Fund (EIF) is Europe's main provider of risk financing for small and medium sized enterprises (SMEs) and mid-caps. We deliver sources of funding including equity, debt and microfinance through our wide network of selected financial intermediaries in the EU-28 Member States and beyond.

EIF is AAA rated by all three major rating agencies and has a strong capital base of EUR 4.5bn. The rating is based on our multilateral development bank status including a stable shareholding structure, a strong liquidity position and lack of outstanding debt. It reflects EIF's good governance and prudent risk management.

OUR OWNERSHIP

EIF is part of the EIB Group. We are **59.9%** owned by the European Investment Bank (EIB), **28.1%** by the European Union through the European Commission (EC), and **12%** by 30 public and private financial institutions.

This combination of public and private shareholding gives us a dual focus: to support EU policy objectives, while acting as a market-oriented institution that delivers appropriate return on capital.

OUR PORTFOLIO

Our portfolio is deliberately diverse, covering a range of risk-sharing and capacity-building activities that are tailored to the needs of SMEs and mid-caps. We also focus on regional development to complement existing EU-wide SME schemes. This maximises the effectiveness of EU budgets and attracts more capital from other investors.

Together with the EIB and EC, we continuously look to broaden our portfolio through partnerships in countries and sectors across Europe.

€23.6bn

IN OUTSTANDING COMMITMENTS

€174bn

IN MOBILISED AMOUNTS

>1,300

PARTNERS AND INTERMEDIARIES

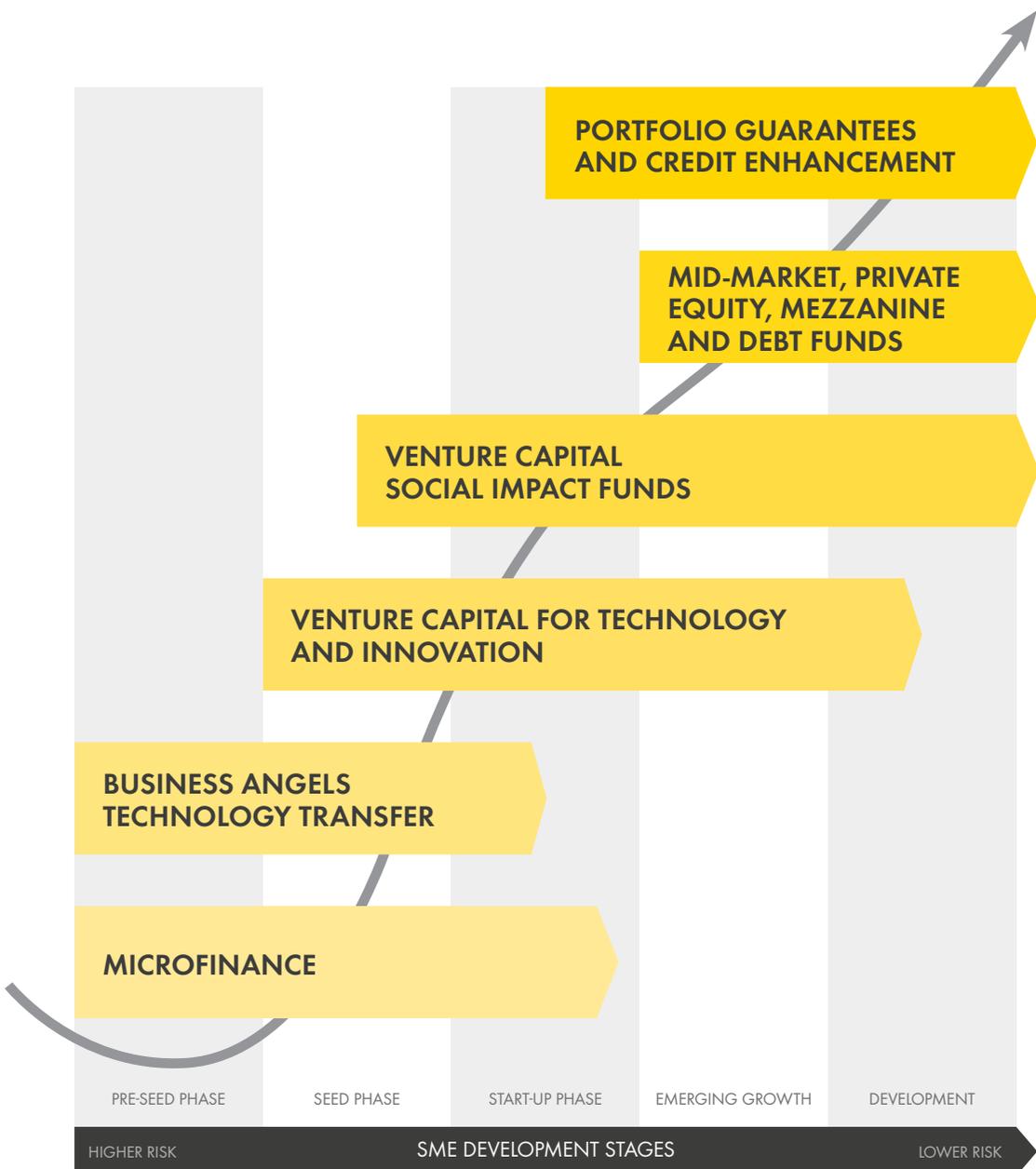
>1.8 million

SMEs SUPPORTED

1. WHO WE ARE

HELPING BUSINESSES AT EVERY STAGE

We support businesses at every stage of development, from technology transfer and intellectual property through to mid- and later stage growth. For us, it means continuously adapting to changing market needs – to target resources where they are needed most.



1. WHO WE ARE

HOW WE REACH BUSINESSES

We provide resources through financial intermediaries ranging from venture, growth and mezzanine capital funds to banks, guarantee funds and microfinance institutions.

The resources are either our own or allocated by mandators/capital providers, which we manage on their behalf. Additionally we run a broad range of national and regional programmes and fund of funds initiatives.



**WE HELP SMEs
GAIN ACCESS
TO AFFORDABLE
FINANCE.
SO THAT THE EU
CAN REMEDY THE
INVESTMENT GAP.
#investEU**

**THE EUROPEAN FUND FOR STRATEGIC
INVESTMENTS (EFSI)**

Europe needs to remedy the investment gap in innovation, strengthen its global competitiveness and boost economic growth and job creation. With this in mind, EFSI was launched in July 2015 by the European Commission (EC) and the European Investment Bank (EIB) Group as part of EC President Juncker's Investment Plan for Europe.

