



EIB Lending for the Gigabit society

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European Investment Bank

5th International B2B Software Days 2019

Vienna, 15.03.2019

The views expressed are the opinion of the presenter and might not correspond to that of the EIB Group.

The European Investment Bank, the EU Bank



- Financing partner for the EU Member States and institutions since 1958;
- More than 90% of lending is within the EU;
- Financial support to projects outside the EU amounted to 10% of EIB lending;
- Shareholders: 28 EU Member States;
- The EIB contributes to the realisation of investment projects that further the economic, social and political priorities of the EU;
- More than 60 years of experience in financing projects;
- Around 2 100 staff – not only finance professionals, but also engineers, sector economists and socio-environmental experts.





EIB Group financing was 64.2bn channeled in these key areas in 2018



ENVIRONMENT

EUR 15.2bn



INFRASTRUCTURE

EUR 12.0bn



INNOVATION

EUR 13.5bn



SME

EUR 23.3bn

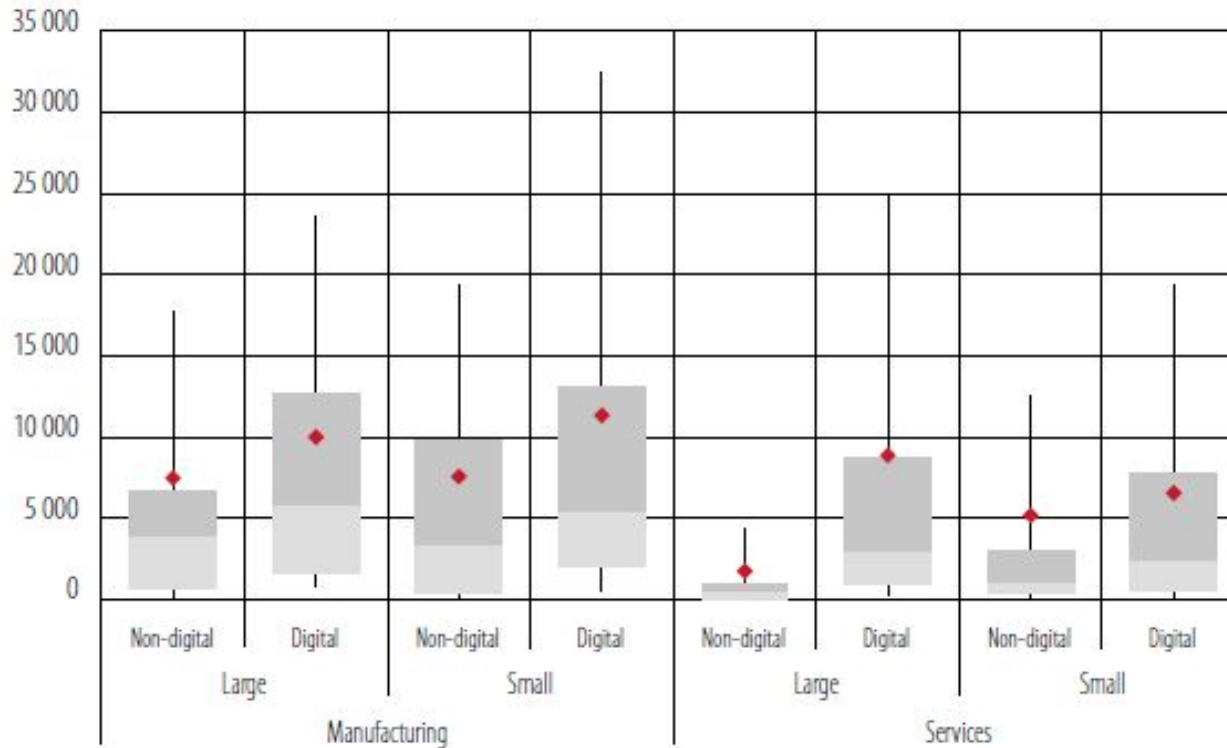
374.000 SMEs and Mid Caps



Digital companies invest more



Figure 10
Investment intensity (investment spend per employee)



Source: EIBIS Digital and Skills Survey 2018.

Base: All firms.

Questions: What was the value of the business's total fixed assets? How many people does your company employ full- and part-time at all its locations?

Note: Investment intensity is defined as investment spending per employee. Wage figures are PPP adjusted.



