



Innovation **2010**
Initiative

Implementing RSFF – Concrete Actions

Launching FP7: Information Multipliers Conference

Brussels – 7 February 2007

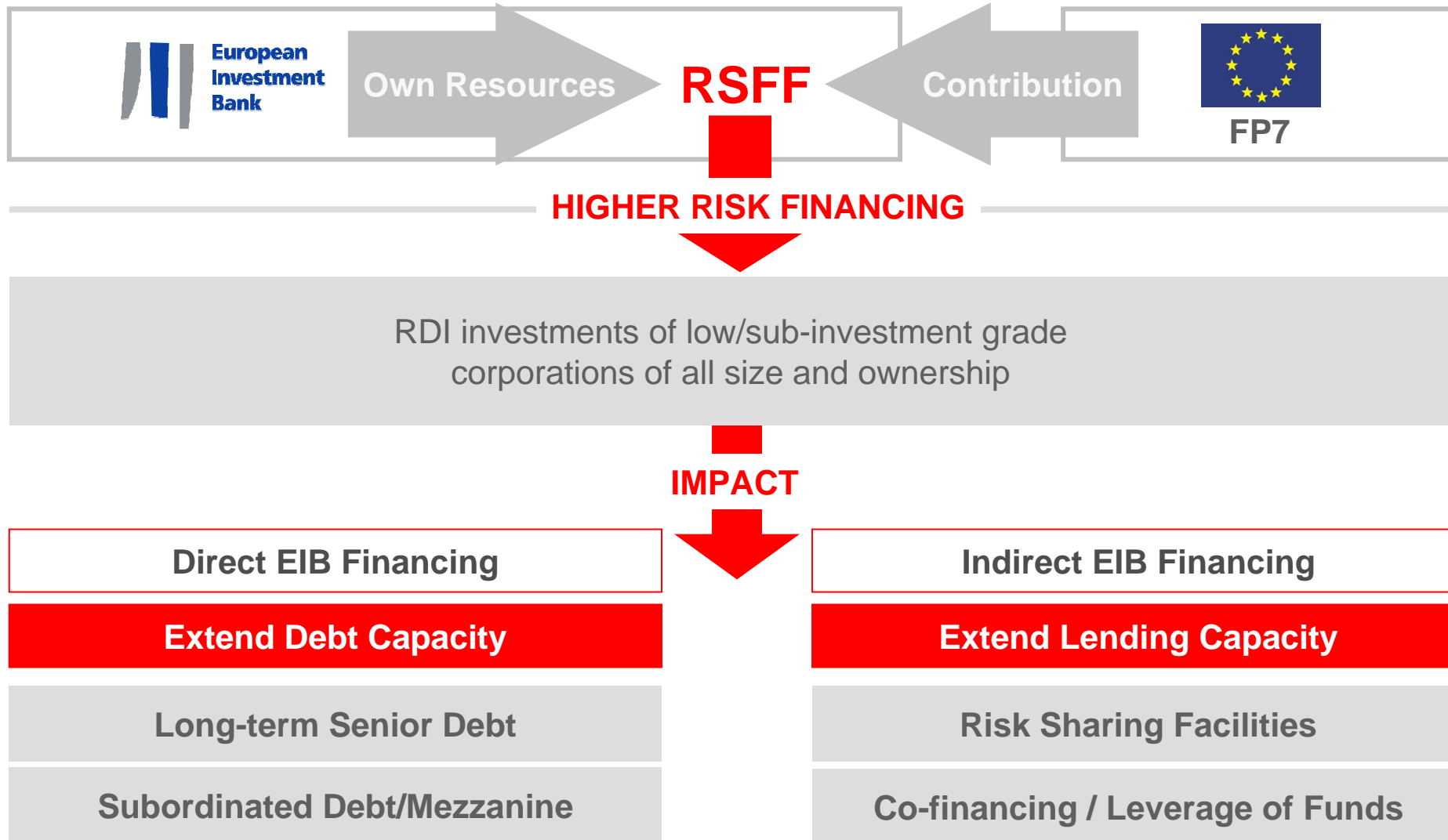
Content



- 1.** RSFF Implementation Strategy
2. Specific RSFF Initiatives and Products
3. Outlook

RSFF Implementation Strategy

What are the principles and key objectives of RSFF?