In line with our mission and expertise we deliver the EFSI SME Window. Our EFSI-backed equity investments, as well as guarantees under the COSME and InnovFin programmes, aim to ensure that financing finds its way more rapidly to economically viable SME projects across EU Member States.

We also crowd in additional funding to ensure that public resources are used efficiently.

We strive to achieve an estimated fifteen-fold leverage at the level of SMEs and mid-caps in the real economy, meaning that every €1 we guarantee or invest is expected to generate on average €15 of further investments by other market players, including the private sector.

Within only a year from EFSI's launch we have signed agreements that should mobilise more than two-thirds of the initially foreseen total mobilised investment target of €75 billion. Our engagement to date is estimated to ensure access to affordable finance for more than 200 000 SMEs and mid-caps.

In light of EFSI's success, the EC has recently agreed to a €500 million increase of the available resources, leading to a new total mobilised investment objective of €82.5 billion.

CASE STUDY NEOBUTO

BUSINESS: RETAIL, CHILDREN'S SHOE SHOP
COUNTRY: CZECH REPUBLIC
EIF GUARANTEE: COSME LGF, EFSI

INVESTMENT PLAN
FOR EUROPE
#investEU



CHILDREN'S SHOES BUSINESS TAKES SUCCESSFUL FIRST STEPS

It's not until you become a parent that you may realise why it's so important for children to wear properly fitting footwear. Driven by the demand of a growing segment of conscious customers, the range of available children's shoes has developed rapidly over the past years to include healthy, natural and barefoot-like options.

To bring this choice of products closer to the clientele in Brno (Czech Republic), Lucie Prokešová obtained an EU-supported loan through Komerční banka, a. s., an EIF financial intermediary under the COSME Loan Guarantee Facility. Her shop, Neobuto, was opened in early 2016.

The attentive and professional advice in helping young customers to find their perfectly fitting footwear has made Neobuto famous also outside the city.

Customers sometimes have come from as far as 200 km - and from different countries including the neighbouring Slovakia and Austria - to visit the shop and explore the new brands of children's shoes that were previously not very well known on the Czech market.

Most recently, Neobuto started cooperating with a children's physiotherapist with a view to expanding the range of shoes and effectively responding to specific needs such as flatfoot. Following the company's success in the Brno region, the plan is to open a new branch next year also in Prague, the capital city.

The COSME loan agreement that helped Lucie Prokešová to establish the business benefited from the backing of the **European Fund for Strategic Investments (EFSI) SME Window** managed by EIF.

www.neobuto.cz

CASE STUDY NETTHINGS

BUSINESS: TECHNOLOGY, CONTROLLING ENERGY
CONSUMPTION REMOTELY
COUNTRY: UNITED KINGDOM
EIF GUARANTEE: INNOVFIN SMEG, EFSI

INVESTMENT PLAN
FOR EUROPE
#investEU



CONTROL YOUR HOME AWAY FROM HOME

NetThings, an Edinburgh-based technology firm, has developed the first universal platform designed to simplify connecting and controlling devices over the Internet. Heating, water, electricity, security and many more included.

NetThings Energy Manager, for example, is an intelligent energy monitoring device which provides users with real-time, easy-to-interpret information about energy consumption levels. You can develop an energy consumption profile and receive alerts by texts or email when limits are reached. The next step is to simply control energy hungry devices by switching them off when not required. This can be done from your smart phone whether you are in the building or off-site.

Similarly, NetThings Click makes managing energy in small commercial buildings effortless and cost-effective. This is because the NetThings system typically delivers a return on investment within 18 months by paying for itself from the savings made

on energy bills. This is not only saving money but it is also an important contribution to environmental sustainability at an individual small business level.

Barclays, an EIF shareholder, provided an EU-guaranteed loan under the InnovFin instrument that targets innovative high growth companies as part of the Horizon 2020 programme. The funding enabled NetThings to trial its new energy management system, Click, with a major hospitality group which includes national chains of pubs, restaurants, hotels and coffee shops.

The loan agreement benefits from the additional support of **the European Fund for Strategic Investments (EFSI) SME Window** managed by EIF.

www.netthings.co.uk

€3.7 bn

IN APPROVED TRANSACTIONS

€58.1 bn

OF INVESTMENTS EXPECTED TO MOBILISE

>287,100

ENTERPRISES EXPECTED TO BENEFIT

27 countries

BENEFITTED FROM EFSI AGREEMENTS

3. HOW WE HELP BUSINESSES EQUITY

EUROPE NEEDS A SUSTAINABLE PRIVATE EQUITY MARKET. WE HELP MAKE IT HAPPEN.

Investing in Technology Transfer

Technology Transfer
Proof of Concept
Business Angels
Seed Stage

Investing in VC Funds

Early Stage
Business Angels

Investing in Growth Capital

Expansion
Development
Capital

Investing in Mezzanine

Lower Mid-Market

3.1 EQUITY

By promoting entrepreneurship and innovation, EIF stimulates private sector involvement and makes European private equity more attractive as an asset class. This helps to close the funding gap many businesses face.