Investment gaps in EU



- ❖ Mission to tackle insufficient investment in policy goals
- ❖ Digital sector is suffering from large underinvestment in Europe (market failures):
 - ❖ R&D: accounts for R&D/GDP gap with US
 - ❖ Manufacturing and services: KET argument
 - ❖ **Infrastructure: Economic growth constraints due to lack of NGN broadband infrastructure**
 - ❖ Education and skills: lack of ICT experts
 - ❖ Data security: EU is lagging (NSA ...)

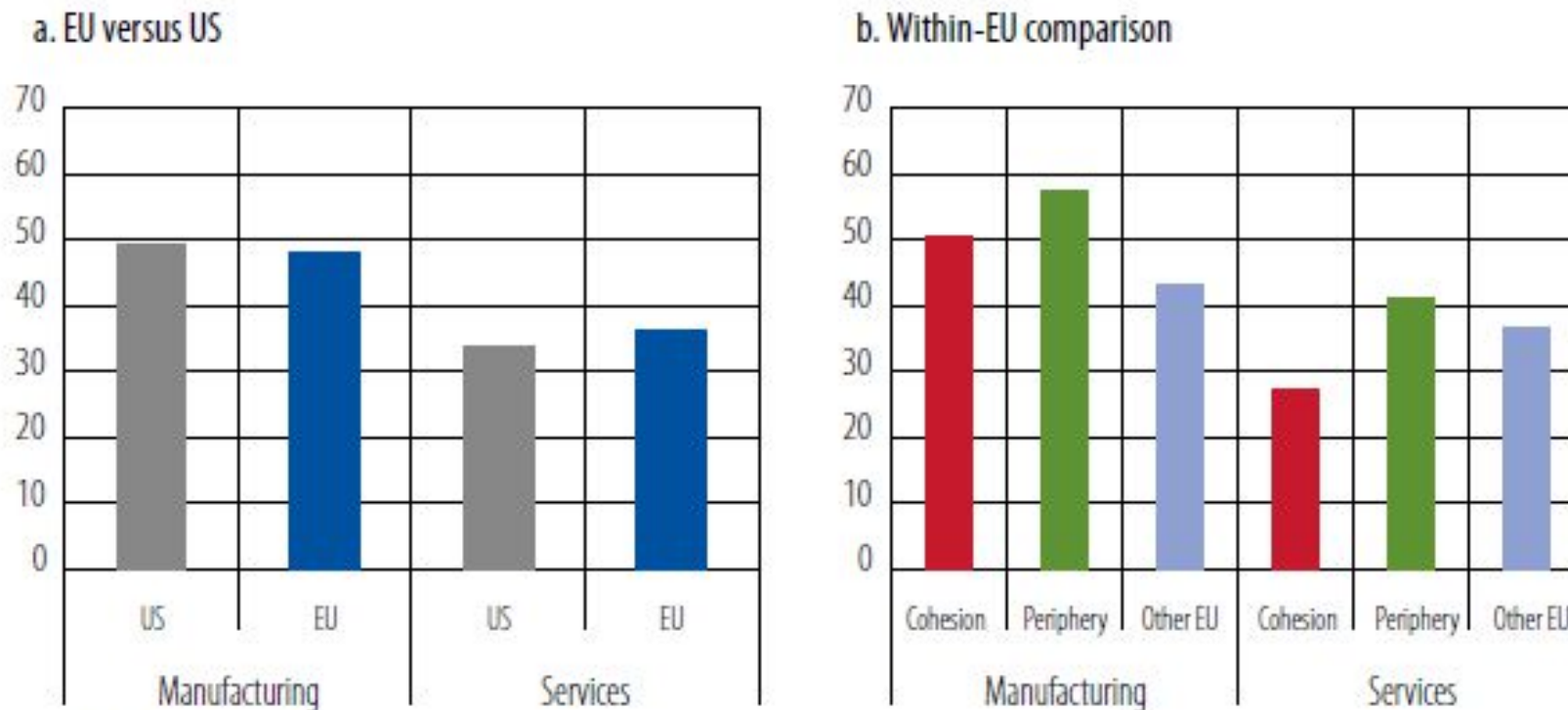


40% of companies invest too little in digital technologies



Figure 17

Share of firms stating that they invested too little in digital technologies (in %)



Source: EIBIS Digital and Skills Survey 2018.

Base: All firms.

