



## Gli interventi per il finanziamento del capitale di rischio

**Agenda dell'Unione Europea per il 2007-2013**  
*Gabriele Todesca - EIF*

### The European Investment Fund



*The European Investment Fund (EIF) was created in 1994 to support Small and Medium Enterprises (SMEs)*

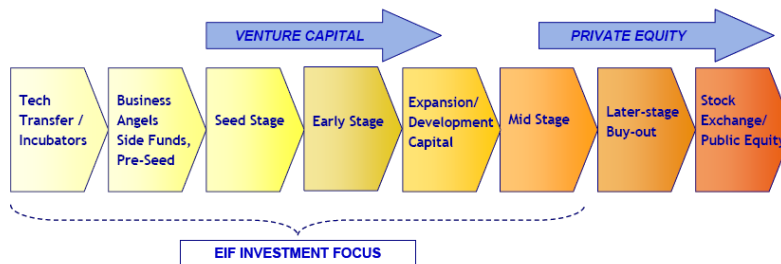
- Part of EIB Group
- Venture capital and guarantee specialist
- Active in EU Member States, Accession and EFTA countries
  
- Tripartite Shareholding: EIB, EC, various financial institutions
- Triple-A rated MDB
  
- Two Primary Objectives:
  - Pursue Community objectives such as SME support, regional development, Lisbon Process, growth, employment, knowledge-based economy, innovation, etc.
  - Generate an appropriate return on its resources

## EIF's Venture Capital Activities



*The most active investor in early stage funds in Europe*

- ▶ EIF is one of the largest European private equity "fund-of-funds", and the most active in the early stage sector (with a 15% market share)
  - Focus on ICT and life sciences
  - Support to managers with limited track record and first-time teams
  - Cooperation with universities and R&D centers for technology transfer activities
- ▶ Since its creation, EIF invested in almost 300 private equity and venture capital funds, with total investments of €3.8 billion (as of 31 December 2006).



Slide 3

## EIF's Value Added



*EIF's support contributed to many European success stories*

- ▶ Solid relationships with blue-chip European venture capital funds
- ▶ EIF's contribution is highly beneficial:
  - EIF is an investor but also a catalyst for private investors and an advisor on best practices.

wellingtonpartners

BANEXI VENTURES PARTNERS



SOFINNOVA PARTNERS



Abingworth investors in life sciences



Amadeus Capital Partners Limited

- ▶ EIF's backed funds have invested in thousands of European SMEs, including some of the best known "success stories" of European venture capital
- ▶ Through an investment in Luxembourg-based New Tech, EIF contributed to the success of internet communication company Skype, acquired by eBay in 2005 for \$2.6 billion.
- ▶ Also, through Kiwi Venture Partners, EIF invested in the development of Tiscali, one of the best-known success stories of Italian venture capital



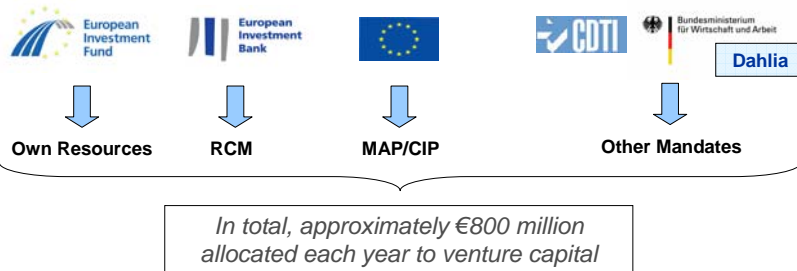
tiscali.

Slide 4

## Resources allocated to venture capital



- ▶ Most of the financial resources managed by EIF are provided by the EIB Group, through EIF's own resources and the "Risk Capital Mandate" (RCM) of the EIB.
- ▶ Another key component of EIF's resources are the funds made available by the European Commission as part of the "Multiannual Programme for Enterprise and Entrepreneurship" (MAP)
  - This programme was terminated at the end of 2006
  - Starting from 2007, funding for SME risk capital investments will fall within the framework of the new "Competitiveness and Innovation Framework Programme" (CIP). EIF will manage CIP funds to support SMEs through the use of financial instruments.
- ▶ Additional resources are managed by EIF under specific mandates from Member States or financial institutions: Neotec (Spain), ERP (Germany) and Dahlia (European fund-of-funds)



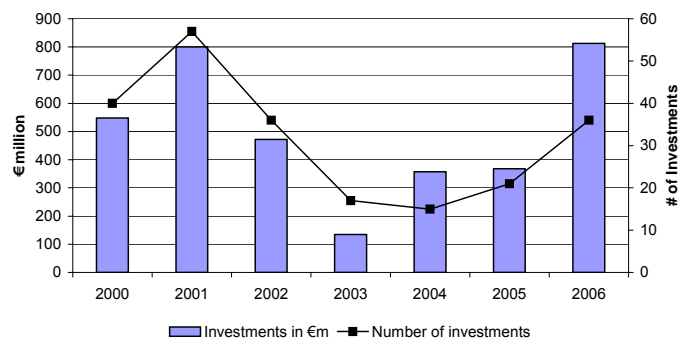
Slide 5

## EIF's venture capital investments



- ▶ EIF's investment activity reflects the cyclical nature of the sector

EIF - Venture Capital Investments 2000-2006



Slide 6

## Guidelines for Venture Capital Investments



- ▶ Different guidelines apply to EIF's investments depending on the resources being utilised
- ▶ When investments are funded by European Commission's resources (MAP), the key applicable guidelines are the following:
  - EIF invests exclusively in specialised venture capital funds providing equity and other forms of risk capital to SMEs. EIF does not make direct investments in SMEs.
  - Generally, funds/incubators will be required to raise at least EUR 10 million.
  - Funds must be commercially oriented and managed by independent teams.
  - Funds/incubators will normally be expected to obtain an amount of at least 50% of their total fund size from private sources.
  - EIF will make investments at current market conditions and on a "like-risk-like-reward" basis with the other investors.
- ▶ Although detailed guidelines for CIP have not been released yet, EIF expects them to be broadly in line with the current guidelines.