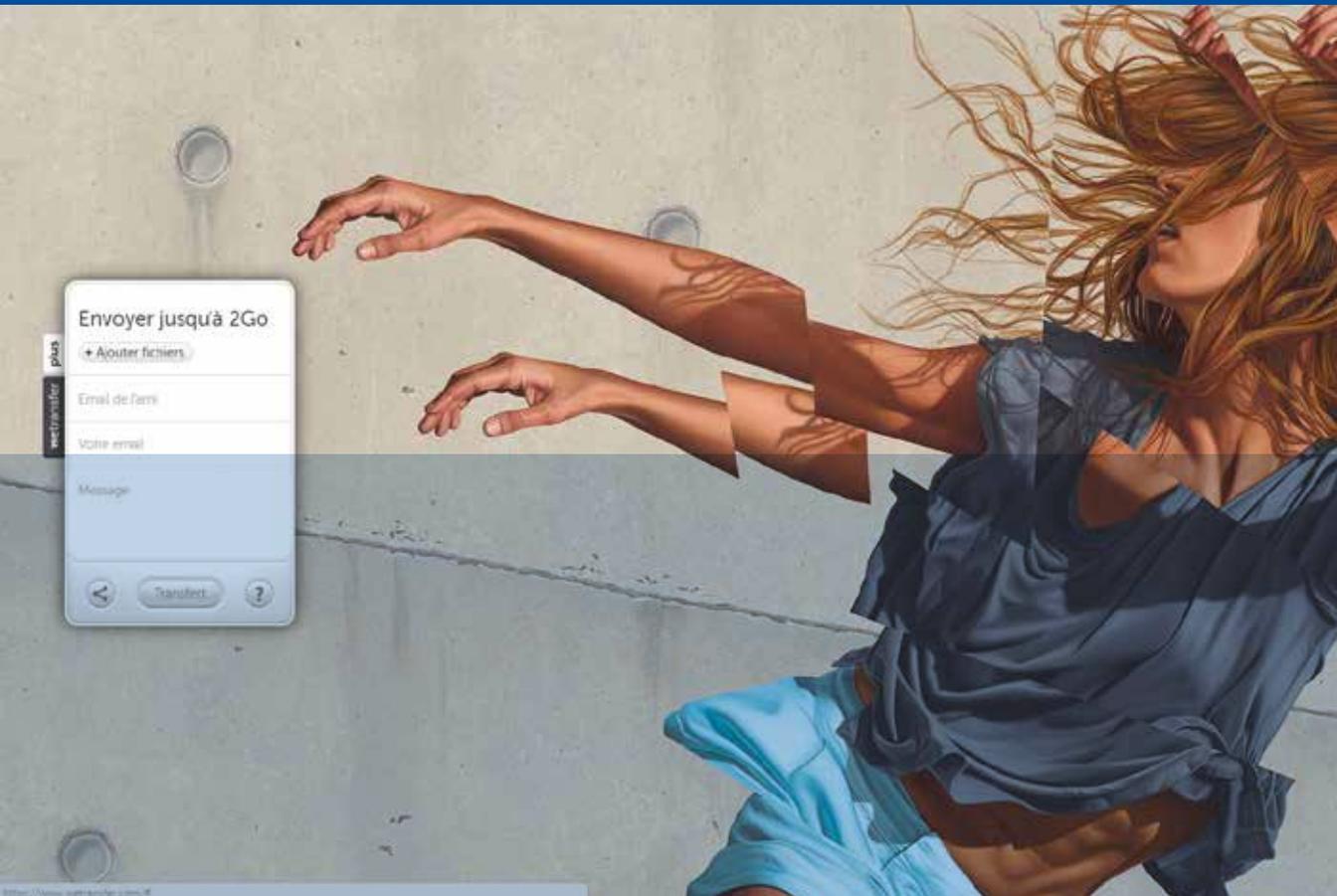
We typically make cornerstone investments in funds: the actual amount depends on the segment targeted, the characteristics of the fund, the investment opportunity and the market conditions.

Over the years, EIF has built a remarkable equity track record with European SMEs by funding both established and first-time teams. Our financial backing has helped companies to innovate and grow into European players and sometimes even global leaders in their field.

As well as our own funds, we invest resources managed on behalf of capital providers under a range of programmes. We also manage and advise fund of funds and other initiatives for third party investors.

CASE STUDY WETRANSFER

BUSINESS: TECHNOLOGY, FILE TRANSFER PLATFORM
COUNTRY: THE NETHERLANDS
SUPPORTING FUND: HIGHLAND EUROPE
EIF FINANCING: RCR AND OWN RESOURCES



EMBRACING TECHNOLOGY THROUGH DESIGN

The Dutch start-up WeTransfer is not a typical technology company but one that combines technology and creativity at its best. While the platform's primary functionality is to offer a simple and intuitive way of sharing and transferring large files, it places equal value on acting as a stage for talent. Hence every time you visit WeTransfer's homepage you are presented with a full-screen wallpaper sourced from a wide community of artists.

Launched in 2009 by Bas Beerens and Nalden, a well-known blogger in Amsterdam, WeTransfer was born out of the founders' own need for a solution for sending large files when collaborating on creative projects.

WeTransfer is focused on the user experience: the file-sharing online platform is recognised for its clean interface and a service without the usual complications

of logins, signup forms, data capture and banner advertising. WeTransfer is completely free when sending files of up to 2GB in size, or users can sign up to WeTransferPlus, a paying service, to make larger transfers or personalise some of the functionalities. Revenues are also collected through the paid promotions that are embedded in the wallpapers with the help of in-house designers.

Having initially achieved significant success through its free service, the company is now on track to reach two billion transfers this year. The funding and advisory services provided by Highland Europe, an investment fund backed by EIF, helped WeTransfer to add a layer of professionalism to the business and achieve its international growth plans.

www.wetransfer.com

TECHNOLOGY TRANSFER IS THE PROCESS THAT HELPS TURN RESEARCH INTO REALITY. IT IS ONE OF THE WAYS WE FOSTER INNOVATION IN EUROPE.

TECHNOLOGY TRANSFER

The starting point for technology transfer is often in the lab, with a 'proof of principle'. It is then taken through the different stages of development until a discovery becomes fully fledged and can be applied to the market.

In order to support this vital economic process, we work with first class academic institutions and research centres across Europe to bridge the gap between research and commercialisation.

We are one of the main European investors in this area and provide guidance and cornerstone funding to key players, effectively reducing early stage (pre-seed, seed and post-seed) funding gaps.

CASE STUDY PEP-THERAPY

BUSINESS: BIOTECHNOLOGY, CANCER TREATMENT
COUNTRY: FRANCE
SUPPORTING FUND: SEVENTURE PARTNERS
EIF FINANCING: RCR AND OWN RESOURCES, EFSI

INVESTMENT PLAN
FOR EUROPE
#investEU



CONVERTING SCIENCE INTO MEDICINE

Angelita Rebollo is a fun-loving Spaniard whose email signature includes the message “when life hands you a lemon, bring out the tequila and salt.” She also has a brilliant scientific mind, which she uses to kill: cancerous cells, that is.

In her laboratory at Université Pierre et Marie Curie in central Paris, Angelita has developed a technique for blocking specific functions of proteins that turn a healthy cell into a cancer cell.

Her research into the topic started 17 years ago in Madrid and led her to found a company, PEP-Therapy, with a few other scientists working at prestigious French research institutions. Their objective is to convert this scientific breakthrough into a medicine that can be used to save lives.

The treatment could help people with a range of illnesses, though initial results suggest it will

first be used to treat ovarian cancer and severe types of breast cancers. While chemotherapy causes numerous side-effects by destroying many good cells along with the cancerous ones, the new targeted therapy developed by PEP-Therapy’s scientific team kills only the cancerous cells.