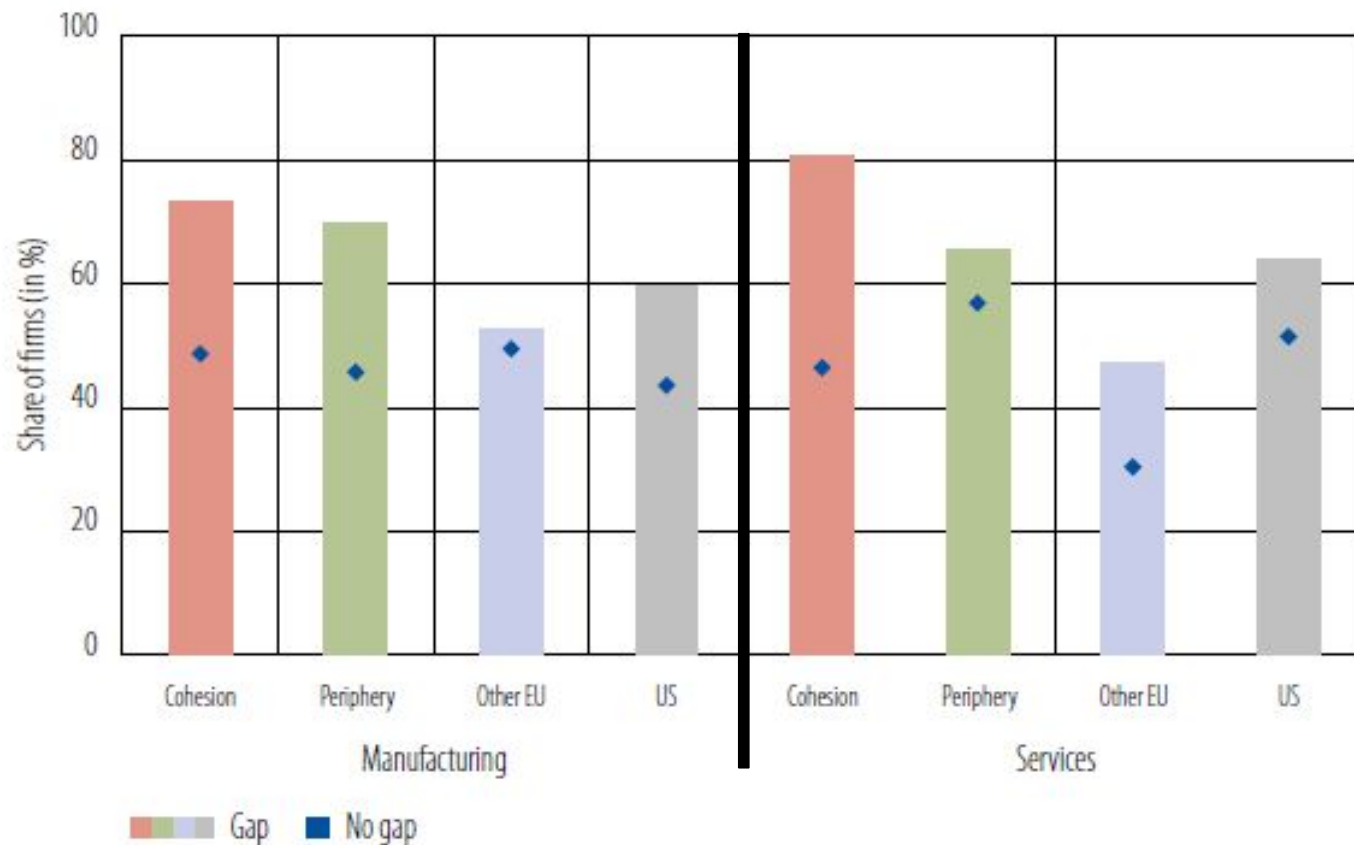
Question: Looking back at the last three years, would you say your investments in digital technologies were in line with needs/you should have invested in digital technologies?



The majority of companies have inadequate access to finance



Figure 24
Inadequate access to finance as barrier to investment



Source: EIBIS Digital and Skills Survey 2018.

Base: All firms.