RSFF Implementation Strategy

What are the key elements of the RSFF implementation strategy?

1

General Awareness Raising

Promote RSFF through ETPs, conferences, roadshows and other lines of communication (internet, etc.) and through the financial distribution network of banks, financial advisors, national and regional sector business associations

2

Collaboration with the European Commission...

... on financing FP7 projects (including Research Infrastructures, JTIs and European Technology Platforms).

3

Extend EIB financing to New Groups of Counterparts

Provide platform to RSFF financing for SMEs, Science Parks, R&D consortia

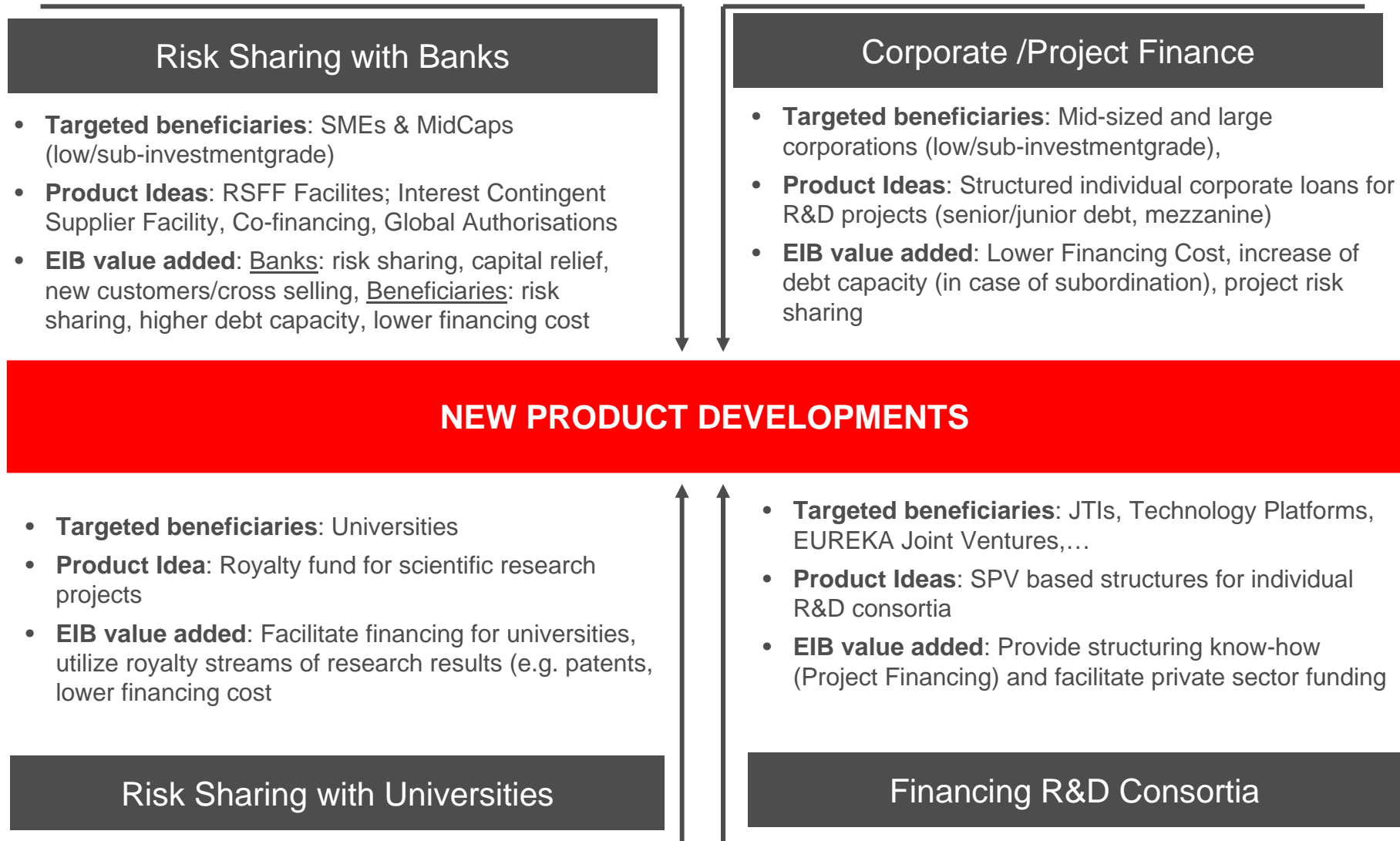
4

Development of RSFF Products

„Bottom-Up“ Approach in cooperation with banks, investors, RDI promoters, ETP associations, rating agencies, national authorities

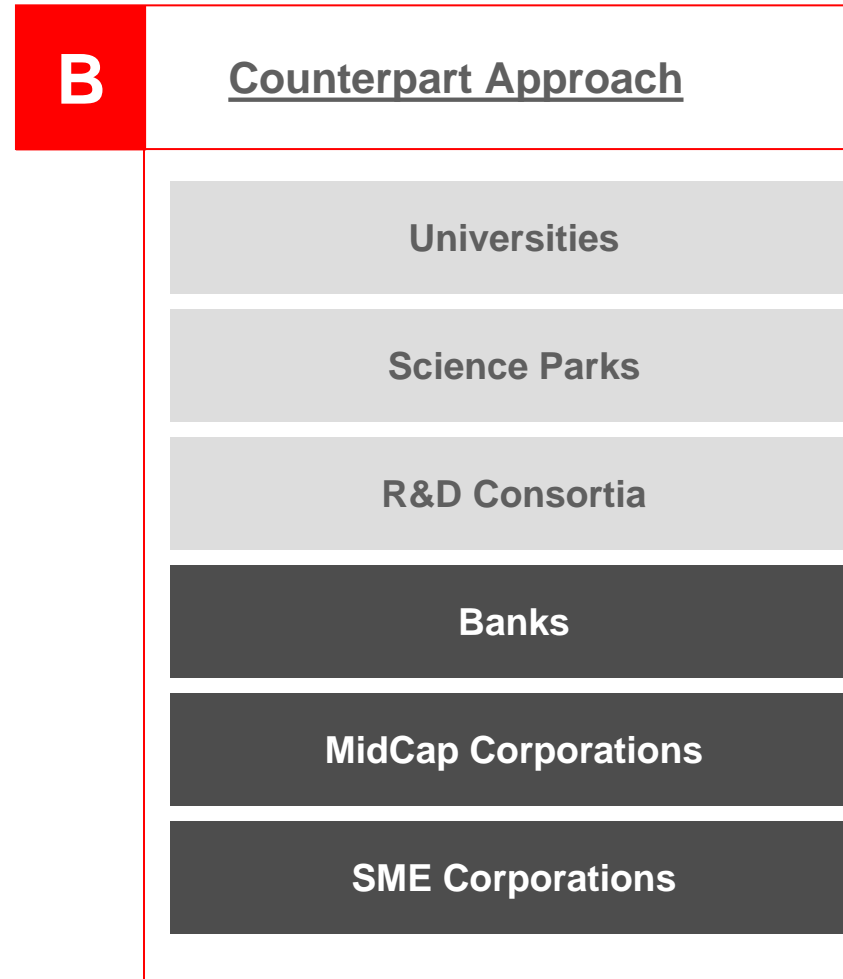
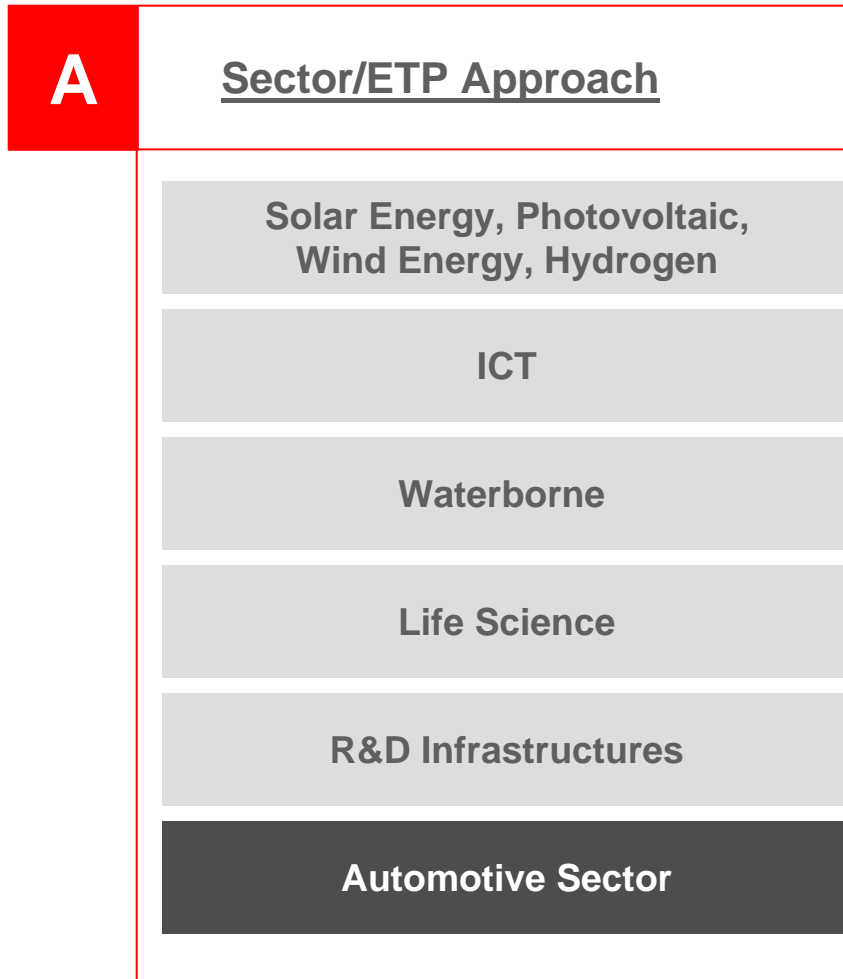
Generating Projects and Portfolio Building