PEP-Therapy received significant funding from Quadrivium 1, the first French investment fund to provide seed funding for technology transfer projects in life sciences and digital technology, which start out at - or are linked to - a dozen French academic research institutions.

EIF is a cornerstone investor in the Quadrivium 1 fund managed by Seventure Partners. The investment was backed by **the European Fund for Strategic Investments (EFSI) SME Window** managed by EIF.

www.pep-therapy.com

**THE MOST INNOVATIVE
BUSINESSES OFTEN
FIND IT HARD TO GET
FUNDING BECAUSE
THEY ARE CONSIDERED
TOO RISKY. WE TAKE A
DIFFERENT VIEW.**

VENTURE CAPITAL

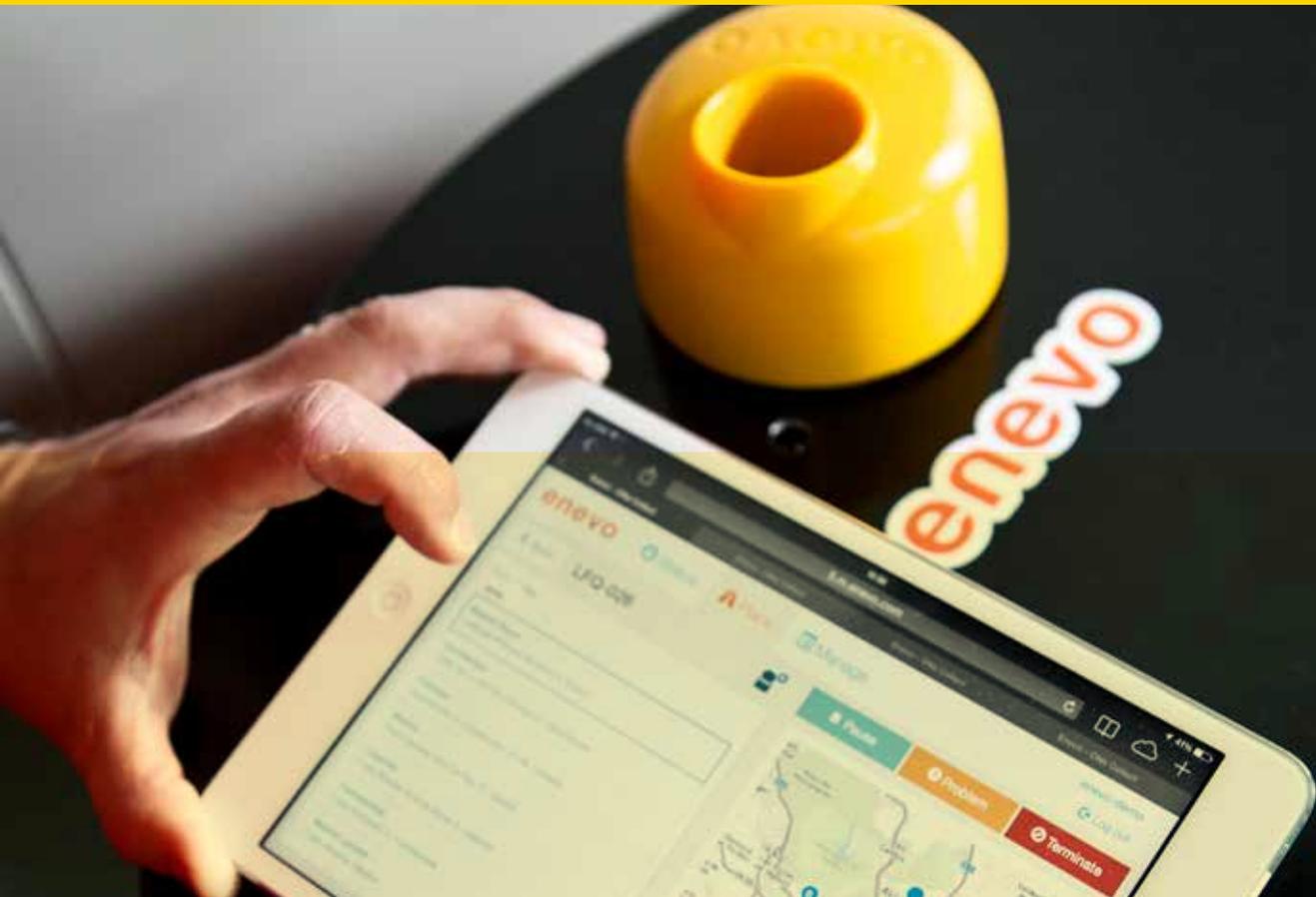
Venture capital is a lifeline for start-ups and businesses in the early stages of development. We address the market gap in early stage funding by providing risk capital to top tier and first time fund managers.

Over the years, we have repeatedly stepped up our commitments in promising and quality-oriented funds to stimulate growth and innovation in Europe. As a result, we have developed a broad market overview and vast experience in determining and evaluating critical success factors.

Private investors often see EIF's engagement in a fund as proof of a sound concept. Several funds that achieved significant results and visibility in this segment, benefitted previously from EIF's strong catalytic support. Hence we believe that our role has been vital in fostering the development of the European venture capital market.

CASE STUDY ENEVO

BUSINESS: TECHNOLOGY, WASTE COLLECTION
COUNTRY: FINLAND
SUPPORTING FUND: EARLYBIRD VENTURE CAPITAL
EIF FINANCING: RCR AND OWN RESOURCES



THE CLEVER WAY OF COLLECTING WASTE

New technologies have made our lives smarter in uncountable ways. But we hardly think of such developments in the context of trash collection. Enevo is set to change that: in an increasingly urbanised world, the Finnish startup helps cities, waste management companies and recyclers to optimise their processes, leading to sizable efficiency savings and sustainability.

Founder Fredrik Kekalainen spent several years in the smartphone industry. This explains his affinity to technology, which in turn, helped him recognise inefficiencies in the waste collection industry that could be addressed through a better use of technology. In the traditional way, the collection of waste and recyclables is done using fixed schedules and static routes where containers are collected regardless if they are full or not.

Enevo's smart wireless sensor proposes a new way: by collecting fill level data from waste containers and then automatically generating demand-based

schedules, trash is picked up when and where it is really necessary. Fill level measurement is also combined with a dynamic route planning service, resulting in optimised fuel consumption, less emissions, and an overall cleverer approach to the waste management process.

