



Financing innovative European tech start-ups

EIB Venture Debt

www.eib.org/venture-debt

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EIB AT A GLANCE

ONE OF THE WORLD'S MAJOR MULTILATERAL LENDERS AND BORROWERS

- We raise our funds on the international capital markets
- We pass on favourable borrowing conditions to clients

OVER €2 TRILLION INVESTED SINCE 1958

- More than **16 000 projects** in **over 160 countries**
- **€6 trillion** mobilised from only €22 billion of paid-in capital

HEADQUARTERED IN LUXEMBOURG

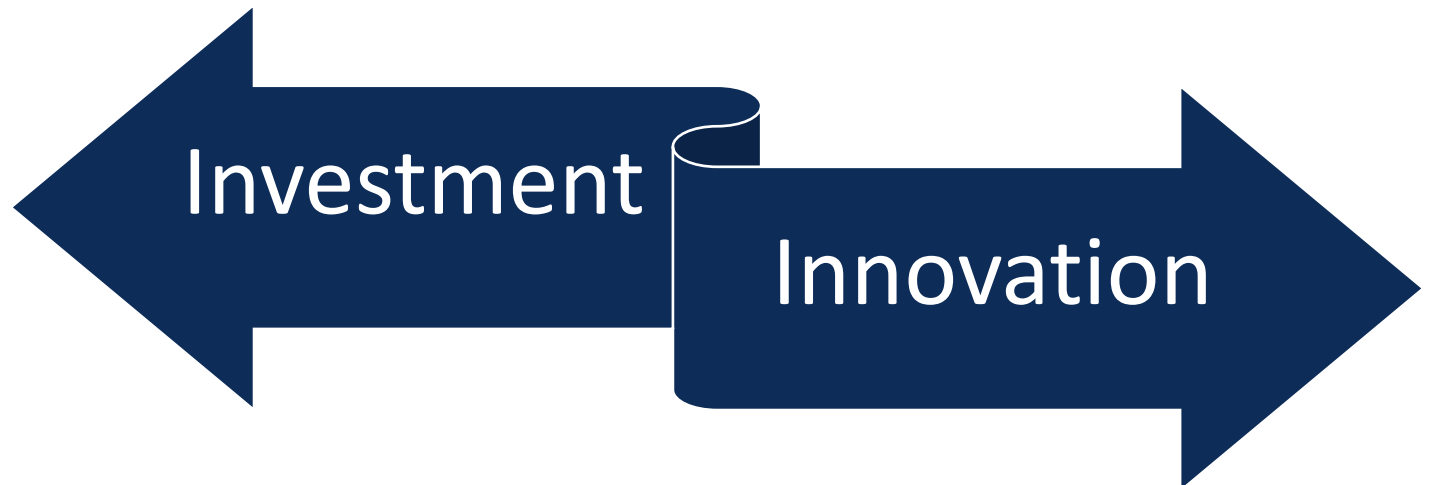
- **4 378 staff**: finance professionals, engineers, economists and socio-environmental experts
- **60 offices** around the world



Mind the gap: the two “I”s

Dual challenge of the energy transition:

- A gap of €406 billion remains to be filled annually in order to meet the EU's 2030 climate goals
→ **Investment**
- Technologies not yet available on the market are to deliver 35% of the emissions reductions needed in 2050 to reach net zero
→ **Innovation**