Key counterpart groups



RSFF Implementation Strategy

Approaches to product developments?



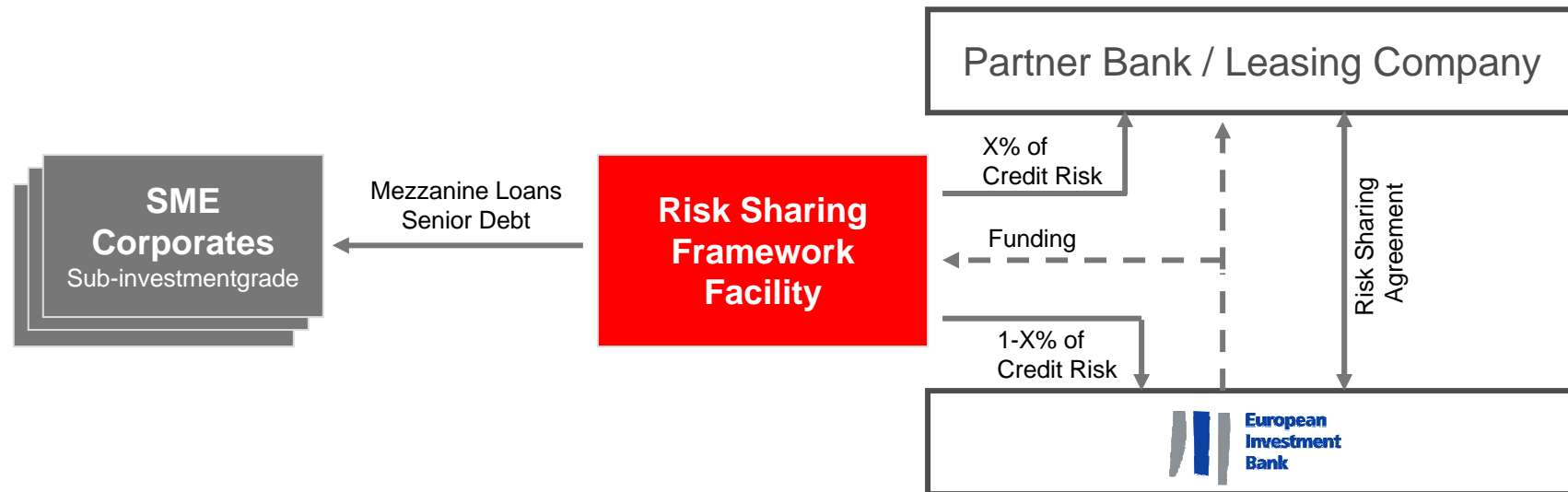
Content



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 - A Counterpart Approach: Banks and SMEs
 - B Counterpart Approach: MidCap Corporations
- 3. Outlook