To fuel its international expansion Enevo has raised funding from several renowned business angels and venture capital investors including Earlybird Venture Capital, an international venture capital firm backed by EIF.

Enevo's headquarters are in Finland, with regional offices recently opened in Germany, United Kingdom, United States, Japan and Hong Kong.

www.enevo.com

**ESTABLISHED
BUSINESSES OFTEN
NEED AN EXTRA
INJECTION OF CAPITAL
TO REACH THE NEXT
LEVEL. WE SUPPLY IT.**

GROWTH CAPITAL

We back a range of growth funds that support established, profitable and growing businesses that need more capital to take advantage of new opportunities. Through these growth funds, we offer the more mature businesses a broad range of tailor-made products, ranging from hybrid debt/equity to pure equity finance, including expansion and replacement.

One of our products, known as mezzanine, is a hybrid debt/equity tool designed to finance growth. It's ideal for company managers who want to keep control of their companies, or for growing companies in need of financial restructuring or complex shareholding reorganisation. Mezzanine also caters for later stage technology companies who have already reached break-even, but don't have access to more traditional bank debt products.

€17.3bn

Since 1994 we have committed more than €17bn in close to 700 SME-focused venture and growth capital funds.

**WE CONTINUALLY
SEEK OUT NEW
WAYS TO MOBILISE
RESOURCES TO
SUPPORT BUSINESSES.
THINKING BEYOND
TRADITIONAL EQUITY.**

BUSINESS ANGELS

In the framework of the European Angels Fund (EAF) initiative, we work hand in hand with business angels and help them to leverage their investment capacity by co-investing into innovative companies in the seed, early or growth stage.

What began as a pilot project in Germany is swiftly expanding to other European countries including Austria, Spain, the Netherlands, Ireland and Denmark.

SOCIAL IMPACT INVESTMENTS

We are convinced that social impact investing will shape the way many people invest in the future.

Our Social Impact Accelerator (SIA) scheme pioneered in addressing the growing need for equity finance to support social enterprises. This sector is playing an ever greater role in promoting social inclusion and providing alternative sources of employment even for marginalised social groups.

By exploring and actively pursuing initiatives such as these, we are able to offer a broader range of financing to businesses, and create not only a smart and sustainable, but also a more inclusive economic growth.

CASE STUDY UNFORGETTABLE

BUSINESS: SOCIAL ENTERPRISE, OFFERING
DEMENTIA PRODUCTS AND SERVICES
COUNTRY: UNITED KINGDOM
SUPPORTING FUND: IMPACT VENTURES UK
EIF FINANCING: SIA FUND OF FUNDS



CHANGE THAT REALLY MATTERS

James Ashwell is a social change maker and entrepreneur committed to using business as a force for good. His company offers products, practical advice and a peer community for people with dementia and memory loss and their carers. Spurred by James' own experience of caring for his mother, he set up Unforgettable to help improve people's lives.

When his mother was diagnosed with early onset dementia, James left his job as a strategy consultant at an international professional services company. He knew very little about the disease and its implications.

James' early experiences as a carer were characterised by learning at the point of crisis and he now knows what could have made a significant difference during those testing years.

Unforgettable's aim is to therefore act as the best marketplace for patients and carers; providing easy access to everything they need. Combined with

forums for sharing stories, reassurance and advice, Unforgettable's website not only increases dementia awareness, but tackles the common risk of isolation. Unforgettable is a for-profit enterprise that derives revenues via e-commerce, but places equal emphasis on social impact and financial returns. It is a response to market demand whilst keeping its social mission at the forefront of its development.

In 2015 Unforgettable received funding from Impact Ventures UK (IVUK), a leading EIF-backed investment fund that specialises in supporting UK social enterprises. The investment has enabled Unforgettable to develop its online offering, products and services. IVUK has been impressed by Unforgettable's relentless drive to become the "go to" destination for all those affected by dementia whilst continuing to successfully scale its business.

www.unforgettable.org

WE SHARE RISK WITH BANKS TO HELP STIMULATE ADDITIONAL LENDING. GUARANTEED.

3.2 DEBT FINANCING INSTRUMENTS

We are one of the main providers of guarantees and securitisation in Europe. Our second core activity addresses SMEs and mid-caps financing needs by providing guarantees and counter-guarantees to financial institutions to stimulate additional lending.

Through our AAA-rated first loss guarantees and securitisation instruments we share the risk taken by financial institutions to increase the volume of loans and leases they make available for SMEs at favourable financing conditions. Our guarantee activity consists of two main business lines: securitisation and portfolio guarantees, which together represent over €10bn of outstanding commitments.

SECURITISATION

We use our own capital to credit-enhance tranches of SME loans or lease securitisation transactions – and to provide guarantee cover for SME loan and lease portfolios to financial institutions.

As a result, we achieve substantial added value by facilitating SME credit risk transfer from financial institutions, and by enabling access to term-funding through the placement of guaranteed asset-backed securities with capital market investors.

Banks can then obtain liquidity and/or achieve capital relief – all of which means more lending capacity for SMEs. We conduct a detailed analysis of each transaction and originator, and subsequently offer guarantees at competitive market conditions.

As part of our aim to encourage the sustainable development of the European securitisation market, we have launched the EIB Group Risk Enhancement Mandate (EREM) which increases EIF's underwriting capacity for credit enhancement solutions that deliver maximum benefits for SMEs.

CASE STUDY TOFFS SECURITISATION

BUSINESS: **MANUFACTURING, RETRO FOOTBALL SHIRTS**
COUNTRY: **UNITED KINGDOM**
SUPPORTING INSTITUTION: **COMMERZBANK /
KENNET EQUIPMENT LEASING**
EIF FINANCING: **OWN RESOURCES**



NOSTALGIA GUARANTEED

Arguably there is no other sport like football. Recent European tournaments have once again ensured that football was much more than just twenty-two men chasing a ball for 90 minutes. Beyond the inherent emotional treat, the games spurred ample analysis of football's historical impact on everyday life - including fashion.

The Old Fashioned Football Shirt Company (TOFFS) is at the forefront of fuelling misty-eyed football nostalgia: it manufactures exact replica vintage football shirts. From the humble beginnings of producing the first replica shirt on the dining table using a local dressmaker, owners Alan and Michele Finch have managed to build up a business that is now employing more than 20 people.

Over the last 25 years the firm has created more than 240 different domestic and international league team shirts, replicating designs from as far back

as the 1870s. Thus TOFFS' website is not only a marketplace for sportswear: it has become a point of reference for people who are passionate about football.