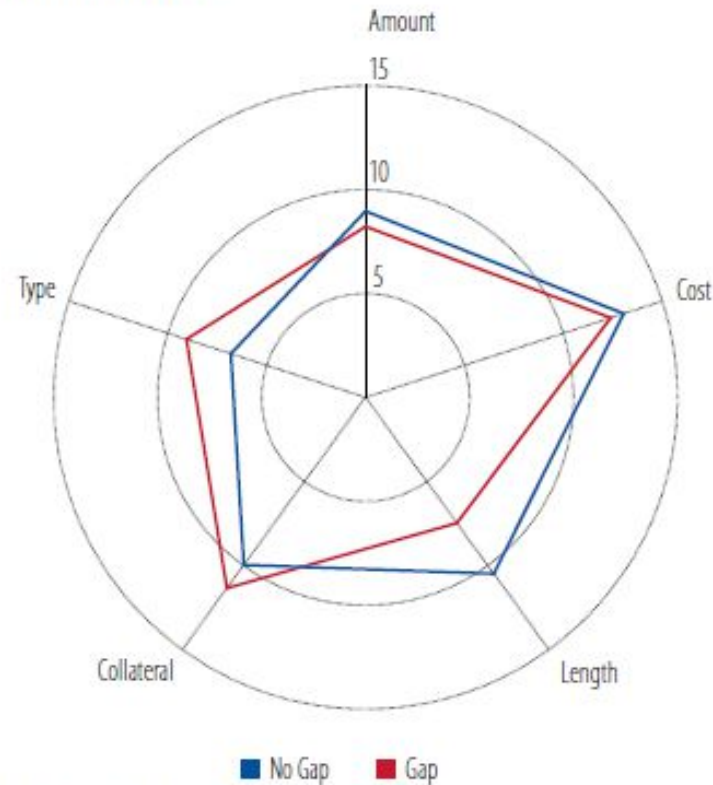
Questions: Thinking about your investment activities in digital technologies, to what extent is the availability of external finance an obstacle?



Obstacles to external finance



Figure 25
Dissatisfaction with external finance



Source: EIBIS Digital and Skills Survey 2018.

Base: All firms that used external finance.

Question: Thinking about all of the external finance you obtained for your investment activities in 2017, how satisfied or dissatisfied are you with it in terms of ...?

Note: The figure shows the share of firms that either say they are unsatisfied or very unsatisfied with the amount, cost, length, collateral requirements and/ or type of finance that they received (in %).