Counterpart Approach: Banks and SMEs

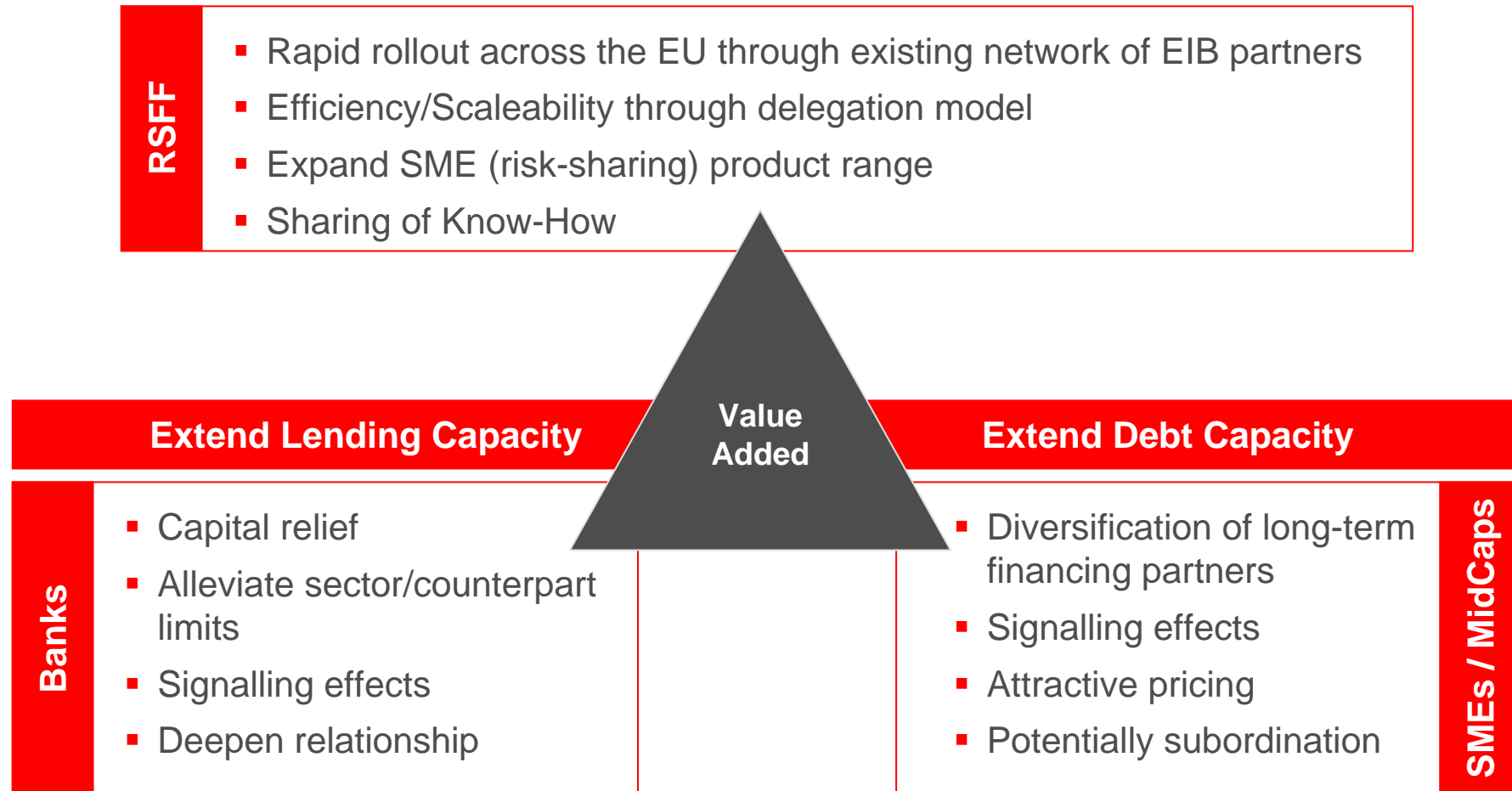
Current German Example



- Credit Risk Sharing on individual loans to eligible SME/MidCap corporations. Loans could be either based on senior debt (secured/unsecured) or subordinated debt (e.g. Mezzanine).
- Delegation Model: Key element of the product is the delegation of due diligence / credit risk assessment to the risk sharing partner. EIB analysis will focus on the quality of the partners' credit process and eligibility verification.
- Allocations under the facility: Sub-Projects of SMEs (< 250 staff) and MidCaps
Individual allocations: EUR 20,000 – EUR 12.5m
- The product could either be based on pure risk sharing or could be combined with the refinancing/funding of the facility

Counterpart Approach: Banks and SMEs

Potentially Win-Win-Win



Key: facilities must be efficient and adapted to intermediary's systems and products

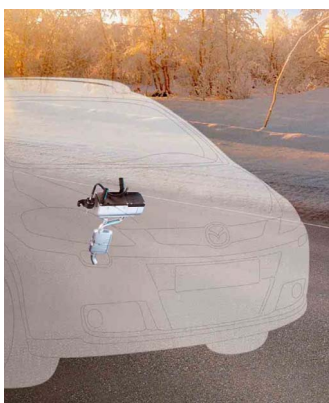
Content



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Counterpart Approach: MidCap Corporations