More recently, TOFFS has been designing and making personalised t-shirts, polos and hoodies, and to celebrate its 25th anniversary, it has launched its very own clothing range. Funds from Commerzbank allowed the lease finance company Kennet Equipment Leasing to help the business acquire two new machines and expand their product offerings. Commerzbank's funds were guaranteed by EIF as part of our growing securitisation and warehousing activity.

www.toffs.com

WE SUPPORT SME GROWTH BY SHARING RISK WITH INTERMEDIARIES. ENHANCING COMPETITIVENESS.

EU GUARANTEES

We have been entrusted by the EU and Member States to manage several initiatives that aim to enhance access to finance for SMEs and small mid-caps. These programmes are implemented through our wide network of selected financial intermediaries, including banks and guarantee institutions.

EIF guarantees their portfolio of newly granted SME loans or leases against a substantial part of the expected loss, resulting in an increased risk taking capacity on the intermediaries' side. The benefit is passed on to the final recipients and may consist of a reduction of interest rate and/or collateral requirements.

One of the programmes supporting SMEs is the COSME Loan Guarantee Facility, part of the EU Programme for the Competitiveness of Enterprises and SMEs, to which financial intermediaries can apply until 2020.

The initiative has a budget of €650m of first loss cover. By sharing the credit risk of the selected intermediaries, the programme is expected to support around €25bn of financing at the level of SMEs. Through COSME, a €1 budget is expected to help mobilise €38 of financing to businesses.

The programme builds on the success of the 2007-2013 Competitiveness and Innovation Framework Programme (CIP) which has supported 348,000 SMEs and enabled more than €16bn of loans and leases in Europe.

CASE STUDY FACHZENTRUM FÜRST

BUSINESS: **CRAFTSMEN IN PAINT**
COUNTRY: **GERMANY**
SUPPORTING BANK: **KFW BANKENGRUPPE**
EIF GUARANTEE: **CIP**



BUSINESS CONTINUITY AT ITS BEST

Many family business owners would like to see their company transferred to the next generation, however only around one third of them are successful in ensuring a succession.

Hence the encounter of Mr Fürst, owner of a well-established painting company in Hessen (Germany) who wanted to retire, and Alessandro Schmidt, a young craftsman looking to become an entrepreneur, was a lucky one in all respects.

Alessandro Schmidt was 22 years old when he completed his master craftsman certificate as a painter and lacquer. Working for a large enterprise could have been an option that he also considered, but he felt that becoming an entrepreneur would give him more possibilities to develop and grow in spite of the hard work this entails.

Thanks to the *next change* online portal he and Mr Fürst got connected. The platform was set up by the German Ministry of Economic Affairs and Energy

(BMWi), the KfW Bankengruppe, the German Chamber of Commerce and Industry (DHK) as well as several other stakeholders with the aim to close the persistent market gap in business successions on the German SME market.

“When I first met Mr Fürst it became quickly clear that we could get along well and the transition would be smooth”, said Alessandro. He managed to take over the business after obtaining an EU-supported start-up loan through the KfW Bankengruppe, an EIF financial intermediary under the Competitiveness and Innovation Framework Programme (CIP).

Today he employs 14 people, and remembering the importance of nurturing young talent, he is keen on regularly taking apprentices on board. For his outstanding performance as a new business owner, Alessandro was awarded with KfW’s GründerChampion title.

www.maler-fuerst.de

**WE SUPPORT
INNOVATIVE ENTERPRISES
BY PROVIDING
RISK PROTECTION.
ENCOURAGING
ENTREPRENEURSHIP.**



EU GUARANTEES (CONTINUED)

The InnovFin - EU Finance for Innovators SME Guarantee is another key financial instrument we manage on behalf of the European Union. Under this initiative EIF backs innovative SMEs and small mid-caps in line with the objectives of the EU's Horizon 2020 innovation and research programme.

Similarly to COSME, we deploy the InnovFin portfolio guarantee facility through banks, leasing companies and guarantee institutions that benefit from an uncapped guarantee covering up to 50% of the credit risk incurred.

InnovFin continues the good achievements of its predecessor programme, the pilot Risk Sharing Instrument (RSI) which provided a total guarantee amount of €1.6 billion in 18 countries, mobilising over €3.2 billion of loans/leases to innovative SMEs and small mid-caps during 2012-2013.

CASE STUDY INNOVAID

BUSINESS: INTERACTIVE REHABILITATION ASSISTANCE
COUNTRY: DENMARK
SUPPORTING BANK: VAEKSTFONDEN
EIF GUARANTEE: INNOVFIN SMEG



BETTER QUALITY OF LIFE FOR DISABLED PEOPLE

More than one billion people in the world today have a disability. Luckily, fast paced technology innovations – such as those of Martin Hjørt, Danish engineer and owner of InnovAid – are rapidly improving the array of rehabilitation methods, helping persons with disabilities to become more independent.

Martin has a son with cerebral palsy, a form of brain injury that may result in muscle tone-, coordination- or speech impairments. He accompanied his son to physical therapy and started to become interested in developing a more efficient workout to improve his son's quality of life.

Martin's innovative system, the Happy Rehab, combines specially designed interactive computer games with a dynamic stander with frame. The cognitive and motoric exercises activate certain parts of the brain that lead to increased balance and mobility over time.

Following the success of his first product, Martin designed other training systems for rehabilitation including TREAX, the multi-coloured pads that help persons recover in a more playful way, for example after a stroke.

Innovaid has been selling its products primarily in Denmark and Norway while interest has also been growing from abroad. However, funds needed for an international expansion were not easy to raise given the lack of sufficient collateral.

Turning to Vaekstfonden, an EIF financial intermediary, Martin obtained an EU-supported loan under the InnovFin programme that provides access to finance at more favourable conditions for innovative SMEs.

The loan enabled the company to increase its production capacity and hire more staff, which is expected to result in a doubling of sales over a period of two years.

OVER 90% OF SMEs IN EUROPE HAVE FEWER THAN 10 EMPLOYEES AND OFTEN STRUGGLE TO OBTAIN FINANCING. WE AIM TO CHANGE THAT.

3.3 MICROFINANCE

It is crucial that small businesses get the right support to access the financing they need. With this in mind, we provide financial instruments (guarantees, loans and equity) to Europe's microfinance institutions - many of which are not banks.

Our aim is to improve the availability of resources for micro-entrepreneurs, and particularly those belonging to vulnerable groups such as start-up companies created by unemployed individuals, young entrepreneurs and the self-employed who often lack access to commercial credit markets.