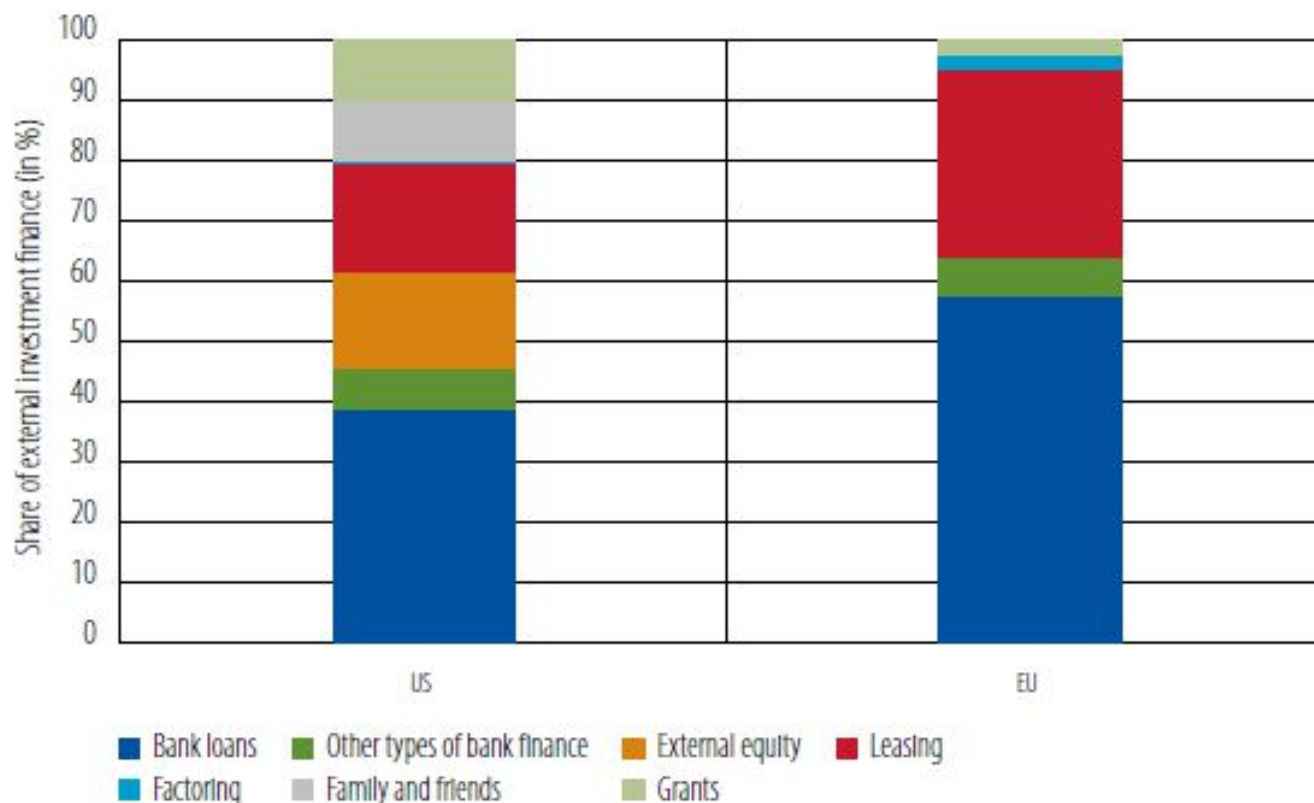


Bank loans play a more prominent role in EU



Figure 27

External financing mix among young firms (in %)



Source: EIBIS Digital and Skills Survey 2018.

Base: Firms younger than ten years.

Questions: Did you use any of the following sources of finance for your investment activities? What share of your external financing does each type account for?



EIB's role in supporting innovation, digitalisation and skills



- **EIB's Innovation financing aims at addressing funding gaps in Europe**
- Remarkable shift in overall innovation lending: between 2015 to 2018, the number of innovation projects we financed has almost doubled, while the average loan size has dropped by more than half.
- Supporting innovative projects: from large-scale research to small, specialised spin-outs or digital networks, including:
 - Public and Private R&D activities;
 - Innovative SMEs and early-stage investment funds;
 - Science and technology parks, tech transfer;
 - Software and databases;
 - Education and training.



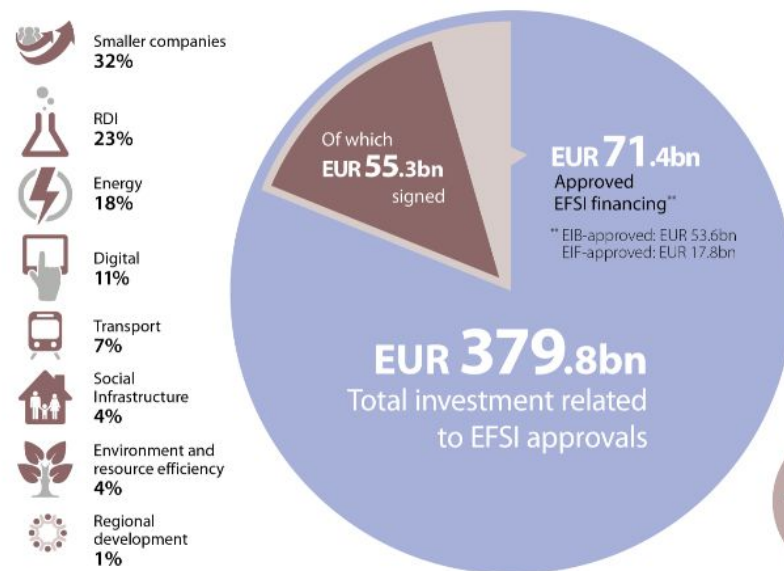
European Fund for Strategic Investment (EFSI)



EIB Group figures As of 05/02/2019

- **EFSI 2.0** – target of mobilising investments of **EUR 500 billion** by end-2020. This will further enable us to use the EU budget for what it does best: **to catalyse growth.**
- **But yet unfinished business ahead of us** – investment gaps remain in **key strategic areas** rather than at aggregate level.