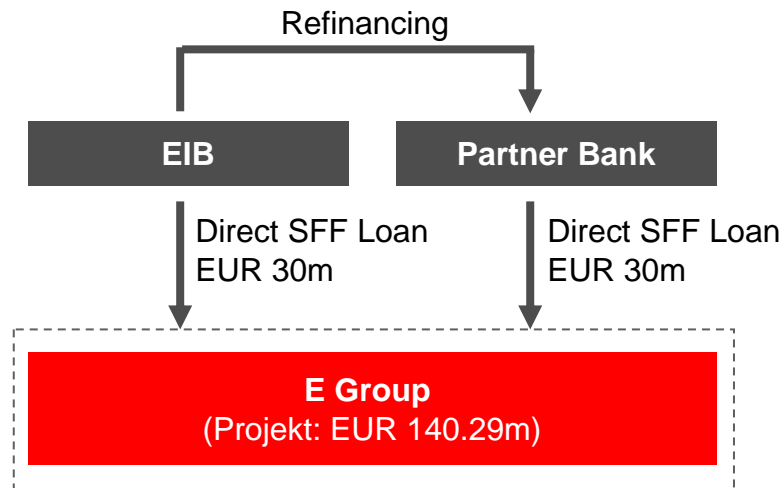
A first benchmark deal in the automotive sector: E.



- E. (founded in 1865) is a family owned German automotive supplier company concentrating on exhaust technology (~80% of sales) and heating systems for passenger cars and trucks.
- R&D Budget: EUR 60m
- E. ranks #1 or #2 in both European product markets.
- E.'s important technology driver in exhaust and heating systems for wide range of European OEMs

Counterpart Approach: MidCap Corporations

The transaction at a Glance



- **Total Lending Volume:** EUR 60m
 - Direct SFF: EUR 30m
 - Intermediated Tranche: EUR 30m
- **Key Features of the SFF Tranche:**
 1. Senior Unsecured Loan: 7y
 2. Backended Repayment Profile
 3. Pari Passu, Negative Pledge, X-Default, MAC, Financial Covenants
 4. Restriction on Distributions, Limitation on Disposals, Limitations on loans/guarantees
- **Value Added:**
 - Structural subordination (term)
 - Signalling effects

Content



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Outlook

What are next concrete actions...?