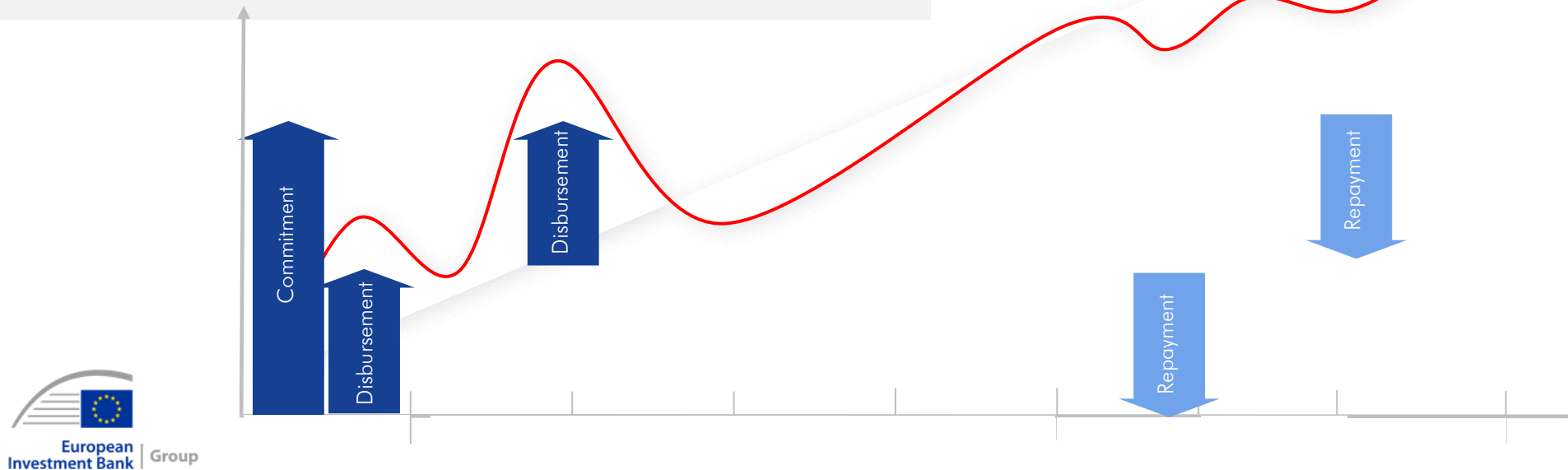


+ Investment and Innovation must occur in parallel

EIB Venture Debt provides financing tailored to the cash flow needs of Cleantech scale-ups

- Up-front commitment of the full amount and gradual disbursements
- Subsequent disbursements are subject to business and financial milestones (substantially de-risking tranches 2 and 3)
- Availability of typically 36 months to accommodate long term investment plans of technology companies and scale-ups
- Large EIB tickets possible (circa EUR 15-50m, higher in function of need) following a co-investment principle (max. 50%)

- Bullet structure to facilitate repayment based on an exit (or amortizing structure if preferred)
- **Maturity to accommodate time to full profitability**
- Remuneration includes interest/PIK and equity kicker such as warrants, synthetic warrants, exit fees or royalties
- Limited security package



Advantages of the EIB Venture Debt Product



COMPANY

- **Long tenor** allows a company to focus on business growth
- **Large tickets** to support growth and scale-up and increase the runway to next funding round
- EIB is a stable and **reliable investor** with a triple-A rating, early entry to continued EIB relationship
- **Flexible terms and customized structures** based on company's needs
- **Quality stamp** and crowding-in of other investors
- **De-risking** future capital rounds.



FOUNDERS

- **Limited dilution** and loss of control
- **Hands-off** approach – no direct involvement
- **Extend time to next funding round**
- Market visibility after EIB investment
- Enhanced negotiation position towards other investors



Investments like this help move 'Made in Europe' from an ambition to a reality,

”

EXEGER

European financial ecosystems have played and will continue to play a significant role in the success of (...) breakthrough deep tech companies.”

”



INVESTORS

- **Complementary** to equity investment
- Limited dilution and loss of control
- **Enhanced returns** for equity investors as it brings in early leverage, helping to meet hurdle rates
- Reduce pressure on equity needs at times of valuations being under pressure
- Long-term loans match timing of investment

Venture Debt investment criteria, very much similar to traditional Venture Capital



Is there a **Market**?
Is there an **Opportunity** on the market?
What is the **Pain point** that the company is trying to solve?



Does the company have a solid portfolio of **Products and Services**? Or does the company rely on a single product?



Do they have **Competitive Advantages**? What are the company's unique selling points? Who are the competitors?



Are there **Barriers to Entry**?
Are these competitive advantages sustainable? Or could someone replicate them easily? Does the company generate / already own strong **Intellectual Property**?

How competent is their **Team**? Do they have all the critical functions covered (CEO, finance, product, technology, etc.)?

Is the company supported by strong **Investors**? Professional Venture Capital firms? Experienced in the sector? Previous successful exits? Capacity to support the company when needed – history of follow-on investments?

Has the company already implemented acceptable **Corporate Governance**? E.g. independent, diverse and experienced BoD, solid audit practices, [minority] shareholders' rights, etc.

Is the **Business Model** appropriate?

Is the **Financial Model** solidly forecasted?
Did the company raise sufficient **equity**?
Is the company's plan fully funded?



Cleantech manufacturers need working capital financing to grow

The Problem Statement

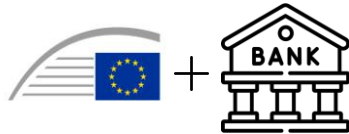
Emerging cleantech manufacturers **face long production and sales cycles**, requiring working capital

In absence of debt financing to cover working capital needs, companies rely on **expensive equity**

As a result, these companies **can't afford to grow, scale or reach their full potential.**

The Missing Tool in the Toolbox

CleanTechEU Guarantees – a EUR 250m pilot programme



EIB and commercial banks join forces, with **EIB providing Letters of Credit as collateral** to support working capital facilities to be provided by commercial banks to cleantech companies.

EIB Advisory Services

Independent support at every stage of the project lifecycle



From building an enabling environment...

Upstream facilitation

- Policy program development and support
- Market studies
- Preliminary project eligibility assessment



...through project planning and preparation...

Preparation

- Technical advice
- Financial advice, including structuring and business plan development
- Engagement with external consultants with specialist expertise



...to high quality projects on the ground

Implementation

- Advice on project implementation
- Enhanced monitoring

503
new advisory assignments in 2024

€40bn
financing supported

€197bn
of investments mobilized through EIB-supported projects

THANK YOU

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