Slide 7

## Case Study 1 – venture capital (France)



**BANEXI VENTURES**  
P A R T N E R S

- ▶ In 2005, EIF invested €25 million in the BV 4 fund
- ▶ BV 4 is managed by Banexi Ventures, a leading independent player in the French venture capital market
- ▶ Fund description:
  - Size: €130 million, of which €25 million invested by EIF and the balance by private investors
  - Type of manager: independent
  - Stage focus: early-stage
  - Sector focus: life sciences, ICT, semiconductors, advanced materials
- ▶ EIF's value added:
  - Continuity: since 1998, EIF invested in several funds managed by Banexi Ventures
  - Catalysing effect: through a large commitment announced in the initial phase of fundraising for BV 4, EIF sent out a positive signal to the market and to private investors considering a potential investment
  - Best practices: the solid relationship between EIF and Banexi Ventures allowed EIF to participate in the fundraising process from its initial stage and to ensure the use of best market practices
- ▶ Some of Banexi's success stories:

**kelkoo** search engine for e-shopping. Acquired by Yahoo! in 2004

**inventel** leader in access technologies for communication networks. Acquired by Thomson in 2005

Slide 8

## Case Study 2 – venture capital (Italy)



- ▶ In 2006, EIF invested €10 million in Innogest Capital
- ▶ Innogest is sponsored by Torino Wireless and Ersel, and includes San Paolo-IMI and other private-sector institutions in its investor base
- ▶ Innogest Capital is currently the largest early stage fund exclusively dedicated to young Italian SMEs with high growth potential

### ▶ Fund description:

- Size: currently more than €50 million, targeting a final close at around €60 million
- Type of manager: controlled by sponsors
- Stage focus: early-stage
- Sector focus: Advanced Mechanics, ICT, Renewable Energy, Life Sciences
- High quality management team, with an established track record of venture capital investments
- Each of the fund's investments will be in the range of €500k to €3 million

### ▶ EIF's value added:

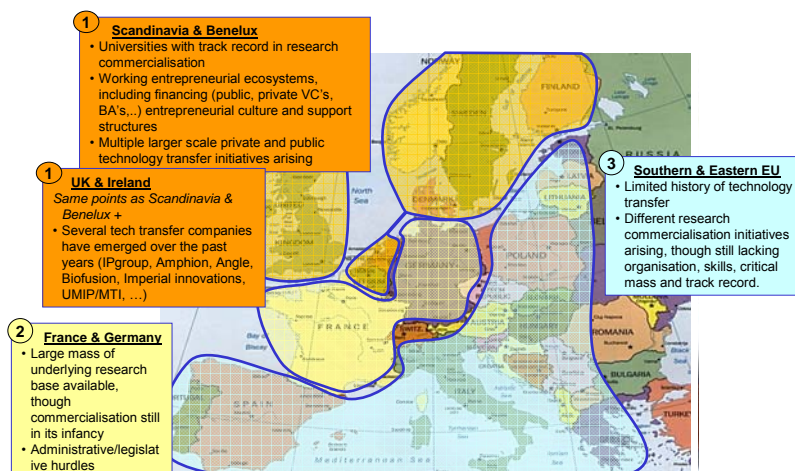
- Catalyst: the market is particularly cautious when assessing first-time teams – EIF's early support to the project provided a positive signal to other potential investors
- Development of the market: the Italian market for seed capital and early stage funds is underdeveloped and supporting new teams contributes to the creation of a venture capital ecosystem. One of the initial steps taken by the Innogest team has been the establishment of "The Italian Venture Capital Hub", an association of the major Italian VC firms.

Slide 9

## Technology Transfer



- ▶ Supporting *technology transfer* initiatives is complementary to EIF's venture capital investments and a key component of EIF's strategy of supporting SMEs.
- ▶ A number of partnerships have been established with European universities and research centres, particularly in Northern Europe.



Slide 10

## Jeremie – Finance for SMEs



- ▶ Jeremie (Joint European Resources for Micro to Medium Enterprises) is a joint initiative launched by the European Commission (DG Regio) and the EIB Group.
- ▶ Jeremie is not an organisation, nor additional funding but a series of coherent actions.
- ▶ Jeremie is an option for each country.
- ▶ Main advantages of Jeremie:
  - New approach to SME finance – optimise use of ERDF funding to improve access to finance for SMEs through sustainable and « revolving » financial instruments
  - Reduction of administrative burden – management and administration activities assumed by fund manager, upfront disbursements
  - Resources available to SMEs are increased through leverage effect
  - Greater delegation to local authorities
- ▶ The European Union has tasked EIF to evaluate the potential application of Jeremie in the Member States. EIF has formed a JEREMIE team from internal and external specialists in the field of SME finance.
- ▶ Some Member States (Slovak Republic, Greece) and regions are already at an advanced stage in the evaluation of Jeremie.

Slide 11

## Q&A



**Domande?**

**Grazie**

Gabriele Todesca

+352 42 66 88 279

Slide 12