EFSI investment by sector*

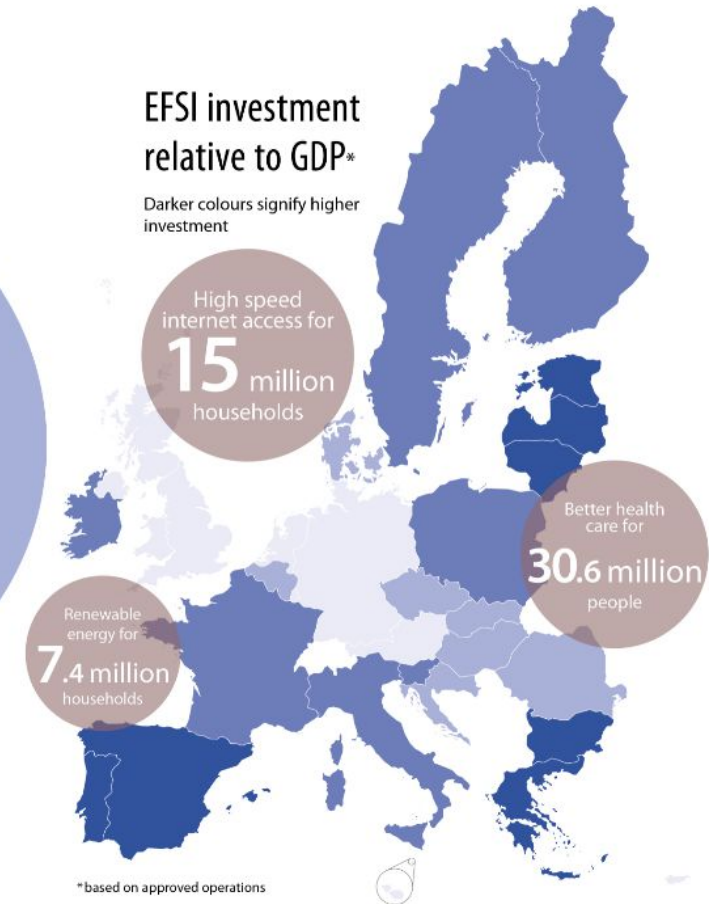


Target by 2020 **EUR 500bn**



EFSI investment relative to GDP*

Darker colours signify higher investment





Types of EIB financing



Project loans

for large developments in excess of EUR 25m

Intermediated loans

made via local banks

Venture capital

helping fund managers invest in high-tech and growth SMEs

Venture debt

Finance for small, high-risk and innovative projects

Microfinance

has benefited from our long term commitment

Equity & fund investment

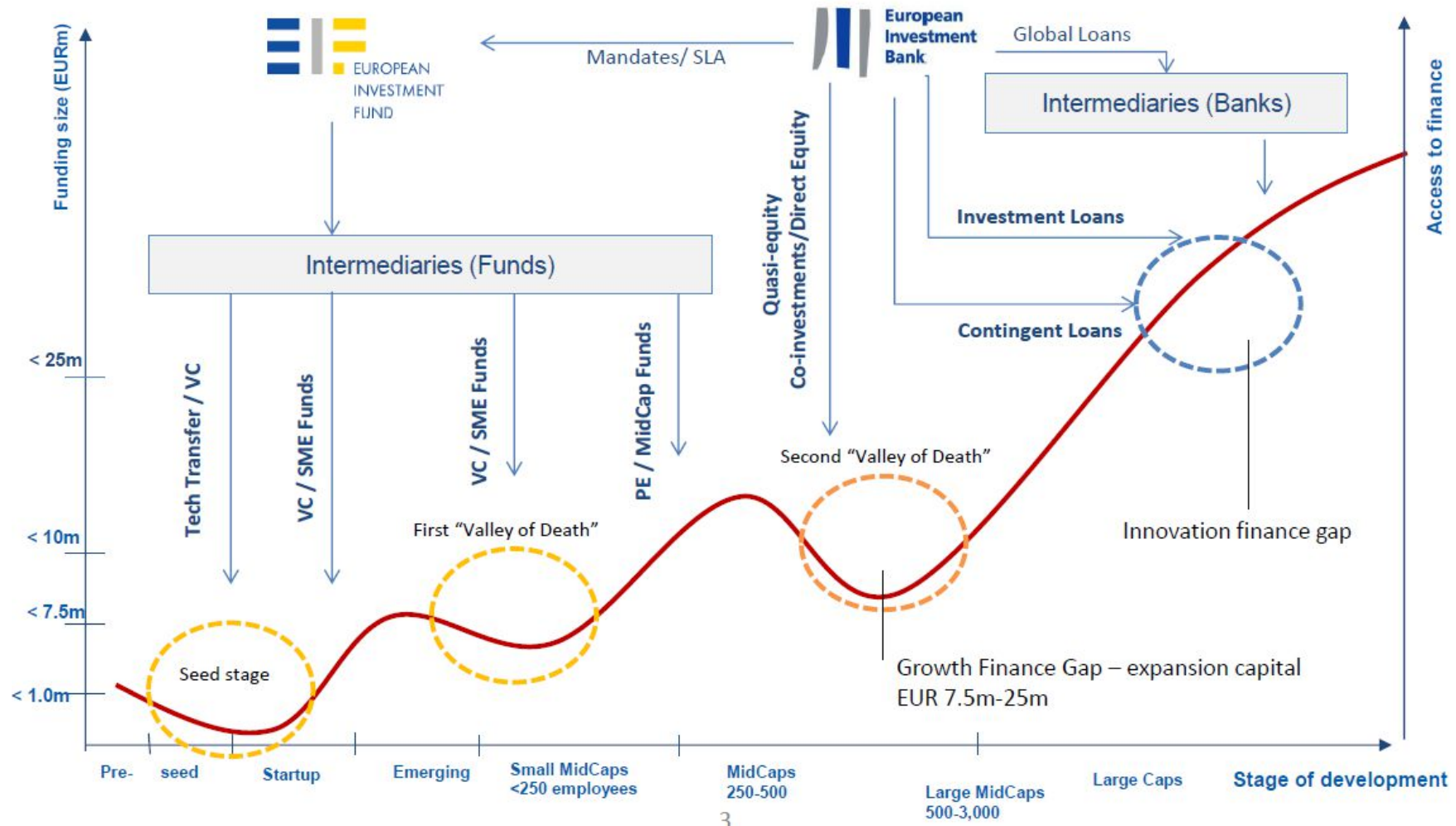
to catalyse further activity

Co-investment facilities

In order to provide additional firepower to successful fund managers and help realise the full growth potential of Europe's best start-ups and scale-ups, the EIB Group engages in equity and hybrid debt co-investments with top ranked funds and investment partners.



... covering the entire cycle of a company's development





Projects financed by the Bank must be:

- economically justified
- technically viable
- financially self-supporting and
- environmentally & socially sound
- appropriate procurement procedures are required



Who is Venture Debt for?



You are an **innovative** company with growth driven by the value of your own intellectual property



You are a start-up or mid-cap with **less than 3,000 employees** and growing



You have already raised **Series B/C equity** and your company needs additional financing to accelerate growth



Strong and sustainable business model, professional management team and established corporate governance



Investments to be financed are located in the **EU**





When is the right moment to finance with Venture Debt?



Venture Debt finances the growth stage of your company.

Example situations that can be financed with Venture Debt:

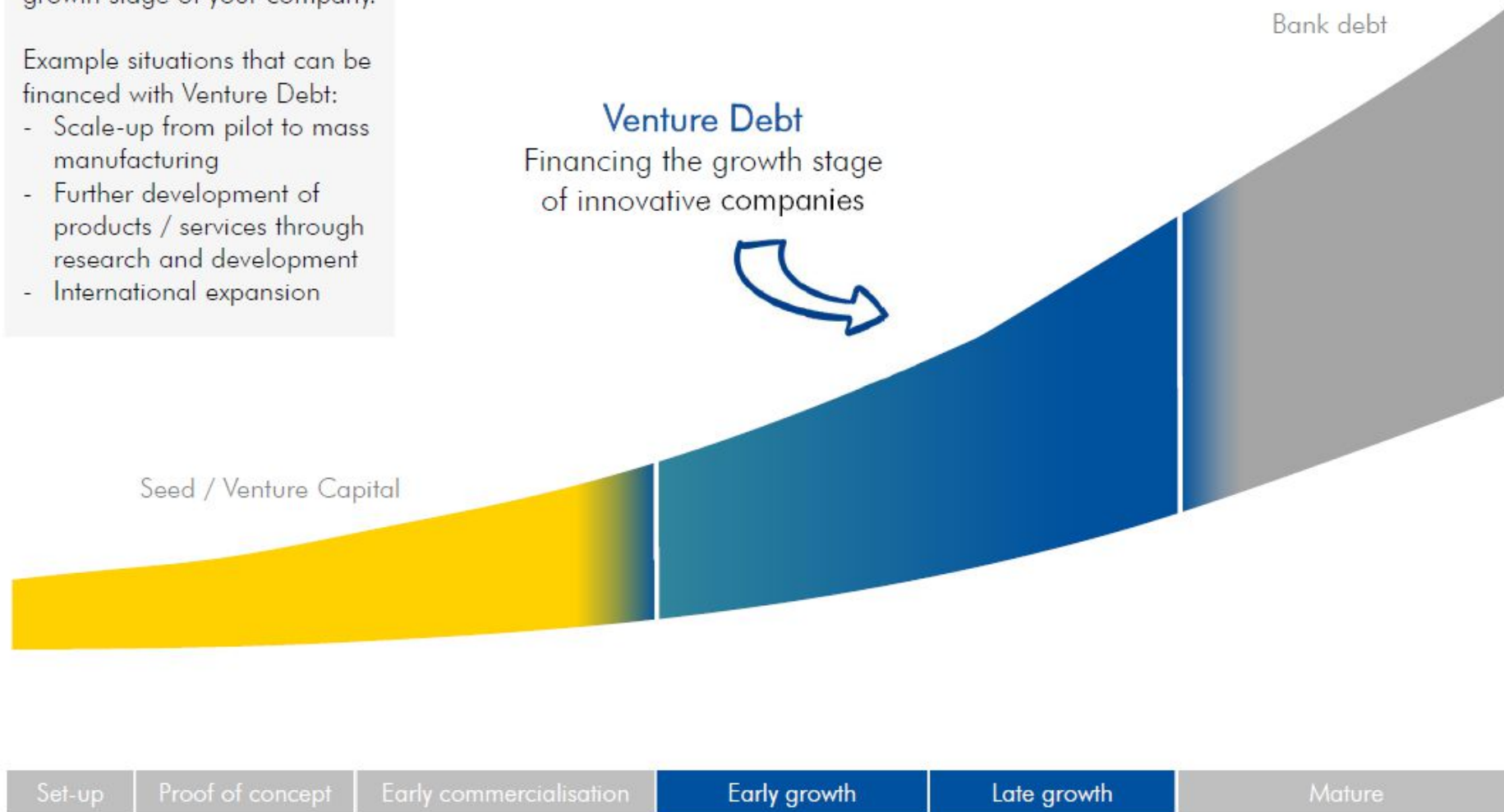
- Scale-up from pilot to mass manufacturing
- Further development of products / services through research and development
- International expansion

Venture Debt
Financing the growth stage
of innovative companies



Bank debt

Seed / Venture Capital



Set-up

Proof of concept

Early commercialisation

Early growth

Late growth

Mature



Overview of the EIB's Venture Debt activity



Key achievements

Reviewed



2,000 cases p.a.

R&D projects supported



EUR 4.4bn

Signed



75 operations

Investments mobilized



...EUR 14.9bn

Portfolio of



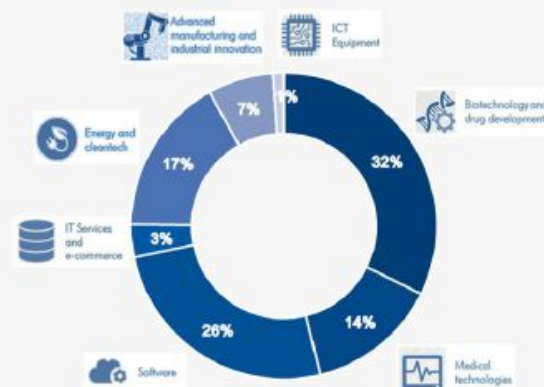
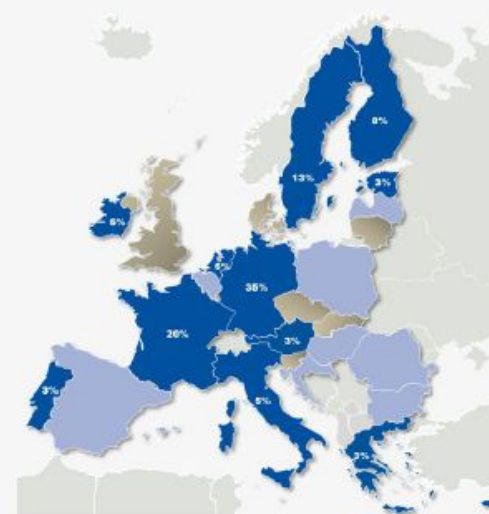
EUR 1.6bn

Research jobs created



more than 8,000

Geographic and sector coverage





Our venture debt portfolio





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