The microfinance activity therefore forms an essential part of our wider commitment to the achievement of the Europe 2020 strategy's objectives that promote an inclusive growth.

In the framework of the European Progress Microfinance Facility (EPMF) we have helped mobilise over EUR 400m to around 43,000 micro-enterprises over the past years.

We have recently launched the EaSI (Employment and Social Innovation) initiative dedicated to sustainable employment and social inclusion through self-entrepreneurship.

Under EaSI, we guarantee portfolios of loans up to €25,000 which support micro-borrowers, for example individuals wishing to start a business or existing micro-enterprises catering for the needs of vulnerable persons.

EaSI is also the first EU-level financial instrument dedicated to social entrepreneurship. By guaranteeing loans up to €500,000 under this component, we strive to create positive social impact.

CASE STUDY REKETE GUAUPOS

BUSINESS: **SERVICE, DOG GROOMING**
COUNTRY: **SPAIN**
SUPPORTING INSTITUTION: **LABORAL KUTXA**
EIF FINANCING: **EUROPEAN PROGRESS
MICROFINANCE FACILITY (EPMF)**



A SMALL LOAN FOR A BIG DREAM

Dogs have always played a big role in human life. Originally as a tool for hunting and protection they have become dear to our hearts. Providing comfort and leisure, it is no wonder they are among our favourite pets that some even see as family.

From an early age, Enara Sanchez has been certain that she wanted to deal with dogs. Grooming seemed like a suitable and fun profession as she has already been familiar with the world of dog shows and competitions for many years.

After working at various dog centres and having gained substantial experience with haircuts for competition dogs, Enara decided to start her own business called Rekete Guaupos. For this she needed affordable financing.

As a young entrepreneur with limited prior experience in the world of finances, Enara turned to Laboral Kutxa, an EIF intermediary under the European Progress Microfinance Facility (EPMF) programme supporting micro-entrepreneurs.

Today Rekete Guaupos offers a variety of services: beyond the standard washing, Enara specialises in customised cuts according to the race and keeps on preparing dogs for participation in national and international competitions.

When she is not busy with her four legged clients in her workshops, Enara runs a successful Facebook page to spread awareness about her shop. Soon she will be ready to hire additional help to best serve a steadily growing clientele.

4. STRATEGIC PARTNERSHIPS

FINANCIAL ENGINEERING WITH STRUCTURAL FUNDS

WE FORGE AND MAINTAIN STRATEGIC ALLIANCES WITH NATIONAL AND REGIONAL PARTNERS. MAXIMISING THE IMPACT OF PUBLIC FUNDS.

4.1 FINANCIAL ENGINEERING WITH STRUCTURAL FUNDS

Financial instruments co-funded by the European Structural Investment Funds (ESIF) are a sustainable and efficient way to invest in economic growth and development in EU Member States and their regions.

The use of revolving instruments, rather than grants, has multiple benefits: it helps leverage resources and maximise the impact of ESIF by attracting additional funding from private investors.

JEREMIE is one of our flagship initiatives with the EC, which effectively blends structural funds to provide risk financing for SMEs.

The public private partnerships developed by EIF under JEREMIE provide financial support and facilitate the creation of new entrepreneurship eco-systems improving the overall innovation landscape and market competitiveness.

The new SME Initiative is a joint EIB Group/EC financial instrument that was launched to alleviate the financial constraints of European SMEs by combining ESIF, EU budget under Horizon 2020 and/or COSME, as well as the EIB Group's own funds.

CASE STUDY MYOSOTIS PHARMACIES

BUSINESS: RETAIL, PHARMACY CHAIN
COUNTRY: ROMANIA
SUPPORTING BANK: RAIFFEISEN ROMANIA
EIF GUARANTEE: JEREMIE ROMANIA



GAINING PATIENT TRUST

Over the past years, pharmacists have moved from the traditional dispensing role to become more actively involved in patient care. Good, unbiased advice alongside a sense of friendship and familiarity that stems from knowing the customers well, have become as important as the transfer of products itself.

The Myosotis Pharmacies chain started as a family business in 1992 with the same objective: to offer a more attentive, respectful and qualitative service to their patients. Owner Bogdan Chiriac believes part of the company's success is due to the fact that it managed to remain independent. Not being directly affiliated to any producer or distributor of pharmaceuticals allowed Myosotis pharmacists to maintain objectivity in their recommendations to customers and create more lasting relationships with them.

Today Myosotis is one of the most dynamically growing companies, counting approximately 200 employees and advising more than 200 000 patients

per month in approximately 70 branches located mostly in the eastern part of Romania. The company's strategy is to continuously expand its pharmacy network by opening additional selling points including in rural areas that represent a largely unexploited market.

In the light of Myosotis' solid business track record and development potential, Raiffeisen Romania – an EIF financial intermediary under the JEREMIE instrument – provided the business with additional working capital in the form of an EU-guaranteed loan at more favourable conditions. This was used among others to open new branches and hire additional employees.

“EIF's support has allowed us to offer highly competitive banking products and to attract new companies to our portfolio, which are capable of driving competitiveness and creating employment throughout the country”, says Ileana Cioana, Head of Corporate Credits Directorate at Raiffeisen Romania.

WE AIM TO SUPPORT EU MEMBER STATES AND CANDIDATE COUNTRIES ENGAGED IN EU ACCESSION NEGOTIATIONS.

4.2 SUPPORTING CANDIDATE COUNTRIES

We currently advise two SME-funding instruments in Turkey known as the Greater Anatolia Guarantee Facility (GAGF) and the G43 Anatolia Venture Capital Fund. Both combine a commercial approach with policy objectives.

We are also managing the Technology Transfer Accelerator (TTA Turkey) programme to help new technologies reach the market faster and have established a new fund of funds initiative, the Turkish Growth and Innovation Fund (TGIF) in co-operation with the Small and Medium Enterprises Development Organisation of Turkey (KOSGEB).

Elsewhere, we have been involved in launching the Western Balkans Enterprise Development and Innovation Facility (WB EDIF).

This EU-funded initiative aims to encourage the emergence and growth of innovative SMEs in the Western Balkans. Its technical assistance pillar advises strategic investments – particularly in areas such as infrastructure, energy efficiency and private sector development.

Hence we believe this work plays an important role in supporting the socio-economic development and EU accession of the Western Balkan countries.