1

Sector/ETP Approach: Automotive Initiative

Automotive, ICT, Life Science, Energy;
ETPs/JTIs

2

Counterpart Approach: Banks/SMEs/MidCaps

Negotiate and “close” the next risk sharing facility with one of the EIB partner banks (negotiations with a major bank are ongoing)

3

Counterpart Approach: MidCaps

Appraise and negotiate RSFF direct loans with RDI intensive companies, including ETP members, throughout the EU.

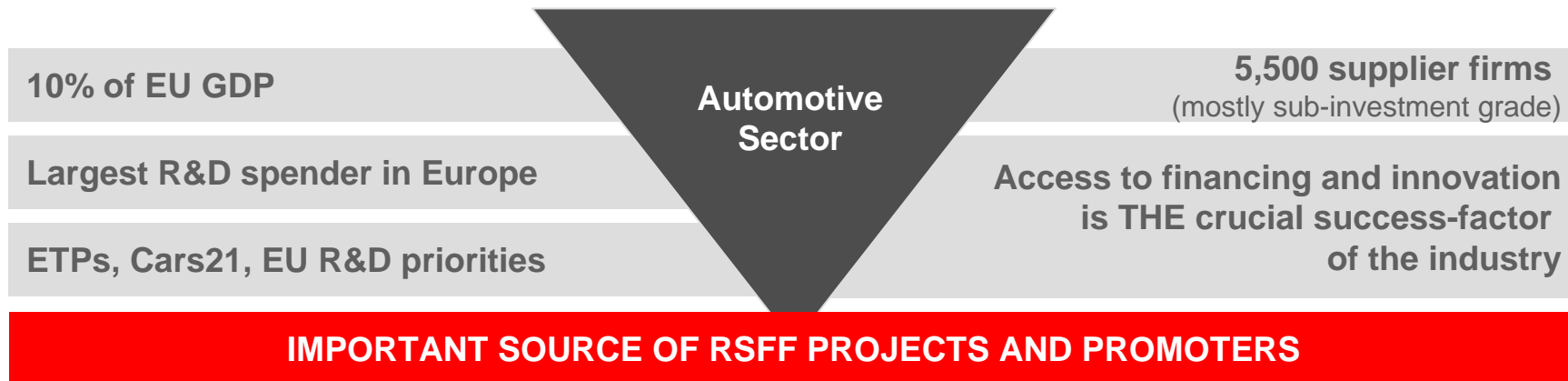
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Counterpart Approach: Universities, Science Parks

Continue discussions with leading European universities, science parks and research infrastructures.

Outlook: Automotive Initiative

EIB Sector Approach at a Glance



- Designated EIB team with experienced specialists in sector related technologies
- Strategic focus on sub-investment grade supplier companies
- Collaboration (e.g. participation in workshops) with industry associations like CLEPA & VDA
- Support of European Technology Platforms and their member companies from the automotive industry
- **Expert study on financing needs and suitable products in the automotive industry with conclusions on the potential future role for the EIB**

Outlook: Automotive Initiative

Terms of Reference

RESEARCH MODULES

- 1
 - Automotive RDI market assessment on available financing models

- 2
 - Nature / management / trends of automotive RDI processes

- 3
 - Current and future demand for funding of RDI in automotive



CORE STRATEGY MODULE

4 **RSFF PRODUCT STRATEGY for the AUTOMOTIVE SECTOR**

- Define overall RSFF product strategy to stimulate RDI in the sector: a) product definition, b) targeted customer group, c) distribution strategy
- Define specific term-sheets for new products by customer type, risk category
- Assess feasibility and capability to actually develop the proposed products
- Define high-level implementation plan of the proposed product strategy

Outlook: Automotive Initiative

Partners, Funding and Time-Frame