CASE STUDY ARDIT LTD

BUSINESS: **MANUFACTURING, WOODEN PALLETS AND BIO FUEL**
COUNTRY: **ALBANIA**
SUPPORTING BANK: **PROCREDIT BANK ALBANIA**
EIF GUARANTEE: **WB EDIF**



BUSINESS GROWTH THROUGH RENEWABLES

While they might not seem all that significant, wooden pallets play a major role in international trade. Since their invention at the beginning of the 20th century, they have served as a convenient and affordable cog in the universal machine for transportation, exerting major influence on the way materials are handled, stored and shipped.

Festim Lami's company, Ardit Ltd, is producing one million of these pallets per year. This is an immense output capacity for a single company and a comparatively small manufacturing industry like that of Albania. Ardit also has its own lab where it conducts all of the required checks and quality controls in order to guarantee the best quality for its customers.

The finished pallets are stamped with the International Plant Protection Convention (IPPC) label, which guarantees compliance with European ecological norms.

Ardit also produces heating pellets, an increasingly popular type of biofuel that is typically made of compacted sawdust emerging as a by-product during lumber milling – for example, during the manufacturing process of Ardit's transport pallets. Hence it was a logical step for the company to diversify the business in this direction.

The ProCredit Bank Albania's loan – guaranteed by EIF under the Western Balkans Enterprise Development and Innovation Facility (WB EDIF) – helped Ardit to create additional storage space, hire more employees and expand the production capacity.

Residential buildings and agribusinesses are at the forefront of driving up market demand as wooden pellets represent a form of renewable energy.

4. STRATEGIC PARTNERSHIPS

NATIONAL AND REGIONAL COLLABORATION



4.3 FUND OF FUNDS

We advise and manage a number of funds of funds initiatives on behalf of third parties, including national and regional governments as well as private and strategic investors. Our aim is to provide a wide choice of financial solutions to SMEs that complement existing national schemes.

Over the past years, we have rolled out several facilities in partnership with national institutions and financial counterparts to equip them with increased investment capacity. Currently EIF is managing 22 different fund of funds with EU Member States and accession countries, amounting to a total of EUR 2.6bn in financing for SMEs.

The Baltic Innovation Fund (BIF), for example, was launched in close co-operation with the governments of Lithuania, Latvia and Estonia. BIF is unique because it involves more than one Member State, enabling the critical level of commitments to be reached.

The ERP-EIF Facility we are managing on behalf of the German Ministry of Economic Affairs and Energy (BMWi) has been increased repeatedly, now reaching a significant EUR 3.2 billion of total assets. These resources are dedicated to funding technology-focused German SMEs.

Most recently, the Swedish Venture Initiative (SVI) was established, targeting investments in promising new venture capital funds and innovative Swedish enterprises.



ERP SIGNATURE EVENT

EIF Chief Executive Pier Luigi Gilibert (first from right) with German Minister of Economic Affairs and Energy (BMWi) Sigmar Gabriel and other high-level representatives of the Ministry as well as the KfW Bankengruppe at the ERP signature event (March 2016).



SME INITIATIVE SIGNATURE

EIF Chief Executive Pier Luigi Gilibert meeting Bulgarian President Rosen Plevneliev on the occasion of the SME Initiative's signature in Bulgaria (March 2016).



ESTFUND COOPERATION

EIF Deputy Chief Executive Roger Havenith (first from left) launching the EstFund cooperation with Estonian Minister of Entrepreneurship Liisa Oviir and high level representatives of the Estonian Ministry of Economic Affairs and Communications (MoE) and KredEx (March 2016).



SVI AGREEMENT

EIF Chief Executive Pier Luigi Gilibert concluding the agreement on the Swedish Venture Initiative (SVI) with General Director Gunilla Nordlöf of Tillväxtverket, the Swedish Agency for Economic and Regional Growth (April 2016).

5. BECOME PART OF OUR TEAM EMPLOYMENT OPPORTUNITIES

**WITH MORE THAN
400 PEOPLE FROM ALL
OVER EUROPE OUR AIM
IS TO BE AS DIVERSE
AND MULTICULTURAL
AS THE BUSINESSES
WE SUPPORT.**

EMPLOYMENT OPPORTUNITIES

As a team we are united by common values that include empowering staff, valuing their opinions and encouraging a good work/life balance.

By offering targeted training and broad scope for career development, we aim to attract and retain the best people from across Europe.



“ Being at EIF is a school of life itself where I learn to handle various situations that projects may entail. My job provides me with a wide range of daily challenges which is something I really enjoy.”

Silvia Manca
Institutional Business Development Manager
Mandate Management



“ Constant change is how I would describe my six years in the securitisation team at EIF: riding the wave of turbulent capital markets and designing tools to address market deficiencies. But it is the wide impact of our efforts which brings me the most satisfaction.”

Georgi Stoev
Structured Finance Manager
Securitisation



“ EIF is a front-runner on products targeting the real economy, from microfinance to social enterprises and innovative start-ups. For me, working here means contributing to a results-driven, human and responsive EU.”

Cyril Guiffès
Investment Manager
Social Impact Investing

A NEW GENERATION OF FINANCIAL INSTRUMENTS IS TACKLING MARKET GAPS. REINFORCING OUR COMMITMENT.

We remain engaged in designing relevant and impactful products that create added value on the market. To this end, we actively seek opportunities to expand our reach, broaden our product range and forge partnerships with key stakeholders.

The successful implementation of EFSI remains a priority: we will continue to rapidly deliver on existing mandates – including equity and guarantee instruments – following the recent increase of available resources.

We are keen on strengthening cooperation with National Promotional Institutions (NPIs). The new EIF-NPI Equity Investment Platform provides a flexible, non-binding governance framework that enables NPIs to match the total budget for investments under the EFSI SME Window on a 1:1 basis. Similarly, the recent EIF-NPI Securitisation Initiative will stimulate SME lending via the capital markets.

The Creative and Cultural Sector (CCS) loan guarantee facility is our latest guarantee product. Launched in June 2016, it targets a segment that is difficult for banks to assess. Our free of charge capped guarantee will make a difference, enabling intermediaries to support this sector with reduced collateral requirements.

EIF wishes to thank all promoters and suppliers for the images illustrating this brochure. Case study images were mostly provided by the supported companies unless otherwise stated below.
Fachzentrum Fürst ©KfW-Bildarchiv / Jens Steingässer

Numbers in this brochure are included as at 31 August 2016, unless otherwise stated under EFSI. All figures are indicative only.



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